

FACTORS IMPACTING THE AUTHORITY'S FUTURE

Surface Transportation

Approximately 26% of Metro's revenues are derived from fare collection and advertising, while 74% are from outside operating assistance. New York State is the Authority's largest investor providing 49% of operating assistance while 33% comes from local sources and 18% from the federal government. Any changes in these funding sources can have a significant impact on Authority operations.

As part of Metro's Blueprint for the Future, in addition to stabilizing government assistance, our strategic plans concentrate on revenue generation, cost control, increasing organizational liquidity, technological improvements, operational changes such as implementation of a new fare box collection system, providing more flexible fare structures, improving service standards, continuing to engage the public with the Citizens Advisory Committee and developing our workforce.

The property surrounding the Metro Rail system has seen significant office, retail, housing and entertainment development in the past few years. The 120 acre Buffalo Niagara Medical Campus (BNMC), a consortium of the region's top health care, education, and research institutions, is located adjacent to the Allen-Medical Campus station. More than 12,000 people currently work, volunteer or study every day at the BNMC and this number will increase to 17,500 in 2017 when Women & Children's Hospital of Buffalo completes its move to the BNMC and the University at Buffalo School of Medicine opens in a new building with a reconstructed Metro Rail station inside the first floor. As a result, ridership on the light rail system is projected to grow.

Additionally, the Authority has accepted the Niagara Falls Boulevard Light Rail alternative recommended by an alternatives analysis study for the Amherst-Buffalo Corridor. Twenty percent of all regional jobs and more than ten percent of all regional residents live within the Amherst-Buffalo Corridor. The proposed project would extend the current light rail system 6.4 miles, from its present end point in Buffalo through the University at Buffalo's North Campus in Amherst, which is projected to more than double ridership, spur an estimated \$1.7 billion in new development, increase existing property values by \$310 million, and create billions in direct, indirect, and induced economic impact. New York State has invested \$5 million to complete the environmental process for the project. The order of magnitude estimate of project construction is \$1.2 billion, with 50% of project costs planned to come from a federal funding program and the remainder from a mix of funding and financing sources.

Aviation

Together, BNIA and NFIA served approximately 5 million passengers in the fiscal year as the only commercial service airports in Erie and Niagara counties. Additionally, the airports are a convenient and less costly option for nearby Canadian travelers. As approximately 40% of BNIA passenger traffic originates from Canada, fluctuations in the exchange rate of the Canadian dollar have an impact on enplanements.

In 2016, an overall aviation strategic plan was completed which identified critical issues relating to the two airports and established goals to enhance air cargo development, enhance and maintain air service to Canadian travelers, maintain the quality of overall customer service, and improve the financial sustainability of BNIA and NFIA.

A two-year, \$65 million passenger terminal and baggage claim expansion project at BNIA is scheduled to begin in the fall of 2017. The project will improve overall airport security, expand and modernize the baggage claim area, improve passenger flow to and from the international boarding areas, expand the terminal for additional concessions and amenities, and add new curb space at both ends of the BNIA terminal. Passenger Facility Charges are funding program design and are the planned source for project construction.