











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

## 1. Call to Order

## 2. 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.

## 3. Committee Discussion Items

- |    |  |       |
|----|--|-------|
| A. |  Update on LYNX' Comprehensive Fare Review                | Pg 2  |
|    | -Attachments    |       |
| B. |  Update on LYNX Service Efficiency and Route Performance | Pg 26 |
|    | -Attachments    |       |
| C. |  Update on LYNX Reserves                                | Pg 33 |
|    | -Attachments    |       |
| D. |  Update on Preventative Maintenance Funding             | Pg 42 |
|    | -Attachments    |       |

## 4. Board of Directors Agenda Review

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).

## Oversight Committee Discussion Item #3.A.

**To:** LYNX Oversight Committee

**From:** Blanche Sherman  
DIRECTOR OF FINANCE  
LEONARD ANTMANN  
(Technical Contact)

**Phone:** 407.841.2279 ext: 6100

**Item Name:** Update on LYNX' Comprehensive Fare Review

**Date:** 5/16/2017

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### **OVERVIEW:**

At the March 24, 2016 Finance & Audit Committee Meeting, LYNX staff requested recommendation for the approval to move forward with a comprehensive review of LYNX fare policy and structure and related analyses. The Finance & Audit Committee approved the request followed by the Oversight Committee at their April 14, 2016 meeting.

LYNX' last fare increase was completed in January 2009 raising the base fare from \$1.75 to \$2.00, with an additional modification to the fare policy to reduce fare options approved by the Board in 2011. The last modification to the fare structure was completed in December 2013 to include the SunRail fares. Since these actions, LYNX has maintained ridership and fare revenue at rates that did not produce budgetary concerns. Recently, LYNX' ridership decline resulting in declining fare revenues has necessitated the review of the fare structure.

A purchase order was issued to Tindale Oliver, in May 2016 to commence work on the comprehensive fare evaluation and a presentation on the status of the work effort to date will be provided by the consultant. Identified below are the items that will be covered during the presentation.

- Overview of the fare evaluation objectives
- Review of trends impacting fare revenue
- Florida systems fare structure
- Fare structure alternatives
- Revenue yield summary
- Pass benefit levels
- LYMMO case studies and recommendation
- Initial public input
- Recommended fare structure
- Next steps

At the July 20, 2016, the Finance & Audit Committee discussed if a fare structure modification is warranted and if LYNX staff should request approval for public hearings to gather input on the recommended fare structure from the Oversight Committee and the Board of Directors. The discussions included the following topics:

- Consideration of offsets to future budget issues
- Meeting separately on LYMMO
- Fare increase being an easier sell now with the economy improving
- Increases are being considered every year in budget assumptions and did have a standard of three years
- Possible inclusion of an adjustment in the budget every one or two years for increases rather than waiting over a longer period
- Going through an evaluation process
- Possibility of veterans having free fares (State is considering.)
- Public Involvement Process
  - ✓ Public outreach at LYNX Central Station (LCS) and key transfer centers was conducted.
  - ✓ Data will continue to be gathered for a final report.
  - ✓ Findings from the public outreach on willingness and ability to pay an extra fee are as follows:
    - ✓ LYNX routes 52% Say cannot pay anything more
    - ✓ LYMMO 41% Say cannot pay more
- Next Steps
  - ✓ From a budgetary standpoint, additional funding will be available in FY2017 if go ahead with increase
  - ✓ An increase in FY2018 will be during an election year
  - ✓ Declines in ridership continuing in FY2018 that will affect funding
  - ✓ FTA Title VI requirements which include a fare equity analysis
  - ✓ Completion of the survey by the end of July 2016 for Title VI
  - ✓ Looking at an increase as a percentage on the cash fare for particular groups with a justification for going ahead with an increase if the percentage for a group exceeds threshold of 10%
  - ✓ Possible public meetings in August
  - ✓ Need to keep farebox threshold of 25%, if possible
  - ✓ Time to balance that equity between subsidies (funding partners) and fares- at a point where LYNX has to do something with the decrease in fares
  - ✓ Timing of the increase- typically January is the starting point
  - ✓ Doing a comprehensive review of the layout of the efficiencies of the routes before moving forward with increases to eliminate inefficient routes first
  - ✓ SunRail looking at a fare increase also

## LYNX Board Agenda

- ✓ Looking at poverty level of other systems in or outside of Florida and impact based on public participation
- ✓ Looking at the different rider characteristics for fixed route vs rail which is considered a premium service
- ✓ Making the system more efficient aligned with where the farebox recovery should be which includes review of fares

The committee asked that the item be brought back to the Committee once the final report was ready for review and then a recommendation will be made to the Oversight Committee.

Over the past few months, LYNX staff continued to finalize the Comprehensive Fare Review and to meet with the City of Orlando staff for their input. The attached report detailing the information will be presented by Tindale Oliver, & Associates at the May 16, 2017 Joint Workshop.

# LYNX Comprehensive Fare Evaluation Overview

Joint Finance and Audit and Oversight Committees

May 16, 2017



## Objectives

- Identify fare structure that would produce adequate levels of fare revenue with least impact to ridership
- Evaluate Title VI impact of any proposed fare structure modification in accordance with Federal Transit Administration and LYNX Title VI Program requirements
- Assess potential fare options for Downtown LYMMO service
- Seek public input on any proposed fare structure



## LYNX's Previous & Current Fare Structure

	Update Date	Cash	Daily Pass	7-Day Pass	30-Day Pass	Transfers
<b>Adult</b>	Pre-1997	\$0.75	N/A	\$7.00	\$30.00	\$0.10
	March 1997	\$0.85	N/A	\$7.00	\$30.00	\$0.10
	January 1999	\$1.00	N/A	\$10.00	\$35.00	\$0.10
	January 2003	\$1.25	\$3.00	\$10.00	\$36.00	FREE
	March 2005	\$1.50	\$3.50	\$12.00	\$38.00	FREE
	January 2008	\$1.75	\$4.00	\$14.00	\$44.00	FREE
	January 2009	\$2.00	\$4.50	\$16.00	\$50.00	FREE
	Update Date	Cash	Daily Pass	7-Day Pass	30-Day Pass	Transfers
<b>Discount</b>	Pre-1997	\$0.25	N/A	N/A	\$12.00	\$0.10
	March 1997	\$0.25	N/A	N/A	\$12.00	\$0.10
	January 1999	\$0.25	N/A	N/A	\$12.00	\$0.10
	January 2003	\$0.50	\$1.50	\$5.00	\$15.00	FREE
	March 2005	\$0.75	\$1.75	\$6.00	\$18.00	FREE
	January 2008	\$0.85	\$2.00	\$7.00	\$22.00	FREE
	January 2009	\$1.00	\$2.25	\$8.00	\$25.00	FREE

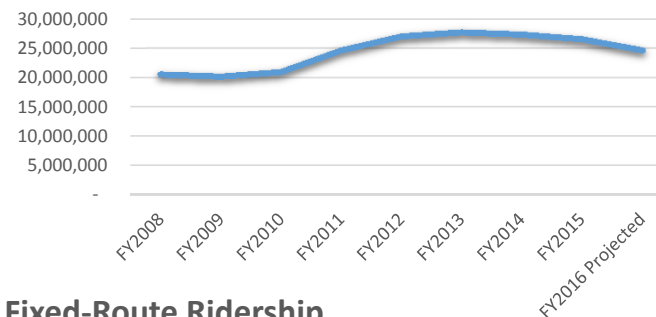


## Fixed-Route Trends

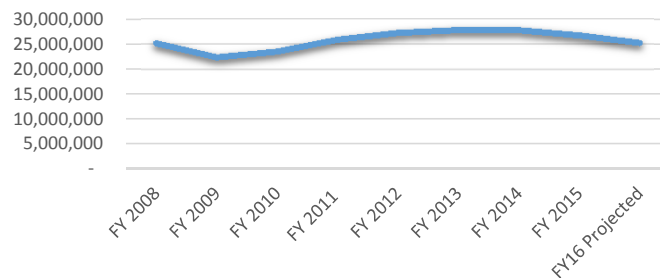
- Ridership and fare revenue peaked in FY2013 and has been declining since that time
- Service levels have been primarily constant since FY2011
- Farebox recovery has been approximately 30% since 2011 and in 2016 began to decline



