Niagara Frontier Transportation Authority
*Serving the Niagara Region*

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January 6, 2016

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, 2017-2021 and the annual operating budget for fiscal year end 2017 has been posted on our website at www.nfta.com. We are **presenting a balanced budget for FYE 17** 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 $220.9 million. The overall budget is summarized below by major business center.

**FYE 17 Budget**
**Net Surplus/ (Deficit)**

| | |
|---|---|
| BNIA | 1,147,826 |
| NFIA | (853,411) |
| Metro | 1,939,850 |
| Transportation Centers | (2,080,226) |
| Property Dev. | (154,040) |
| **NFTA Combined** | **0** |

## AUTHORITY-WIDE ASSUMPTIONS

- Metro base fare remains the same @ $2.00
- BNIA enplanements increasing 1%
- NFIA landing rate increasing 10%, rental rate increasing 15%, anticipated 4% enplanement growth
- NY State operating assistance increasing $1,342k, or 3.0%, FYE16 increase – 6.1%
- Erie County Sales Tax increasing 3.4%, based on five year average annual increase and anticipated stronger Canadian dollar
- Mortgage Tax consistent with FYE16 forecast
- FYE17 Metro fringe benefit rate – 87.1%
  FYE17 NFTA fringe benefit rate – 50.7%
- FYE17 Metro health insurance costs - $23,174k (includes $1,800k for 10% employee contribution) FYE17 NFTA health insurance costs - $6,722k
- NFTA/Metro health insurance rate increasing 5.4%
- Diesel fuel budgeted @ $1.90/gal, the average cost over the previous 26-week period, FYE17 budget includes 20% of our anticipated usage locked in @ $2.12/gal
- NFTA/Metro workers' compensation costs in increasing 10%, or $782k
- NFTA pension costs increasing $336k, or 6.0%
- BNIA includes additional debt service of $2,655k for financing of baggage claim expansion and construction of ARFF building
- BNIA - NFIA debt service entitlement application decreasing $2,208k, or 100.0%, as available entitlement funds to be used for construction projects
- FMD and Bus Shelter cost centers transferring from BNIA to Engineering
- Metro reserve funding (MRF) increasing $2,105k, or 47.9%
- Total NFTA/Metro equity funded capital decreasing $3,091k, or 22.3%.
  - Metro: ($3,592k), (39.9)% - 24 big buses to be financed, hybrid batteries, dual power inverter modules (DPIMs), fare collection system, public information scheduling display, bus mobile routers, fastener & pad replacement
  - Transportation Centers: $644k, 80.7% - rehab MTC building and surrounding area and rail station liner rehab
  - BNIA: ($978k), (39.4)% - salt barn, terminal roadway improvements, terminal roof replacement, fuel farm AV gas tank rehab, shuttle buses, FMD move to terminal
  - Property Development: ($530k), (53.8)% - 485 Cayuga Road rehab
  - Central Admin: $1,710k, 924.3% - Ellipse upgrade, replacement of obsolete network components and completion of fiber optic network at OCC

Other Major Projects (outside funding)

- Metro: LRV Mid-life Rebuild - $6,000k
  Small Buses - $1,202k
- BNIA: Level I Baggage Claim Expansion - $5,894k
  New ARFF facility - $8,079k
  R/W 14-32 mill & overlay - $15,700k
- NFIA: Taxiway rehab - $1,176k
- Transportation Centers: Escalator replacement - $1,357k

## AVIATION

**AVIATION MISSION STATEMENT**
**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 modest 1% increase in enplanement growth. The weak Canadian dollar is expected to adversely affect our revenue.

Compensatory revenue is increasing 10.5% while our expenses are growing 4.9%. Increases in health insurance, workers' compensation, pension costs and non-represented and contractual salaries, along with higher maintenance and repairs expenses, increasing miscellaneous parking lot/garage rehab work and higher environmental costs, highlight the expense variance.

Non-operating costs are increasing 72.0% due to higher debt service costs due to Baggage Claim Expansion and new ARFF building, with no adjustment in funding for prior period projects from ADF to our PFC funds as in FYE 16.

Key Projects for BNIA include:

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

### 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 17 reflects an increase in revenues of $306k, or 12.0%, reflective of a landing fee, rental rate and parking rate increases, and anticipated 4% enplanement growth.

Operating expenses are growing 3.2%, primarily due to increases in Personnel Services, Utilities, Safety & Security, and Administrative overhead costs.

Non-operating revenues are flat due to the continuing $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:

- Taxiway Improvement
- Environmental Assessment

## SURFACE TRANSPORTATION

**SURFACE TRANSPORTATION MISSION STATEMENT**
**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 17 is a Net Surplus of $1,940k and does not include any fare increases or significant changes in service. Revenues are increasing $754k, as the budget reflects increase in rail core ridership based on operational and enhancement changes, and anticipated higher university pass revenue.

Key to the FYE 17 budget is the assumption of a 3% increase in State Operating Assistance of $1,342k, and continued state transit capital funding of $3,883k.

The NFTA continues to work with the New York Public Transit Association and private-sector transit advocates in pursuit of a 5-year non-MTA transit capital plan and sustainable growth in State Transit Operating Assistance.

Expenses are increasing $2,299k, or 1.7%, 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 17 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 87.1%. Also, our fuel is locked in at 20% of our anticipated usage at an average cost of $2.12/gallon.

Going Green is a strong theme reflected in the budget the purchase of 34 CNG vehicles (24 big buses and 10 paratransit vehicles) to be fuel at a newly constructed CNG fueling station.

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 rehabilitation of MTC building & surrounding area, rail station liner refurbishment, and escalator replacement.

## PROPERTY DEVELOPMENT

**PROPERTY DEVELOPMENT MISSION STATEMENT**
**The mission of Property Development 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.**

Capital spending is decreasing $530k due to the completion of the 485 Cayuga Road roof rehab project in FYE 16.

## 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.**

Central Administration consists of the Executive Branch, EEO/Diversity Development, General Counsel, Engineering, Public Affairs, Human Resources, and Finance and Administration.

FYE 17 Operating Revenue & Assistance remains flat from FYE 16.

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/ds