

LYNX Finance & Audit Committee Agenda

Meeting Date: 3/11/2021
Meeting Time: 2:00 PM

Central Florida Regional Transportation Authority
455 N. Garland Ave.
2nd Floor Open Space
Orlando, FL 32801

As a courtesy to others, please silence all electronic devices during the meeting.

1. Call to Order

2. Approval of Committee Minutes

 Finance Committee Minutes - February 18, 2021


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3. Public Comments

- Citizens who would like to speak under Public Comments shall submit a request form to the Assistant Secretary prior to the meeting. Forms are available at the door.

4. Chief Financial Officer Report

5. Discussion Items


A.  Review of Consent Agenda

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B.  Discussion Regarding Preliminary FY2022 Operating Budget

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6. Action Items

A.  Recommendation to Authorize Approval of FY2020 Comprehensive Annual Financial Report (CAFR) and Subsequent Submittal to the Government Financial Officers Association's (GFOA) Certificate of Achievement Program

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7. Other Business

8. Adjourned

Section 286.0105, Florida Statutes states that if a person decides to appeal any decision made by a board, agency, or commission with respect to any matter considered at a meeting or hearing, he will need a record of the proceedings, and that, for such purposes, he may need to ensure that a verbatim record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based.

In accordance with the Americans With Disabilities Act of 1990, persons needing a special accommodation at this meeting because of a disability or physical impairment should contact Benjamin Gonzalez at 455 N. Garland Ave, Orlando, FL 32801 (407) 254-6038, not later than three business days prior to the meeting. If hearing impaired, contact LYNX at (407) 423-0787(TDD).

LYNX
Central Florida Regional Transportation Authority
Finance and Audit Committee Meeting Minutes

PLACE: **LYNX Central Station**
 455 N. Garland Avenue
 2nd Floor, Board Room
 Orlando, FL 32801

DATE: **February 18, 2021**

TIME: **2:00 p.m.**

Members in Attendance:

Amanda Clavijo, Osceola County
Michelle McCrimmon, City of Orlando
Kurt Petersen, Orange County
Tim Jecks, Seminole County
Jo Santiago, FDOT, 5th District

Staff in Attendance:

Leonard Antmann, Director of Finance
James Goldsmith, LYNX Attorney

1. Call to Order

Chair Clavijo called the meeting to order at 2:00 p.m.

2. Approval of Minutes

Chair Clavijo requested a motion for approval of the Finance & Audit Committee minutes from the January 21, 2021 Finance & Audit Committee meeting. Motion to approve the January 21, 2021 minutes was made by Michelle McCrimmon, second by Jo Santiago and unanimously adopted. The minutes were approved as presented.

3. Public Comments

No members of the public were present to speak.

4. Chief Financial Officer's Report

Chair Clavijo recognized Lenny Antmann, Director of Finance.

Mr. Antmann provided several updates:

- External Audit Status – Fieldwork has been completed and MSL is on schedule to present findings at March Finance & Audit Committee meeting.
- FTA FMO audit has been deferred one year due to COVID.
- FDOT Triennial audit will be scheduled for some time in March/April 2021.
- We will present first draft of the FY2022 operating budget at the March Finance & Audit Committee meeting.
- LYNX staff will bring a budget amendment for FY2021 in March or April. Timing is driven by latest CARES funding application (\$8million) approval.

Mr. Antmann concluded his report.

5. Discussion Items

A. Recap of the FY2020 Unaudited Operating Results

Preliminary results were presented in detail at the January 21 Finance & Audit committee meeting. The items that changed significantly are related to the actuary studies and reserve for compensated absences, and Leases & Miscellaneous. Salaries, Wages and Benefits increased by \$2.7 million from compensated balance adjustment and the actuary adjustments related to retirement and workers compensation. Casualties and Liabilities increased by \$2.7 million as a result of the actuary study for general liability claim reserves. Overall, the year ended favorable by \$39 million.

B. Recap of the FY2021 1st Quarter Operating Results

Mr. Antmann provided a review of the financial results for the 1st quarter ended December 31, 2020. Highlights are as follows:

Revenues overall were unfavorable compared to the budget by \$3 million:

- Customer fares short of budget due to reduction in ridership. We projected ridership at 60% of pre-COVID levels but are trending at 50%.
- Contract Services below budget due to reduced CTD revenue and fixed route reduction of shuttle and high school runs.
- Advertising revenue has begun to rebound and is favorable.
- Federal revenue is unfavorable due to timing of planning projects.
- CARES federal revenue was less due to fares collected.
- State revenue is unfavorable, the block grant has not been executed so the accrual is based on the previous agreement.