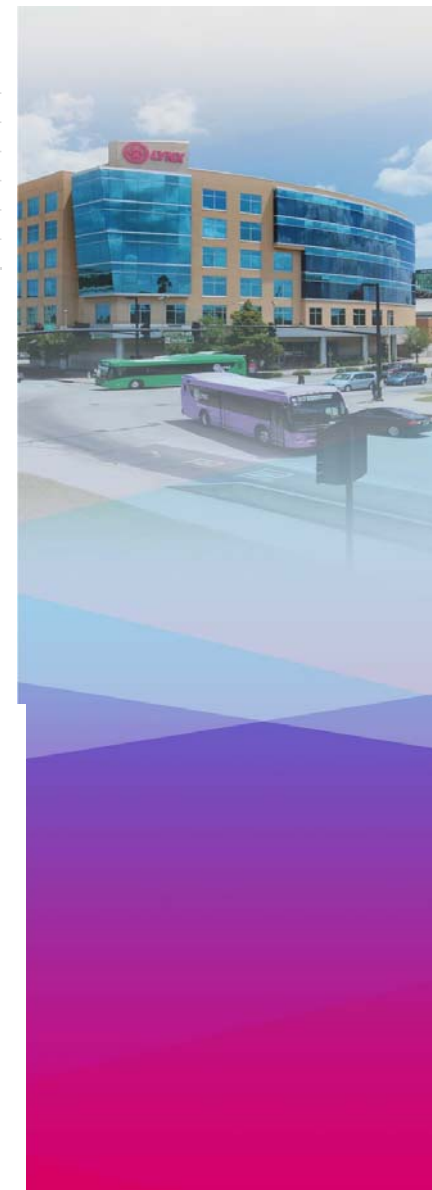
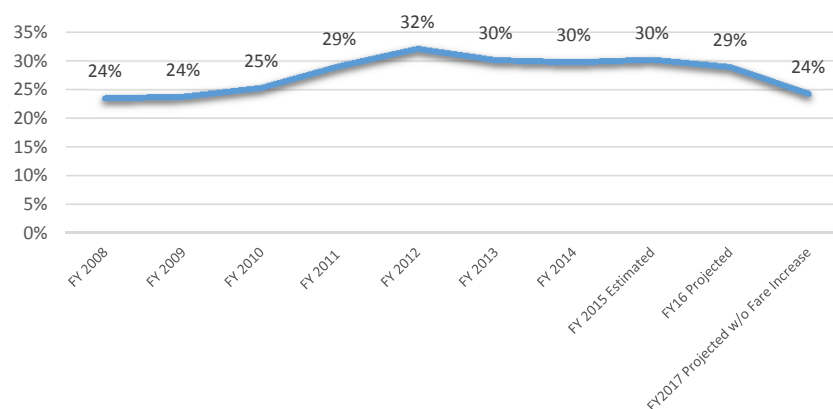
### Passenger Fare Revenue



### Annual Fixed-Route Ridership



### Fixed-route Farebox Recovery Ratio



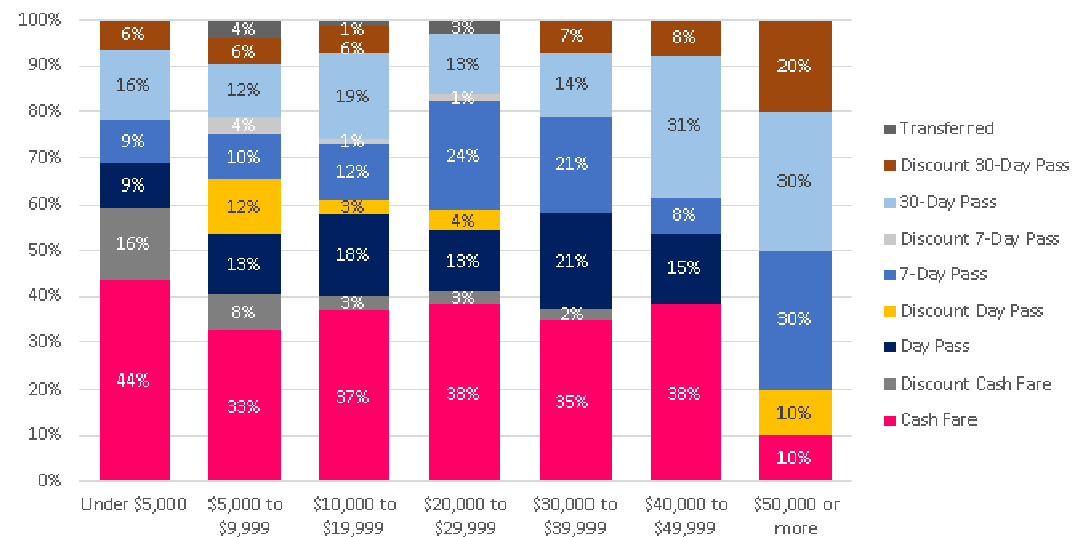
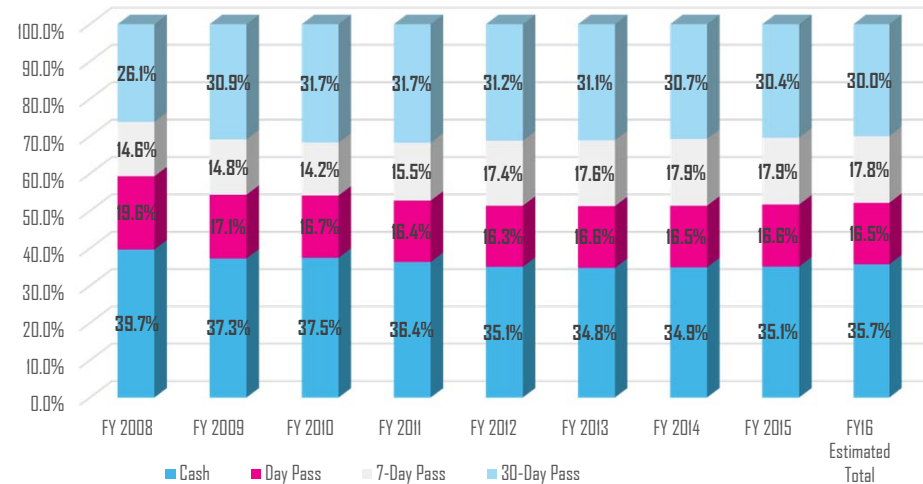


## Fixed-Route Trends

- The majority of riders pay cash fares and lower income riders are more likely to use cash fares over passes
- Transfers have been decreasing in recent years
- SunRail transfers account for less than 2.5% of transfers



Ridership by Fare Medium



## Florida and Peer System Transit Fares

- Six systems have a fare of \$2.00
- Four systems charge more than two dollars
  - MDT - \$2.25
  - PSTA - \$2.25
  - CATS - \$2.20
  - RTD - \$2.60
- One system is free
  - Indian River County
- See Appendix A for additional detail on peer systems



