



Niagara Frontier Transportation Authority
Serving the Niagara Region

181 Ellicott Street
Buffalo, New York 14203
www.nfta.com

Kimberley Minkel

Executive Director

716-855-7470

Fax: 716-855-6655

E-mail: kim_minkel@nfta.com

December 31, 2014

Ms. Karen McCarthy
Clerk of Legislature
Erie County
92 Franklin Street
4th Floor
Buffalo, NY 14202

Re: Niagara Frontier Transportation Authority

Dear Ms. McCarthy:

Pursuant to Public Authorities Law Section 2801, please be advised that the NFTA's five year capital plan for fiscal years ending March 31, 2015-2019 and the annual operating budget for fiscal year end 2016 has been posted on our website at www.nfta.com. We are **presenting a balanced budget for FYE 16** that reflects the Authority's mission and that of each of the strategic business units.

MISSION STATEMENT

The Niagara Frontier Transportation Authority is a multi-modal entity encompassing a skilled and dedicated workforce. We are firmly committed to providing safe, efficient and professional transportation services that enhance the quality of life in the Buffalo Niagara region in a manner consistent with the needs of our customers.

The budget includes: cost control measures and projects, technology improvements, green initiatives that will result in operational changes, an increase in State Operating Assistance and moderate growth in other revenue sources. The overall spending plan is \$217.7 million. The overall budget is summarized below by major business center.

**FYE 16 Budget
Net Surplus/ (Deficit)**

BNIA	5,385,647
NFIA	(1,185,808)
Metro	(2,124,725)
Transportation Centers	(1,456,642)
Property Dev.	(618,472)
NFTA Combined	0

AUTHORITY-WIDE ASSUMPTIONS

- Metro base fare remains the same @ \$2.00
- Metro core ridership consistent with FYE15 levels
- NFTA Boat Harbor transferred to NYS Parks, effective November 15, 2014
- BNIA enplanements increasing 1%
- NY State operating assistance increasing \$1,265k, or 3.0% based on the FYE 15 increase
- Erie County Sales Tax increasing 3.0%, based on Erie County projections
- Mortgage Tax increasing 2.2%, based on five-year average median residential price increase
- FYE16 Metro fringe benefit rate – 82.5%, Company offer on the table, revised fringe benefit rate – 70.7%
FYE16 NFTA fringe benefit rate – 47.8%
- FYE16 Metro health insurance costs - \$22,064k (includes \$1,331k for 10% employee contribution)
FYE16 NFTA health insurance costs - \$6,129k
- NFTA/Metro health insurance rate increasing 6.75%
- Diesel fuel budgeted @ \$3.04/gal, the average cost over the previous 26-week period, FYE16 budget includes 33% of our anticipated usage locked in @ \$3.0455/gal
- NFTA/Metro workers' compensation costs in increasing 15%, or \$1,123k
- BNIA capital reallocation (net of ADF funding) funding change in prior period projects from ADF's to PFC's resulted in \$1,765k savings
- BNIA bond debt service savings in refinancing 1998 and 1999 revenue bonds - \$404k
- BNIA - NFIA debt service entitlement application decreasing \$1,772k, or 93.2%, as remaining funds to be used for construction projects
- Total NFTA/Metro equity funded capital increasing \$3,458k, or 23.7%
 - Metro: \$2,123k, or 19.1% - eleven new buses, four CMAQ buses, ten small buses, hybrid bus batteries, dual power inverter mod (DPIM's), fare collection replacement design, passenger information signage, station panel liner rehab, CNG modification, non-revenue support vehicles, bus mobile routers
 - Transp. Ctrs: \$191k, or 40.3% - rehab/relocate Customer Service Center and restroom

BNIA: \$1,056k, or 150.5% - cargo area lighting, runway paint & rubber removal, tower crash phone replacement, various trucks and equipment

Cent. Admin: \$695k, or 32.8% – MIS Ellipse continuous improvement program

- Other Major Projects (outside funding)

Metro: ORBCAD Upgrade - \$6,962k
Niagara Street Corridor Project - \$2,399k
LRV Mid-life Rebuild - \$10,000k

BNIA: Escalator Replacement - \$2,911k
Noise Compatibility Program - \$3,500k

New ARFF Facility - \$7,091k
Runway 14 end, mill & overlay - \$1,200k

NFIA: Terminal Apron Expansion - \$884k

AVIATION

AVIATION MISSION

Aviation serves as a catalyst for economic growth by maintaining cost effective, customer oriented, and efficient airports to attract and retain comprehensive and competitive air transportation services.

BUFFALO NIAGARA INTERNATIONAL AIRPORT (BNIA)

BNIA is well poised to maintain a competitive air service environment with the diversification of airlines. The budget assumes a 1% increase in enplanement growth. The continued increase of customers, especially Canadian customers has spurred economic development in the area.