Expenses overall were favorable compared to budget by \$7.3 million:

- Wages and Benefits are favorable to budget due to open positions. Savings offset by one-time uniform stipend and temporary enhanced cleaning labor charged to wages and benefits as third party contract not completed first quarter. We are seeing an increase in medical benefit cost per person.
- Other Services was favorable, primarily driven by planning projects not completed, and enhanced cleaning services paid through wages.
- Fuel was favorable due to favorable pricing from hedging.

- Materials and Supplies were favorable, primarily due to the timing of PPE and sanitizing supplies, and reduced repairs on the bus fleet.
- Leases and Miscellaneous are favorable due to the timing of training and travel.
- Purchased Transportation Services is favorable due to reduced paratransit trip volume.
- In total, we were favorable on expenses and unfavorable on revenue leaving us with a favorable net variance on the operating plan of \$4.3 million.

C. Discussion of Reserve Analysis Presentation

Mr. Antmann led a conversation regarding the year end reserve analysis. When the Budget Stabilization Fund was created and the Reserve Policy amended, there was agreement that it would be compared to net position. In March 2020, our auditors presented an adjustment of Net Position recommending that the long-term liabilities shouldn't impact our current cash availability.

The total reserve requirement is \$36.7M as of September 30, 2020. The LYNX reserve includes a reserve for 45 days of operating expense, 5% contingency, Catastrophic Claim Reserve (funded from premium savings from Stop-Gap medical insurance limit increase), general liability/workers compensation, medical claims – IBNR, 60 day medical insurance claims, and fuel stabilization.

The total unrestricted net position, net of long-term liability is \$70.6 million, resulting in a Budget stabilization fund balance of \$33.9M.

The non-current reserve requirement (restricted reserves) are \$6M. This reserve is made up of the two dollar (\$2) capital balance, restricted CIP funding and state required reserve for medical self-insured plans.

D. Presentation on FY2022 Budget Development Assumptions

Mr. Antmann led the discussion regarding the budget assumptions for FY2022. The revenue budget assumptions are as follows:

- maintain FY2021 level of service,
- preventative maintenance budgeted at board approved level of \$6.8M,
- maintain CDC COVID protocols and PPE,
- no fare increases, fixed route ridership increase projection at 75% of pre-pandemic levels, paratransit ridership at 95% of pre-pandemic level,
- advertising revenue projected at current trends.

The expense budget assumptions are as follows:

- wage increases will be consistent with funding partners and board approved union labor agreements,

- we will monitor self-funded health insurance program to identify efficiencies – increases are expected for FY2022 and will continue to pursue rebates on prescription drugs to offset program expenses,
- we will continue to right size operational staff through service planning, monitor paratransit trip growth focusing on eligibility and travel training for fixed route.

Other Initiatives for FY2022 are the completion of the GTFS-RT project, LOC expansion completion expected Aug-Sep, Pine Hills transfer station construction, customer service technology enhancements from the upgraded phone system project, southern operations base RFP for consultant to identify facilities and analyze best fit for LYNX.

We recommend preparing the FY2022 budget as we do normally. We will present a conservative budget and control costs as much as possible. Then we will present the funding partner contributions with the base case, and then a few scenarios showing a discount from the base utilizing budget stabilization funds. This will maintain proportional equity for the funding partners. The goal will be to minimize the impact on the funding partners while also working back to being on the funding model.

The FY2022 Preliminary Operating budget will be presented in March.

