



Niagara Frontier Transportation Authority
Serving the Niagara Region

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Kimberley Minkel

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August 17, 2016

Erie County Legislature
Old Erie County Hall
92 Franklin Street, Fourth Floor
Buffalo, NY 14202

Dear Erie County Legislature:

As you may be aware, several private inter-city bus carriers operate out of the NFTA owned, operated, and maintained Metropolitan Transit Center (MTC) at 181 Ellicott Street, Buffalo, NY, pursuant to a lease with the NFTA which expired in 2013. Since that time, and with increased focus over the past year, the NFTA and the bus carriers have been engaged in negotiations to try and reach terms on a renewal lease that is fair and reasonable to all parties. We write to provide a status of those negotiations because the outcome may impact the various constituencies that you serve.

We recognize the importance of inter-city bus service to the WNY community and the public at-large. Thus, our position in the negotiations has been simple and straightforward. The rent charged to the bus carriers should cover their own costs of operating the MTC; no more but no less. Under such an arrangement, inter-city bus service will continue to operate out of the MTC. At the same time, the NFTA will continue to use public funding to support public transit, avoid the use of public funding to subsidize a private business, and properly operate and maintain the MTC and facilitate popular amenities for the public such as the Tim Horton's located inside the MTC. It has been reported that one of the carriers we are being asked to subsidize had an operating profit in 2015 of \$68.5 million.¹

We have provided the bus carriers a full and complete cost analysis. However, to date, we have not been able to reach acceptable terms with the bus carriers. To protect our legal right to holdover rent arrears, we are in the process of serving the bus carriers with a formal notice including a reservation of our legal rights. Although we remain in negotiations, and are still hopeful we can reach terms, we have begun planning for repurposing the MTC to better serve public transit in the event we cannot reach terms. We believe this is the responsible thing to do in view of these longstanding negotiations. Please be assured that in the event we cannot reach terms, a transition will occur over time that will minimize the impact on the public and stakeholders.

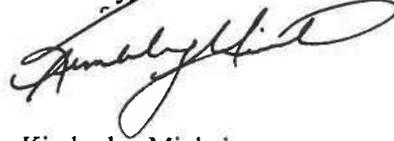
Finally, we note that our position in the negotiations is consistent with the findings of an independent audit which recognized that the current lease rates charged do not adequately cover the NFTA's costs and

¹Retrieved from www.firstgroupplc.com/~/media/Files/F/Firstgroup-Plc/indexed-pdfs/2015/Business-review-Greyhound.pdf on August 12, 2016.

recommended that the NFTA increase the lease rates to reflect and recover the actual costs of maintaining the property.²

If you have questions please call me at (716) 855-7300.

Sincerely,



Kimberley Minkel
Executive Director

cc: NFTA Board of Commissioners
U.S. Senator Charles Schumer
U.S. Senator Kirsten Gillibrand
Congressman Chris Collins
Congressman Brian Higgins
WNY Delegation Members
Sam Hoyt, Regional President, Western New York, Empire State Development
Matthew Driscoll, Commissioner, New York State Department of Transportation
Ronald Epstein, Assistant Commissioner, New York State Department of Transportation
City of Buffalo Mayor Byron Brown
Erie County Executive Mark Poloncarz
City of Buffalo Common Council

² New York State Authorities Budget Office, *NFTA Operational Review* (2013).