## Status Quo @ \$2.00

Ridership Scenario	\$2.00 Base Fare (No Fare Increase)
Static (No Growth)	-\$330,107
Current Trend (Negative Growth)	-\$1,501,338
Current Trend (Positive Growth)	\$224,857
Current Trend with Elastic Demand	<b>-\$330,107</b>

Ridership Scenario	\$2.00 Base Fare (No Fare Increase) Revenue
FY2016 Projected Revenue	\$24,665,053
Static (No Growth)	\$24,334,946
Current Trend (Negative Growth)	\$23,163,715
Current Trend (Positive Growth)	\$24,889,910
Current Trend with Elastic Demand	<b>\$24,334,946</b>



## Static Cash Fare @ \$2.00 with Pass Price Increases

Ridership Growth Projections	Pass Increase Only Fare Alternative Revenue Change
Static (No Growth)	\$1,348,676
Current Trend (Negative Growth)	\$68,324
Current Trend (Positive Growth)	\$1,954,003
Current Trend with Elastic Demand	<b>\$688,377</b>

Ridership Growth Projections	Pass Increase Only Fare Alternative Total Annual Revenue
FY2016 Projected Revenue	\$24,665,053.14
Static (No Growth)	\$26,013,729.26
Current Trend (Negative Growth)	\$24,733,376.98
Current Trend (Positive Growth)	\$26,619,056.45
Current Trend with Elastic Demand	<b>\$25,353,430.22</b>



## Fare Structure Proposals @ \$2.25

**Alternative #1**

Ridership Scenario	\$2.25 (Maintain Pass Discount) Base Fare Alternative Revenue Change
Static (No Growth)	\$1,847,295
Current Trend (Negative Growth)	\$534,533
Elastic Demand	<b>\$1,014,660</b>
Positive Growth (Gas Price Increases)	\$2,467,581
Ridership Scenario	\$2.25 Base Fare Alternative Total Annual Revenue
FY2016 Projected Revenue	\$24,665,053
Static (No Growth)	\$26,512,348
Current Trend (Negative Growth)	\$25,199,586
Elastic Demand	<b>\$25,679,713</b>
Positive Growth (Gas Price Increases)	\$27,132,634

**Alternative #2**

Ridership Scenario	\$2.25 Base (Higher Pass Pricing) Fare Alternative Revenue Change
Static (No Growth)	\$2,686,687
Current Trend (Negative Growth)	\$1,319,364
Elastic Demand	<b>\$1,514,567</b>
Positive Growth (Gas Price Increase)	\$3,332,154
Ridership Scenario	\$2.25 Base (Higher Pass Pricing) Fare Alternative Annual Revenue
FY2016 Projected Revenue	\$24,665,053
Static (No Growth)	\$27,351,740
Current Trend (Negative Growth)	\$25,984,417
Elastic Demand	<b>\$26,179,620</b>
Positive Growth (Gas Price Increase)	\$27,997,207



See Appendix B and C for additional detail



## Fare Structure Proposals @ \$2.50

**Alternative #3**

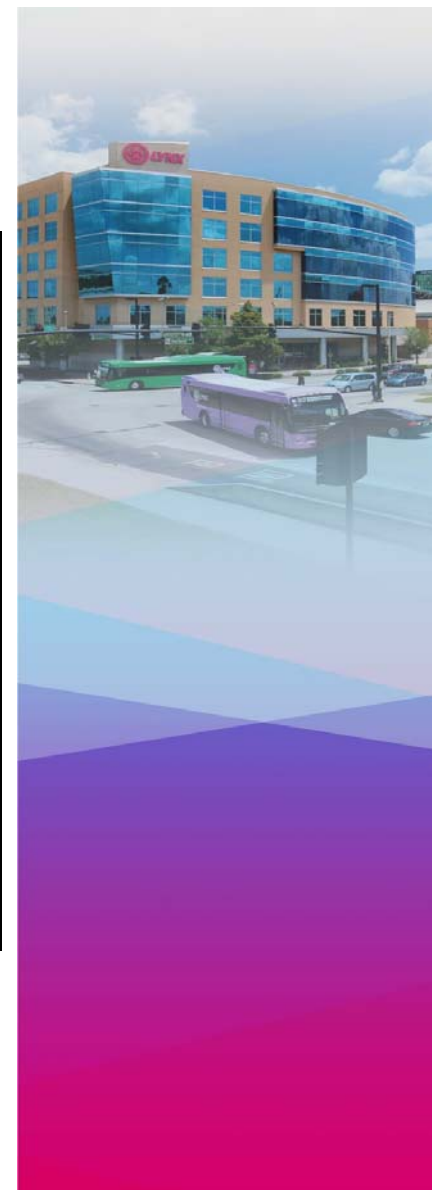
Ridership Scenario	\$2.50 (Maintain Pass Discount) Base Fare Alternative Revenue Change
Static (No Growth)	\$4,202,086
Current Trend (Negative Growth)	\$4,202,086
Elastic Demand	<b>\$4,202,086</b>
Positive Growth (Gas Price Increases)	\$4,202,086
Ridership Scenario	\$2.50 Base Fare Alternative Annual Revenue
FY2016 Projected Revenue	\$24,665,053
Static (No Growth)	\$28,867,139
Current Trend (Negative Growth)	\$27,401,315
Elastic Demand	<b>\$27,076,390</b>
Positive Growth (Gas Price Increases)	\$29,558,069

**Alternative #4**

Ridership Scenario	\$2.50 Base (Higher Pass Pricing) Fare Alternative Revenue Change
Static (No Growth)	\$5,259,078
Current Trend (Negative Growth)	\$3,724,549
Elastic Demand	<b>\$3,014,437</b>
Positive Growth (Gas Price Increases)	\$5,981,717
Ridership Scenario	\$2.50 Base (Higher Pass Pricing) Fare Alternative Annual Revenue
FY2016 Projected Revenue	\$24,665,053
Static (No Growth)	\$29,924,131
Current Trend (Negative Growth)	\$28,389,603
Elastic Demand	<b>\$27,679,490</b>
Positive Growth (Gas Price Increases)	\$30,646,770