6. Consent Agenda

A. Request for Proposal (RFP)

- Authorization to Release a Request for Proposal (RFP) to Procure Lawn Maintenance & Trash Removal Services at LYNX Bus Stops/Shelters
- Authorization to Release a Request for Proposal (RFP) to Procure Pressure Washing & Maintenance Services at LYNX Bus Stops/Shelters
- Authorization to Release a Request for Proposal (RFP) for Rotary MOD-30 Lift Cylinder Upgrade of Bus Lifts

B. Extension of Contracts

- Authorization to Exercise the Second Option Year of Contract #18-C74 with Genuine Parts Company
- Authorization to Exercise the Second Option Year of Contract #18-C85 with Vehicle Maintenance Program, Inc. (VMP)
- Authorization to Exercise the Second Option Year of Contract #18-C86 with GILLIG, LLC

C. Miscellaneous

- Authorization to Submit Grant Applications to the Federal Transit Administration for the Fiscal Year 2021 Apportionments and to Sub-allocate FY2021 Orlando Urbanized Area 5307 Funding to Lake County Transit Services and the Florida Department of Transportation
- Authorization to Auction Surplus Capital Items

- iii. Authorization to Dispose of Items Accumulated Through the Lost and Found Process
- iv. Authorization to Increase the Not to Exceed Cost for Contract #19-C48 with GC&E Systems Group, LLC from \$550,000 to \$850,000
- v. Authorization to Execute Task Order Change # 1 in the Amount of \$110,568 to Kimley Horn, Inc. for the LOC Expansion Project
- vi. Authorization to Execute Change Order #3 in the Amount of \$17,096 to McCree General Contractors & Architects, Inc.

Motion to approve the Consent Agenda items 6.A.i. through 6.C.vi. made by Kurt Petersen, second by Jo Santiago. Motion passed unanimously.

7. Action Items

A. Election of the 2021 Finance and Audit Committee Officers

Chair Clavijo recognized James Goldsmith, LYNX General Counsel, to provide guidance on the election of officers.

Kurt Petersen motioned to appoint Amanda Clavijo as Chairperson, second by Michelle McCrimmon. Motion passed unanimously.

Tim Jecks motioned to appoint Michelle McCrimmon as Vice Chairperson, second by Kurt Petersen. Motion passed unanimously.

8. Other Business

The next meeting is March 11, 2021.

9. Adjourned

The meeting adjourned at 3:01 p.m.

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Discussion Item #5.A.

To: LYNX Finance & Audit Committee

From: Leonard Antmann
Director Of Finance
Michelle Daley
(Technical Contact)

Phone: 407.841.2279 ext: 6125

Item Name: Review of Consent Agenda

Date: 3/11/2021

LYNX staff will provide an overview of the Board of Director's Consent Agenda.

LYNX Finance & Audit mmittee Agenda

Discussion Item #5.B.

To: LYNX Finance & Audit Committee

From: Leonard Antmann
Director Of Finance
Michelle Daley
(Technical Contact)

Phone: 407.841.2279 ext: 6125

Item Name: Discussion Regarding Preliminary FY2022 Operating Budget

Date: 3/11/2021

LYNX staff will provide a presentation regarding the Preliminary FY2022 Operating Budget.

LYNX Finance & Audit Committee Agenda

Action Agenda Item #6.A.

To: LYNX Finance & Audit Committee

From: Leonard Antmann
Director Of Finance
Michelle Daley
(Technical Contact)

Phone: 407.841.2279 ext: 6125

Item Name: Recommendation to Authorize Approval of FY2020 Comprehensive Annual Financial Report (CAFR) and Subsequent Submittal to the Government Financial Officers Association's (GFOA) Certificate of Achievement Program

Date: 3/11/2021

ACTION REQUESTED:

Recommendation to Authorize Approval of FY2020 Comprehensive Annual Financial Report (CAFR) and Subsequent Submittal to the Government Financial Officers Association's (GFOA) Certificate of Achievement Program.

BACKGROUND:

In accordance with Chapter 218.39, Florida Statutes, LYNX is required to have an annual financial audit performed by an independent certified public accountant.

The Single Audit Act Amendments of 1996 require state or local governments that receive at least \$750,000 in Federal financial assistance in a year to have an independent audit conducted for that year in accordance with the Office of Management and Budget (OMB) Circular A-133. The State of Florida recently enacted similar legislation, the Florida single Audit Act, related to audits of State financial assistance. Pursuant to these Acts, LYNX's independent certified public accountants, MSL, PA CPAs & Advisors, have conducted the audit for the fiscal year ended September 30, 2020.

DISADVANTAGE BUSINESS ENTERPRISE (DBE) PARTICIPATION:

No DBE participation goal is applicable for this activity.

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FISCAL IMPACT:

There is no fiscal impact associated with this activity.