Compensatory revenue is increasing 2.8% while our expenses are growing 2.7%. Increases in health insurance, workers' compensation and non-represented and contractual salaries along with higher maintenance and repairs expenses, increasing baggage maintenance and jet bridge painting and repair costs highlight the expense variance.

Non-operating costs are decreasing 12.5% due to lower debt service costs and the adjustment in funding for prior period projects from ADF to our PFC funds. This is partially offset by lower FAA entitlement and application of PFC funds towards debt service.

Key Projects for BNIA include:

- The continuation of the Noise Compatibility Program
- New ARFF facility
- Runway Mill & Overlay

NIAGARA FALLS INTERNATIONAL AIRPORT (NFIA)

The NFIA has had a tremendous positive economic impact on the Niagara region. The overall aviation strategic planning process and the NFIA master plan will illustrate this positive economic impact to the region.

NFIA, which is a joint use facility with the US Air Force Reserve base, is going to continue to assist the Niagara Falls Airbase to maintain its presence in the region.

The budget for FYE 16 reflects an increase in revenues of \$111k, or 4.6%, reflective of the full year impact of the October 1, 2014 parking rate increase.

Operating expenses are growing 2.4% primarily due to increases in maintenance & repairs costs.

Non-operating revenues are decreasing 35.5% due to the \$750k capped reimbursement from the BNIA airlines for NFIA'S net deficit (BNIA signatory airlines previously reimbursed NFIA for 50% of NFIA'S net deficit.)

Key capital projects include:

- Terminal Apron
- Part 77 obstruction removal - property acquisition

SURFACE TRANSPORTATION

SURFACE TRANSPORTATION MISSION

The mission of the Surface Transportation Division is to enhance the quality of life of residents and visitors by providing the highest level of safe, clean, affordable, responsive, and reliable transportation through a coordinated and convenient bus and rail system.

The Metro Consolidated Budget for FYE 16 is a Net Deficit of \$2,125k and does not include any fare increases or significant changes in service. Revenues are increasing \$140k, as the budget reflects higher advertising revenues and core ridership remaining consistent with FYE 15 levels.

Key to the FYE 16 budget is the assumption of an increase in Capital Needs fund of \$ 9,800k and State Operating Assistance of \$1,265k based on the increase received in FYE 15. The NFTA continues to pursue an equity adjustment to bring Metro more in line with what the other upstate agencies receive.

- We receive the lowest State Transit Operating Assistance (STOA).
- If we were to receive on average what the other three upstate agencies are awarded it would be an additional \$8-10 million per year.
- NFTA Metro provides more coverage than any other upstate transit agency.
- Transit need is greatest in the Buffalo Niagara region as there are more households with no vehicles as compared to other upstate transit communities. Over 77% of riders in Buffalo are transit dependent.
- We are the only system in upstate New York with a light rail system, a system with growing capital needs.

Expenses are increasing \$4,862k, or 3.7%, as increases in health insurance, workers' compensation and salaries along with higher maintenance repair costs, such as rail tamping and escalator costs, contribute to the variance. A key assumption in our FYE 16 budget is a 10% employee contribution in health insurance costs. This is important in an attempt to mitigate the impact of an employee fringe benefit rate that has climbed to 82.5%. Also, our fuel is locked in at 33% of our anticipated usage at an average cost of \$3.0455/gallon.

Going Green is a strong theme reflected in the budget with the inclusion of a CNG fueling station & facility modification and the purchase of 30 CNG vehicles (20 big buses and 10 paratransit vehicles)

Our flagship project of the Midlife Rebuild of our Light Rail Vehicles is projected to continue to move forward with the continued delivery of completed vehicles.

Technology is also key with a new fare box system.

TRANSPORTATION CENTERS

Capital projects include funds for our proposed customer service center and the rehab/relocation of our customer/driver restrooms.

PROPERTY MANAGEMENT

PROPERTY MANAGEMENT MISSION STATEMENT

The mission of Property Management is to manage and develop the NFTA owned real property to optimize the generation of self-supporting discretionary revenue to support our transportation businesses while fostering economic growth.

The FYE 16 Budget reflects the sale of the Boat Harbor to New York State effective November 15, 2014 with minimal impact on our operating income. Rental income is decreasing 6.8% with the loss of Terminal A and billboard revenue.

Capital spending is decreasing \$494k due to the completion of the 485 Cayuga Road roof rehab project in FYE 15.

CENTRAL ADMINISTRATION

SUPPORT SERVICES MISSION STATEMENT

The mission of Central Administration is to proactively provide high quality, coordinated, innovative, technological, cost-effective support service solutions for our internal and external stakeholders.

A Decrease in TSA funding accounts for the FYE 16 Operating Revenue & Assistance variance.

The capital budget includes MIS Ellipse continuous improvement program.

Operating Expenses are also increasing due to increases in health insurance, worker's compensation costs, non-represented and contractual salaries.

If you have any questions regarding this matter, please contact John T. Cox, Chief Financial Officer, at (716) 855-7250.

Very truly yours,



Kimberley Minkel
Executive Director

KAM/cf