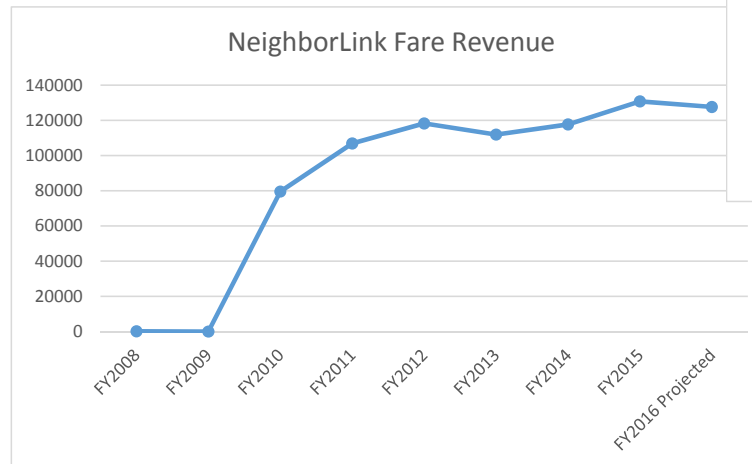
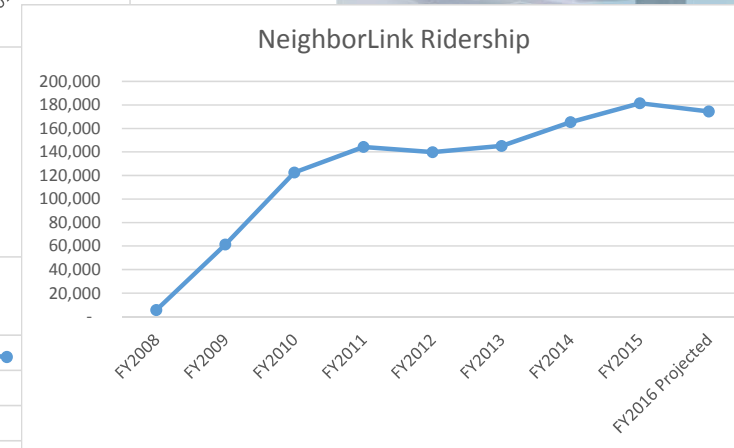
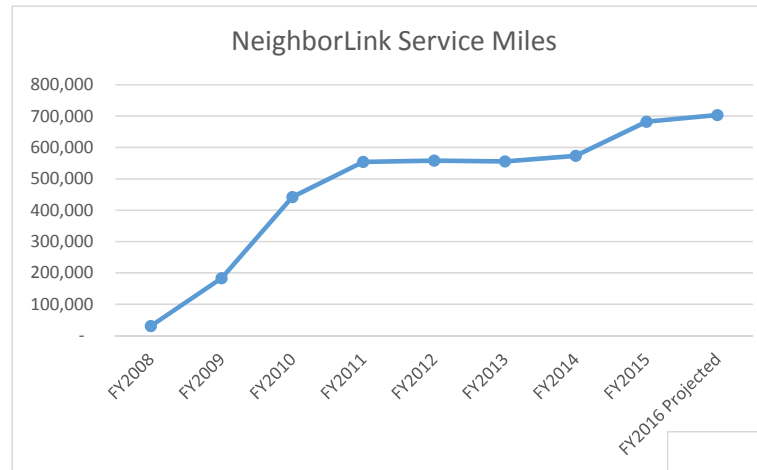


See Appendix B and C for additional detail



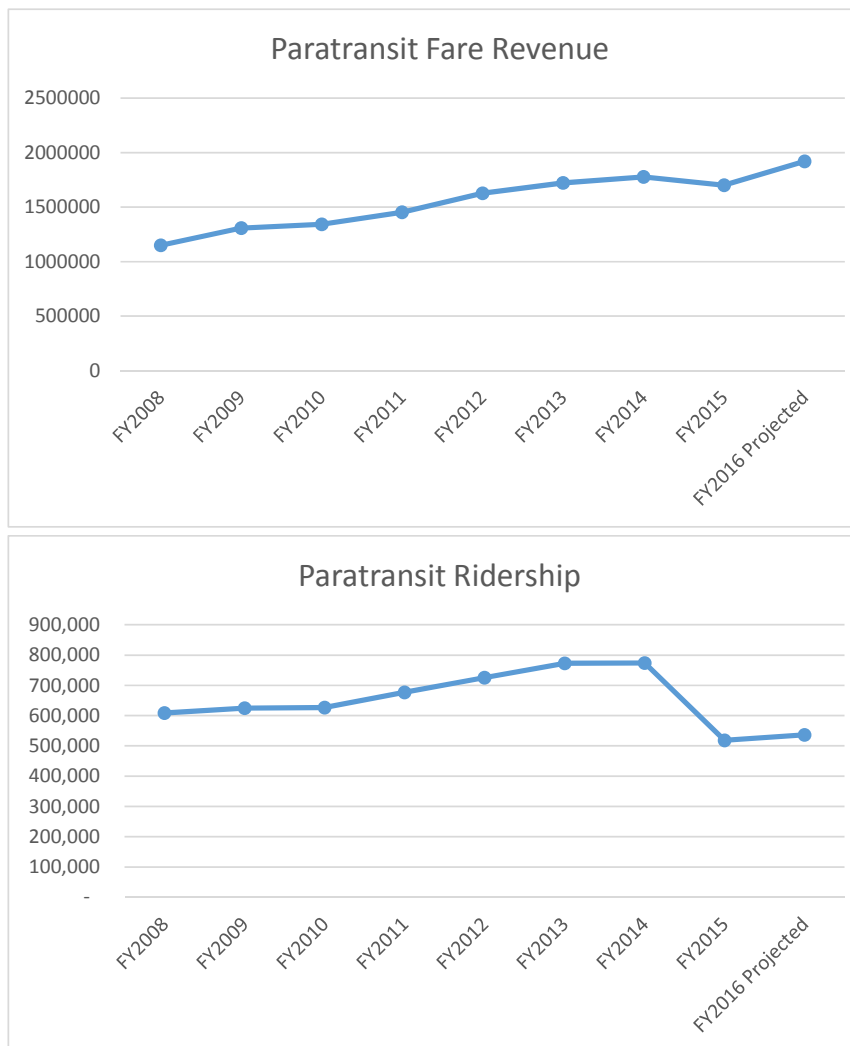
# NeighborLink

- NeighborLink service has steadily increased since inception
- NeighborLink ridership increased from inception through FY 2015. FY 2016 a 4% decrease is projected
- Fare revenue for NeighborLink service has continued to increase
- Cost of NeighborLink service is contract based on hours of service provided



## Paratransit Trends

- Paratransit ridership and revenue increased from FY 2008 through FY 2014.
- The decrease in paratransit trips in FY 2015 may reflect the complete removal of Medicaid transport from the system
- FY2016 projections show an increase in ridership and revenue, despite the decline on the fixed-route





## Recommended Fare Structure

Fare Type	Current Cash Fares	Proposed Cash Fares
Full Fare	\$2.00	\$2.25
Discount Cash Fare	\$1.00	\$1.10
Children (Age 6 and under)	Free	Free
Transfers	Free	Free
Express/Premium	\$3.50	\$3.50
Express/Premium Discount Fare	\$1.75	\$1.75
NeighborLink (NL)	\$2.00	\$2.25
NL Discount Fare	\$1.00	\$1.10
Shuttle	Determined Per Event	<b>Determined Per Event</b>
Pass Type	Current Pass Fare	<b>Proposed Pass Fare</b>
Daily	\$4.50	\$5.50
Discount Daily	\$2.25	\$2.75
7-Day	\$16.00	\$20.00
Discount 7-Day	\$8.00	\$10.00
30-Day	\$50.00	\$60.00
Discount 30-Day	\$25.00	\$30.00
NL Daily	\$4.50	\$5.50
NL Daily Discount	\$2.25	\$2.75
NL 7-Day	\$16.00	\$20.00
NL 7-Day Discount	\$8.00	\$10.00
NL 30-Day	\$50.00	\$60.00
NL 30-Day Discount	\$25.00	\$30.00



## Recommended Fare Structure

Fare Type	Current Cash Fares	Proposed Cash Fares
*Express/Premium Daily	\$6.50	<b>\$6.50</b>
*Express/Premium Daily Discount	\$3.25	<b>\$3.25</b>
*Express/Premium 7-Day	\$23.00	<b>\$23.00</b>
*Express/Premium 7-Day Discount	\$11.50	<b>\$11.50</b>
*Express/Premium 30-Day	\$70.00	<b>\$70.00</b>
*Express/Premium 30-Day Discount	\$35.00	<b>\$35.00</b>
ACCESS LYNX	<b>Current Fare</b>	<b>Proposed Fare</b>
ADA Fare (Inside ¾ mile radius)	\$4.00	<b>\$4.50</b>
ADA Fare (Outside ¾ mile radius)	\$7.00	<b>\$7.50</b>
As authorized by the Local Coordinating Board		
TD Fare – 0 to 4.99 Miles	\$2.50	<b>\$3.50</b>
TD Fare – 5 to 9.99 Miles	\$3.50	<b>\$4.50</b>
TD Fare – 10 Miles	\$4.50	<b>\$5.50</b>



