

FACTORS IMPACTING THE AUTHORITY'S FUTURE

Surface Transportation

Approximately 22% of Metro's revenues are derived from fare collection and advertising, while 78% are from outside operating assistance. New York State is the Authority's largest investor providing 48% of operating assistance while 34% 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, 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 workforce development.

The property surrounding the Metro Rail system has seen significant office, retail, housing and entertainment development in the past few years. The 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 16,000 people currently work, volunteer or study every day at the BNMC after John R. Oishei Children's Hospital of Buffalo and the University at Buffalo Jacobs School of Medicine moved to the campus in 2017. Because of the increased activity in this part of the city, ridership on the light rail system is projected to grow.

The Authority is currently seeking developers for Authority properties in the Metro Rail corridor in the City of Buffalo. The purpose of the development is to increase the success of neighborhood businesses, add residential connectivity, further enhance access to Metro Rail for residents and visitors, and increase ridership and revenue for Metro.

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 2018 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, \$80 million passenger terminal and baggage claim expansion project at BNIA is scheduled to begin in 2018. 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 curbside space at both ends of the BNIA terminal. Passenger Facility Charges are funding program design and are the planned source for project construction.