

Regular Meeting
December 9, 2021

CORPORATE:

2. C. (1) **Adoption of Operating and Capital Budgets, Niagara Frontier Transportation Authority and Niagara Frontier Transit Metro System, Inc., Fiscal Year 2022/2023**

RECOMMENDATION: Staff recommends that the Board adopt the Operating and Capital Budgets for the Niagara Frontier Transportation Authority (NFTA) and Niagara Frontier Transit Metro System, Inc. (Metro) for the fiscal year ending (FYE) March 31, 2023. The consolidated budget for FYE March 31, 2023 is \$288 million.

INFORMATION: The NFTA is a public benefit corporation of the State of New York created under Chapter 717 of the laws of 1967. The mission of the NFTA is to provide 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. To that end, the NFTA operates the Buffalo Niagara International Airport, Niagara Falls International Airport, various non-transportation property assets as managed by our Facilities & Property Group, Transportation Centers in the Cities of Buffalo and Niagara Falls, and through its subsidiary corporation, Metro, bus, paratransit and light rail transit systems in the counties served by the NFTA.

The NFTA adopts an annual budget covering its operations for the fiscal year that begins April 1 and extends through March 31 of the following calendar year. The budget for FYE March 31, 2023 is balanced and was prepared based on a management approach integrating financial and strategic requirements necessary for the continued operation of the Authority, as a whole.

As a comparison to the current year forecast, the FYE March 31, 2023 budget assumes a \$10.8 million, or 11.9%, increase in revenues from NFTA and Metro operations and a \$21.1 million, or 12.8%, increase in operating assistance.

The budget assumes a \$22 million, or 10.5%, increase in operating expenses for FYE March 31, 2023, while providing for the continued efficient delivery of transportation services to the public and communities served by the NFTA and Metro without increasing transit fares to our customers.

Finally, the FYE March 31, 2023 budget includes \$17.8 million for net debt service and operating reserves related to the Buffalo Niagara International Airport Improvement Program (AIP) project, \$0.2 million in debt service for equipment lease financing for energy savings initiatives, and \$38.5 million in the NFTA equity share of our estimated capital spending total of \$134.9 million.

Metro includes passenger fare revenue reflective of estimated ridership recovery from the impact of the COVID-19 pandemic. The Surface Transportation capital budget includes funds for continued DL&W terminal design/construction; new buses; electric bus infrastructure upgrades; transit expansion and ORBCAD upgrade.

In the Aviation Division, Buffalo Niagara International Airport (BNIA) is assuming a recovery in enplanements from the impact of the COVID-19 pandemic. Airport fees and services will be

higher due to the increasing cost compensatory billings to the airlines reflecting higher direct expenses based on increasing business activity related to enplanement recovery projections. Concessions/commissions are increasing 29.4% as FYE March 31, 2023 includes higher parking lot/ramp, auto rental, taxi/ride share, food/retail and other concession revenues based on estimated enplanement recovery projections from the COVID-19 pandemic. Major capital projects at BNIA include runway 5/23 improvements; passenger boarding bridge replacement and runway snowblowers.

The Niagara Falls International Airport's (NFIA) budget includes higher parking, auto rental, ride share and retail revenues as a result of an increase in expected enplanements. The capital budget includes funds for runway 10L/28R repairs; taxiway D rehabilitation and perimeter fencing installation.

The Facilities and Property Group budget reflects the anticipated increase in rental income from higher rents. The budget also includes capital funds for the replacement of the 485 Cayuga bay 1, 2, 3, 4 roof, rail station escalator replacement, Delavan & University station exterior rehab and rail station panel liner rehab (phase III).

The following are the budget assumptions and highlights, comparing the FYE 2022 forecast to FYE 2023 budget:

- Metro base fare remains the same at \$2.00. Last fare increase was in 2012
- New York State Operating Assistance increasing \$5,509k, or 10%
- Total Federal Operating Assistance to increase \$14,991k, or 23.3%, primarily due to Federal assistance for operating expenses during the ongoing impact of the COVID-19 pandemic.
- Erie County Sales Tax is anticipated to increase \$443k, or 2%, based on county projections and recent trends.
- Mortgage Tax is anticipated to increase \$125k, or 1%
- BNIA and NFIA are assuming an increase in enplanements resulting from estimated recovery projections from the COVID-19 pandemic.
- NFTA/Metro assumes fuller staffing levels and new positions.
- NFTA/Metro contractual/step increases reflective of labor agreements.
- Metro fringe benefit rate - 88.2%; NFTA fringe benefit rate - 57.0%.
- NFTA/Metro health insurance costs are increasing 5%
- NFTA/Metro workers' compensation costs are increasing 5.0%.
- NFTA/Metro maintenance and repairs are increasing \$3,671k, or 19.6%, as higher Metro revenue vehicle maintenance, facilities and environmental costs, as well as increasing BNIA facility maintenance, baggage maintenance, automotive and janitorial expenses all contribute to the variance.
- Higher transit fuel/power expenses of \$552k, or 12.5%, as FYE 2023 anticipates increasing diesel, gasoline and compressed natural gas (CNG) costs. Also included in the budget is higher rail traction costs that are based on a consultant estimate.
- NFTA/Metro general business/other is increasing \$3,640k, or 10.8%, due to higher Metro outside service costs and new fare collection contracts/services, and BNIA parking lot/ramp operating costs and advertising expenses.

"RESOLVED, that the Operating and Capital Budgets of the Niagara Frontier Transportation Authority and Niagara Frontier Transit Metro System, Inc., for the fiscal year ending March 31, 2023, be, and hereby are, adopted, as provided herein; and

BE IT FURTHER RESOLVED, that the Executive Director is hereby authorized during the course of the 2022-2023 fiscal year to establish, for non-represented employees, the appropriate salary levels consistent with the merit-based system for all new hires and to adjust, on the basis of performance, the salary level of all employees; and

BE IT FURTHER RESOLVED, that the Executive Director is hereby authorized during the course of the 2022-2023 fiscal year to establish, for represented employees, the appropriate step, within the budgeted salary grade, for all new hires and to adjust, on the basis of performance and as provided by the applicable collective bargaining agreements, the grade and step of all current employees."

Whereupon, it was moved by Commissioner Perry, seconded by Commissioner Blue, that the Resolution be adopted.

AYES: ROCHE, HUGHES, ANSARI, BAYNES, BLUE, PERRY, WILCOX

NOES: NONE