## Other Considerations

### SunRail

- Bus fare higher than SunRail fare with proposed fare increase recommendations
- SunRail coordination necessary to determine if fare increase is warranted on that system.
- Impacts of bus transfers, if fare is not consistent.
  - Require review of equity for bus passengers versus rail passengers due to SunRail passengers paying a lower fare and having a fare transfer

### Impact of Ridesourcing Options

- Integration with LYNX family of services
- Mobility management approach



## Next Steps

- Determination on whether to move forward with a proposed fare modification
- How should we move forward with the fare modification – level of increase?
- Seek public input on proposed fare structure
- Final approval of fare structure
- Policy for future fare increases

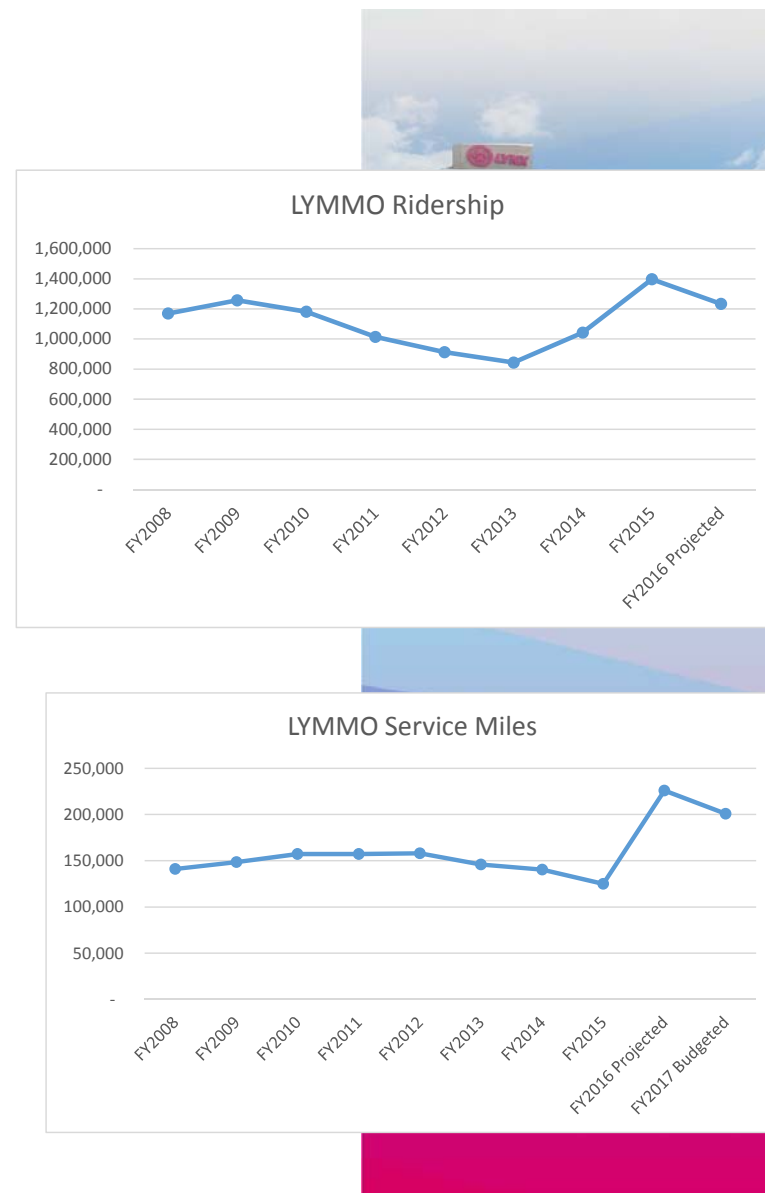


## Discussion

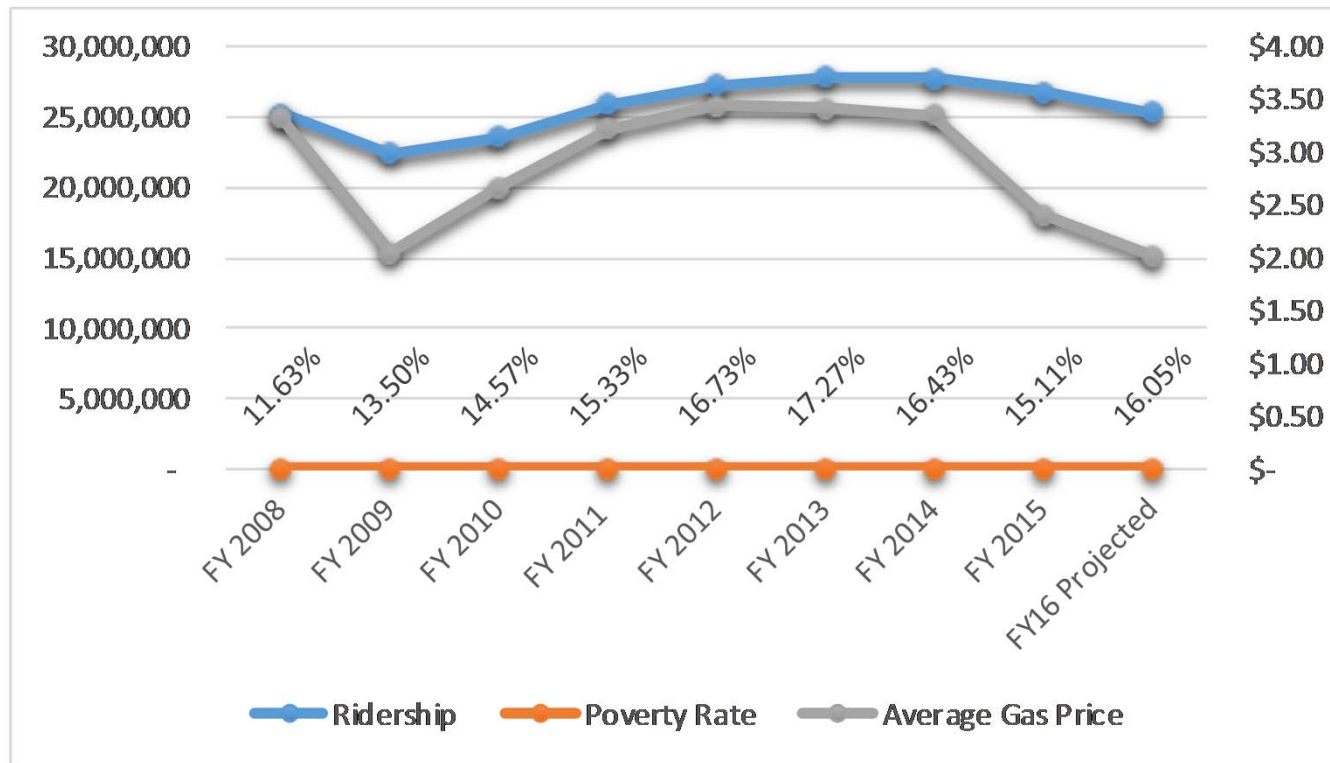


## LYMMO Fare Option

- Based on 2001 and 2016 survey majority do not want a fare
- Ridership increased to approximately 1,750 trips per day when transitioning from the \$.25 Meter Eater (1983) to the FreeBee (1984) system, which encouraged the progress to the LYMMO system (1997).
- Case studies show significant ridership increases for systems that go from a fare to free and the opposite impact for systems going from free to a fare
- LYMMO ridership peaked in FY 2009 and then declined until FY 2014 when the Grapefruit line was introduced
- Convenience and reliability were tops reasons for use. To maintain these characteristics off-board fare payments and additional technology options would be necessary for LYMMO with a fare.



## Ridership Correlation to Gas Prices and Tri-County Area Average Poverty Rates



Source: US Census Bureau SAIPE, Gasbuddy.com



## Public Involvement

- Survey of LYNX passengers at LYNX Central Station and transfer centers conducted as part of the comprehensive fare evaluation
  - Mode usage – 97% fixed-route, 2% express, 1% NeighborLink
  - Fare usage – 25% cash, 20% day-pass, 15% 30-day pass, 19% 7-day pass, 18% discount options, 3% transfers
  - Passenger ability to pay additional amount for fares –
    - 53% - \$0.00
    - 20% - \$0.25
    - 20%- \$0.50
    - 2% - \$0.75
    - 5% - \$1.00
- Survey effort conducted by LYNX consultant for LYMMO market study – on-board LYMMO vehicles August 2016 and November 2016 via targeted agencies and online





## Fare Structure Proposals @ \$3.00

Alternative #5	
Ridership Scenario	\$3.00 (Maintain Pass Discount) Base Fare Alternative Revenue Change
Static (No Growth)	\$8,806,813
Current Trend (Negative Growth)	\$7,041,682
Elastic Demand	<b>\$4,997,887</b>
Positive Growth (Gas Price Increases)	\$9,635,884
Ridership Scenario	\$3.00 Base Fare Alternative Total Annual Revenue
FY2016 Projected Revenue	\$24,665,053
Static (No Growth)	\$33,471,866
Current Trend (Negative Growth)	\$31,706,735
Elastic Demand	<b>\$29,662,940</b>
Positive Growth (Gas Price Increases)	\$34,300,937

Alternative #6	
Ridership Scenario	\$3.00 Base (Higher Pass Pricing) Fare Alternative Revenue Change
Static (No Growth)	\$9,665,379
Current Trend (Negative Growth)	\$7,844,441
Elastic Demand	<b>\$5,459,296</b>
Positive Growth (Gas Price Increases)	\$10,520,208
Ridership Scenario	\$3.00 Base (Higher Pass Pricing) Fare Alternative Revenue Change
FY2016 Projected Revenue	\$24,665,053
Static (No Growth)	\$34,330,433
Current Trend (Negative Growth)	\$32,509,495
Elastic Demand	<b>\$30,124,349</b>
Positive Growth (Gas Price Increases)	\$35,185,261



See Appendix B and C for additional detail



**Oversight Committee Discussion Item #3.B.**

**To:** LYNX Oversight Committee

**From:** **Tiffany Homler**  
CHIEF ADMINISTRATIVE OFFICER  
**Tiffany Homler**  
(Technical Contact)  
**Douglas Robinson**  
(Technical Contact)

**Phone:** 407.841.2279 ext: 6064

**Item Name:** Update on LYNX Service Efficiency and Route Performance

**Date:** 5/16/2017

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LYNX staff will review the service evaluation process and route performance at the joint meeting of the LYNX Oversight and Finance and Audit Committees.

# Service Efficiency and Low Performing Route Discussion

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May 16, 2017

# Objectives



- **Evaluate service and rank quarterly**
- **Service changes evaluated to minimize impacts to passengers**
  - **Priority to avoid weekday impacts**
- **Focus on lowest performing services**
- **Reduce or eliminate services where other nearby transit services are available**

# Highest Performing Routes



## **Orange County**

Link 8 - Oak Ridge Road/International Drive  
Link 107 - South US 441/Florida Mall  
Link 37 - Pine Hills/Florida Mall  
Link 436S - OIA/Fern Park  
Link 21 - Universal Studios  
Link 42 - OIA/International Drive  
Link 125 - Silver Star Road West Oaks/Downtown Orlando  
Link 106 - North US 441/Apopka  
Link 50 - Downtown Orlando/Magic Kingdom

## **Seminole County**

Link 436N - SR 436 Fern Park/Altamonte Springs  
Link 103 - N. 17-92/Sanford  
Link 434 - SR 434 Altamonte Springs/Oviedo

## **Osceola County**

Link 56 - W. US 192/Magic Kingdom  
Link 55 - W. US 192/Crosstown  
Link 108 - S. US 441/Kissimmee

# Low Performing Routes



## Orange County

- Link 6 – Colonial Plaza/Dixie Belle Drive
- Link 313 - Winter Park/LCS via Bumby Ave
- Link 405 – Apopka Circulator

## Seminole County

- Link 46E – SR 46/Downtown Sanford
- Link 46W – SR 46/Seminole Towne Center
- Link 45 – International Parkway/Seminole Ctr. via Lake Mary Blvd

## Osceola County

- Link 407 – Kissimmee/Lake Nona
- Link 426 – Poinciana Circulator

# Proposed Route Adjustments



Link	Eliminate Trips	Reduce Frequency (minutes)	Eliminate Service (Days)	Rider Impact (per day)
Link 6			Mon-Sat	134
Link 7	1 weekday trip			7
Link 36		30 to 60, Mon-Sat		310
Link 38	4 Sunday trips			60
Link 40			Interline w/ Link 36	0
Link 102		15 to 20, Mon-Sat		230
Link 313			Sat	72
Link 319		30 to 60, Sat only		51
Link 405	2 trips, Mon-Sun			2
Link 436 North		30 to 60, Sat only		4

# Potential Alternate Routes



Link	Link Description	Alternate Links
Link 6	Colonial Plaza/ Dixie Belle Drive	51, 436N
Link 7	S Orange Ave/Florida Mall	None
Link 36	Downtown Orlando/	107, 319
Link 38	Lake Richmond – LCS via Rio Grande	8, 50
Link 40	Americana Blvd/Universal Orlando	None
Link 102	Orange Ave/South 17-92	None
Link 313	Winter Park/LCS via Bumby Ave	13, 28, 29
Link 319	Richmond Heights - LCS	8,20,36
Link 405	Apopka Circulator	None
Link 436 North	SR 436 - Fern Park/Altamonte Springs	None



## Oversight Committee Discussion Item #3.C.

**To:** LYNX Oversight Committee

**From:** Albert Francis  
CHIEF FINANCIAL OFFICER  
Blanche Sherman  
(Technical Contact)

**Phone:** 407.841.2279 ext: 6058

**Item Name:** Update on LYNX Reserves

**Date:** 5/16/2017

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LYNX' Reserve Policy is based on sound fiscal principles designed to allow LYNX to maintain continuation of operations in adverse conditions. The Reserve Policy is essential to maintain adequate levels of reserves to mitigate current and future risks such as revenue shortfalls, emergencies, natural disasters, and unanticipated expenditures.

LYNX' Reserves are as follows:

- **Reserves for Operations (Cash Reserves)**

**\$21,000,000 forty-five days \$28,000,000 sixty days**

LYNX should establish a goal to maintain a reserve of forty-five to sixty days, or fifteen to twenty percent of regular operating expenditures to be used for short term cash flow purposes, or to ensure adequate resources for operating purposes at the beginning of the fiscal year. The cash reserve also helps to protect LYNX in the event it must respond to a natural or man-made disaster. This appropriation may also be considered to fund one-time capital outlay, but shall not be used to support ongoing operating expenses.

- **Reserves for Contingency (Emergencies)**

**\$6,485,003 - 5% of FY2017 Adopted Operating Budget**

LYNX should establish a goal to maintain a contingency reserve at a not to exceed 5% of the total budget. The contingency is commonly known as the emergency reserve to be used in the case of a major storm or other unforeseen disaster. The contingency reserve may also be used to cover unanticipated expenditures of a non-recurring nature, to meet unexpected immediate increases in service delivery costs, and to temporarily maintain service levels in the event that an economic downturn should cause a shortfall in revenues.

- **Reserves for Capital Funds and Debt Service**

**\$898,151 (CNG bus lease), \$124,706 (Articulated Bus), \$3,284,931 (Pine Hills Transfer Center), \$975,826 (Bus Rapid Transit and Orlando Urban Trail), \$230,642 (Other Capital Projects) and \$1,558,172 (Replacement Buses)**

In the event that the operating reserve balance exceeds the amount set forth in this policy, the excess will be transferred to Reserves for Capital. The goal will be to fund the future infrastructure. This only pertains to items and/or projects included in the annual capital budget. Debt Service Reserves are subjected to the creation of a very specific reserve amount as a part of the Loan Covenants. Therefore, the amount to be appropriated must adhere to these requirements and will be budgeted, accordingly.

- **Reserves for Self-Insurance Programs**

**\$4,841,282 (Workers Compensation and General Liability Claims), \$1,600,000 (Medical Self Insured Surplus Assets) and \$1,772,027 Medical Insurance Claims)**

Risk Management should maintain a minimum reserve equal to the 80% to 90% undiscounted confidence level of the annual actuarial study to ensure financial viability for Workers Compensation and General Liability Claims. In addition, should a claim be made against LYNX that is identified subsequent to the actuarial report and prior to the issuance of the Comprehensive Annual Financial Report that is financially material to the fund and highly likely to succeed, additional reserves should be established to provide adequate funds in reserve.

Florida Statue requires that a self-funded medical plan offered by a public entity maintain surplus assets equal to at least 60 days of claims either as assets in the plan or in the form of unencumbered surplus elsewhere in the organization to pay claims. These funds are in addition to the run out liability. As such, LYNX established a reserve equal to two months to support unanticipated increases in medical insurance expenses.

- **Reserves for Fuel Stabilization**

**\$1,000,000 Budget Stabilization**

In 2011, LYNX established a fuel hedging program to curtail some of the extreme volatility experienced in the price of fuel. The hedging program is not meant to “out-guess” the market for fuel, but rather is an attempt to eliminate some of the pricing volatility and provide budget stabilization. This program, combined with establishing a Fuel Stabilization Reserve, will give

# LYNX Board Agenda

LYNX, and ultimately our funding partners, some assurance of price and funding stability, as it pertains to the costs of fuel. The reserve will be funded via reserving excess revenues.

In summary, the reserves are as follows:

<b>LYNX Reserves</b>	<b>45 days</b>	<b>60 days</b>
Operations	\$ 21,000,000	\$ 28,000,000
Contingency -5%	6,485,003	6,485,003
Debt Service	813,225	813,225
Pine Hills Transit Center	3,284,931	3,284,931
Bus Rapid Transit Projects	732,812	732,812
Orlando Urban Trail Project	243,014	243,014
Other Capital Projects	230,642	230,642
Capital Bus Lease	898,151	898,151
Articulated Buses	124,706	124,706
Replacement Buses	1,558,172	1,558,172
Self-Insurance Programs	8,213,309	8,213,309
Fuel Stabilization	1,000,000	1,000,000
<b>Subtotal</b>	<b>\$44,583,965</b>	<b>\$51,583,965</b>
FY2016 \$2 Capital Funding	(468,133)	(468,133)
FY2017 \$2 Capital Funding	(2,112,896)	(2,112,896)
Self-Insurance (Long-term)	(2,260,538)	(2,260,538)
FY2017 Settlement Payout Budget	(1,200,000)	(1,200,000)
SIB Loan – Federally Funded	(813,225)	(813,225)
Pine Hills Transfer Center	(3,284,931)	(3,284,931)
Bus Rapid Transit Projects	(732,812)	(732,812)
Orlando Urban Trail Project	(243,014)	(243,014)
Other Capital Projects	(230,642)	(230,642)
<b>Reserve Fund Requirement</b>	<b>\$ 33,237,774</b>	<b>\$ 40,237,774</b>
Restricted – Net Position	(1,600,000)	(1,600,000)
Unrestricted – Net Position	(53,980,713)	(53,980,713)
Deferred outflows related to Pension	10,140,917	10,140,917
Unpaid Investment in Capital Assets	8,396,607	8,396,607
<b>Adjusted Net Position</b>	<b>\$ (37,043,189)</b>	<b>\$ (37,043,189)</b>
<b>(Excess) Shortfall Cash Reserves</b>	<b>\$ (3,805,415)</b>	<b>\$ 3,194,585</b>
<b>FY2018 Preliminary Budget – Use of Reserves</b>	<b>\$ 1,299,590</b>	<b>\$ 1,299,590</b>
<b>(Excess) Shortfall Cash Reserves</b>	<b>\$ (2,505,825)</b>	<b>\$ 4,494,175</b>
<b>FY2019 – Use of Reserves</b>	<b>\$2,000,000</b>	<b>\$2,000,000</b>
<b>FY2020 – Use of Reserves</b>	<b>\$2,000,000</b>	<b>\$2,000,000</b>
<b>FY2021 – Use of Reserves</b>	<b>\$2,000,000</b>	<b>\$2,000,000</b>
<b>FY2022 – Use of Reserves</b>	<b>\$2,000,000</b>	<b>\$2,000,000</b>
<b>(Excess) Shortfall Cash Reserves</b>	<b>\$ 5,494,175</b>	<b>\$12,494,175</b>

The total impact is **\$44,583,965 for 45 days and \$51,583,965 for 60 days**, of which approximately **\$37,043,189** is in restricted and unrestricted net position as adjusted.

## LYNX Board Agenda

We estimated the “Operations” reserves based on anticipated expenditures in the first three months of operations. Due to the “Federal Shut Down” in October, the first quarter of the fiscal year is higher than normal.

LYNX staff will provide an update of the status of LYNX’ reserves at the May 16, 2017 Joint Workshop of the Oversight and Finance & Audit committees.

# **LYNX' Reserves Update**

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**Presented to the  
LYNX' Oversight and Finance & Audit  
Committee  
Joint Workshop  
May 16, 2017**

# Policy Requirements



## Reserves for Operations (Cash Reserves)

- ✓ To be used for **short term cash flow purposes**, or to ensure **adequate resources for operating purposes at the beginning of the fiscal year**.
- ✓ Not to exceed **forty-five to sixty days**

## Reserves for Contingency (Emergencies)

- ✓ To be used in the case of a **major storm or other unforeseen disaster**.
- ✓ **Not to exceed 5% of the total budget**.
- ✓ May also be used to cover **unanticipated expenditures of a non-recurring nature**, to meet unexpected immediate

# Policy Requirements



## Reserves for Capital Funds and Debt Service

- ✓ In the event that the operating reserve balance exceeds the amount set forth the excess will be transferred to Reserves for Capital.
- ✓ The goal will be to fund the future infrastructure. This only **pertains to items and/or projects included in the annual capital budget.**
- ✓ **Debt Service Reserves** are subjected to the creation of a very specific reserve amount as a part of the Loan Covenants. Therefore, the amount to be appropriated must adhere to these requirements and will be budgeted, accordingly.

## Reserves for Self-Insurance Programs

- ✓ Annual actuarial study to ensure financial viability for **Workers Compensation and General Liability Claims.**
- ✓ **Florida Statute requires that a self-funded medical plan** offered by a public entity maintain **surplus assets equal to at least 60 days of claims** either as assets in the plan or in the form of unencumbered surplus elsewhere in the organization to pay claims. These funds are **in addition to the run out liability.**
- ✓ LYNX established a **reserve equal to two months to support unanticipated increases** in medical insurance expenses.

# Policy Requirements



## Reserves for Fuel Stabilization

- ✓ In 2011, LYNX established a **fuel hedging program to curtail some** of the extreme **volatility** experienced in the **price of fuel**.
- ✓ The hedging program is **not meant to “out-guess”** the market for fuel, **but** rather is an attempt **to eliminate some of the pricing volatility** and provide **budget stabilization**.
- ✓ This program, combined with establishing a Fuel Stabilization Reserve, **will give LYNX, and ultimately our funding partners, some assurance of price and funding stability**, as it pertains to the costs of fuel.
- ✓ The reserve will be **funded via reserving excess revenues in the amount of \$1,000,000**.



# Summary of Reserve Amounts



LYNX Reserves	45 days	60 days
Operations	\$ 21,000,000	\$ 28,000,000
Contingency -5%	6,485,003	6,485,003
Capital and Debt Service	7,885,653	7,885,653
Self-Insurance Programs	8,213,309	8,213,309
Fuel Stabilization	1,000,000	1,000,000
<b>Subtotal</b>	<b>\$ 44,583,965</b>	<b>\$ 51,583,965</b>
<b>Restricted Sources &amp; Long-term Obligations</b>	<b>(11,346,191)</b>	<b>(11,346,191)</b>
<b>Reserve Fund Requirement</b>	<b>\$ 33,237,774</b>	<b>\$ 40,237,774</b>
<b>Adjusted Net Cash Position at 9/30/16</b>	<b>\$ (37,043,189)</b>	<b>\$ (37,043,189)</b>
<b>(Excess) Shortfall Cash Reserves</b>	<b>\$ (3,805,415)</b>	<b>\$ 3,194,585</b>
<b>FY2018 Preliminary Budget – Use of Reserves</b>	<b>\$ 1,299,590</b>	<b>\$ 1,299,590</b>
<b>Adjusted (Excess) Shortfall Cash Reserves</b>	<b>\$ (2,505,825)</b>	<b>\$ 4,494,175</b>
<b>FY2019 – Use of Reserves \$2,000,000</b>	<b>\$ (505,825)</b>	<b>\$ 6,494,175</b>
<b>FY2020 – Use of Reserves \$2,000,000</b>	<b>\$ 1,494,175</b>	<b>\$ 8,494,175</b>
<b>FY2021 – Use of Reserves \$2,000,000</b>	<b>\$ 3,494,175</b>	<b>\$ 10,494,175</b>
<b>FY2022 – Use of Reserves \$2,000,000</b>	<b>\$ 5,594,175</b>	<b>\$ 12,494,175</b>

## Oversight Committee Discussion Item #3.D.

**To:** LYNX Oversight Committee

**From:** Albert Francis  
CHIEF FINANCIAL OFFICER  
Blanche Sherman  
(Technical Contact)

**Phone:** 407.841.2279 ext: 6058

**Item Name:** Update on Preventative Maintenance Funding

**Date:** 5/16/2017

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In January 2013, LYNX Board of Directors officially adopted that use of LYNX' Funding Model to prepare the annual budget and local funding request. At that time, the Board established a limit on the use federal dollars use to support preventative maintenance expenses in the amount of \$6,794,752.

Over the past two years, LYNX has been faced with significant declines in ridership and fare revenue, along with increases in cost for paratransit services. In an effort to minimize the impact to our funding partners for FY2018 for the various decreases in revenue and increases in costs, LYNX staff is proposing to increase the use of preventative maintenance funding for the FY2018 budget.

Preventative maintenance costs include all the activities, supplies, labor, services, and associated costs required to preserve or extend the functionality and serviceability of an asset in a cost effective manner, up to and including the current state of the art of maintaining the asset. LYNX use its Federal formula funds to support its capital program and to fund a portion of its preventative maintenance expenses. In FY2016, LYNX had approximately \$17 million of eligible preventative maintenance expenses, of which \$6,794,752 was funded from LYNX' federal formula funds.

Any use of federal funding to support operating expense has impact on the availability of such funding to support capital expenditures. In particular, the additional \$2,000,000 in preventative maintenance funding, may impact the purchase of replacement vehicles, facility improvements, as well as the much anticipated satellite facility. In the FY2016 Federal Transit Administration (FTA) apportionment LYNX anticipated receiving approximately \$38,562,160 in annual federal apportionments as follows:

## LYNX Board Agenda

- ✓ \$26,103,204 Urbanized Area Formula Program
- ✓ \$187,727 State of Good Repair Fixed-Guideway
- ✓ \$2,663,718 Bus/Bus Facilities Program
- ✓ \$1,397,829 Enhance Mobility for Seniors and Individuals with Disabilities
- ✓ \$8,209,682 Surface Transportation Program

LYNX staff will provide an overview of the impact on LYNX' Capital Program as a result of using an additional \$2,000,000 for preventative maintenance expenses.

# **LYNX' Preventative Maintenance Funding Program**

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**Presented to the  
LYNX' Oversight and Finance & Audit  
Committee  
Joint Workshop  
May 16, 2017**

# Preventative Maintenance



- ✓ Preventative maintenance costs **include all the activities, supplies, labor, services, and associated costs** required **to preserve or extend the functionality and serviceability of an asset** in a cost effective manner, up to and including the current state of the art of maintaining the asset.
- ✓ LYNX uses its **Federal formula funds to support** its **capital program** and to fund a portion of its **preventative maintenance expenses**.
- ✓ **In FY2016**, LYNX had approximately **\$17 million** of **eligible preventative maintenance expenses**, of which \$6,794,752 was funded from LYNX' federal formula funds.

# Policy Requirements



- ✓ **In January 2013, LYNX Board of Directors officially adopted** the use of **LYNX' Funding Model** to prepare the annual budget and local funding request.
- ✓ **At that time, the Board established a limit** on the use of federal dollars to support **preventative maintenance** expenses in the amount of **\$6,794,752**.

# FY2018 Preliminary Budget Constraints

- ✓ Over **the past two years**, LYNX has been faced with **significant declines** in **ridership and fare revenue**, along with **increases in cost for paratransit services**.
- ✓ In an effort **to minimize the impact to our funding partners** for FY2018 for the various decreases in revenue and increases in costs, **LYNX staff is proposing to increase the use of preventative maintenance funding** for the FY2018 budget for an **additional amount** of **\$2,000,000**.

# Capital Program Funding Impact



- ✓ In the **FY2016 Federal Transit Administration (FTA) apportionment** LYNX anticipated receiving approximately **\$38,562,160** in an annual federal apportionments as follows:
  - \$26,103,204 Urbanized Area Formula Program
  - \$187,727 State of Good Repair Fixed-Guideway
  - \$2,663,718 Bus/Bus Facilities Program
  - \$1,397,829 Enhance Mobility for Seniors and Individuals with Disabilities
  - \$8,209,682 Surface Transportation Program



# Summary of Capital Improvement Program



## Five Years (5) Capital Improvements

	Estimated Federal Funding		\$	<b>190,000,000</b>
	Paratransit Vehicles	31		(10,850,000)
	Articulated Buses	15		(67,500,000)
	40 foot Buses	10		(30,000,000)
	Southern Operations Base			(25,000,000)
	Facility Improvements			(10,000,000)
	Technology			(9,000,000)
	Security			(2,000,000)
	Paratransit Site Improvements			(8,000,000)
	Planning Assistance			(25,000,000)
	Policy Preventative Maintenance			(33,973,760)
	ADA Assistance			(10,000,000)
			\$	(41,323,760)
	Additional Preventative Maintenance Funding			(10,000,000)
	Projected Capital Improvement Plan Shortfall		\$	<b>(51,323,760)</b>