

NIAGARA FRONTIER TRANSPORTATION AUTHORITY
(A Component Unit of the State of New York)

Management's Discussion and Analysis

For the Years Ended March 31, 2024, 2023 and 2022
(Unaudited)

FACTORS IMPACTING THE AUTHORITY'S FUTURE

Surface Transportation

Historically, approximately 25% of Metro's revenues are derived from fare collection and advertising, while 75% are from outside government assistance. New York State is the Authority's largest investor, usually providing almost 50% of total assistance while approximately 30% comes from local sources and 20% from the federal government. Any changes in these funding sources can have a significant impact on Authority operations.

The impact of efforts to minimize the spread of COVID-19 resulted in an approximately 50% erosion in ridership during 2021. There has been a long-term impact from the pandemic on ridership and it will take years to return to pre-COVID-19 ridership levels. Metro has been awarded and spent COVID relief funds from the federal government to support operations with the drop in business activity.

As part of the Authority's 2023-2033 Roadmap, Metro concentrated 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, and continuing to engage with the public regularly through social media, the Citizens Advisory Committee, Accessibility Advisory Committee, workforce development, and many other means.

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Metro-owned property along the Metro Rail corridor and property adjacent to Metro Rail has seen significant development in the recent years, including the Metro Rail Allen-Medical Campus Station which is located on the Buffalo Niagara Medical Campus (BNMC). The Allen-Medical Campus Metro Rail Station will continue to play a prominent role in meeting the mobility needs of BNMC employees, patients, visitors, and neighborhood residents well into the future. In June 2024 the City of Buffalo, in partnership with the NFTA, issued a Request for Proposals from development teams for an equitable transit-oriented development at and around the NFTA-Metro Rail Lasalle station. Responses are due in September 2024. The NFTA and the City of Buffalo own adjoining parcels at the site.

In February 2018, the Authority started the environmental review process for extending Metro Rail from its current terminus at the University Station along the preferred Niagara Falls Boulevard route alternative through the University at Buffalo North Campus in the Town of Amherst as approved by the Authority Board of Commissioners and recommended by our Alternatives Analysis Study. The Amherst-Buffalo Metro Rail Corridor contains 20% of all regional jobs and more than 10% of all regional residents. The proposed project would more than double ridership, link all three University at Buffalo Campuses with a one-seat Metro Rail ride, provide a seamless connection between the region's largest concentration of housing to significant employment, health care, education, and recreation destinations, and generate billions in direct, indirect, and induced economic impact throughout the Corridor. The Authority has \$31 million under contract with New York State Department of Transportation to complete the environmental process for the project, project development, and some preliminary engineering. The order of magnitude estimate of project construction is approximately \$1.5 billion, with up to 50% of project costs planned to come from the Federal Capital Investment Grant (CIG) Program and the remainder from a mix of state, local, and/or private sector sources.

In 2019, the Authority started construction on an extension of NFTA-Metro Rail revenue service into the former DL&W train shed which is owned by the Authority. The project, which is scheduled to be completed in 2024, involves construction of a new Metro Rail Station on the first floor of the facility and will open up development opportunities on the first and second floor. In July 2020, the Authority executed a pre-development agreement with Savarino Companies, a private sector developer, for development of the first and second floor space. In April 2022, New York State announced an appropriation of \$30 million to rehabilitate the core and shell of the train shed in order to facilitate private sector development and the NFTA will complete design of development improvements in 2024.

Aviation

Together, BNIA and NFIA historically have served approximately 5 million passengers per year as the only commercial service airports serving Erie and Niagara counties. Additionally, the airports have been a convenient and less costly option for nearby Canadian travelers. As approximately 30% of BNIA and 88% of NFIA passenger traffic originates from Canada, any closure of the United States and Canada border, such as the COVID-19 closure in 2021 and 2022, has a significant negative impact on enplanements. Also, fluctuations in the exchange rate of the Canadian dollar have an impact on enplanements. During 2024, approximately 4.8 million passengers were served by the two airports.

In 2015, an overall aviation strategic plan 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. The NFTA is in the process of updating that plan.

A two-year, \$72.2 million passenger terminal and baggage claim expansion and renovation project at BNIA began in 2019 and was completed in 2022. The project improves overall airport security, expands and modernizes the baggage claim area, improves passenger flow to and from all boarding areas, including international boarding areas, expands the terminal for additional concessions and amenities, and adds new curb space at both ends of the BNIA terminal.

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In 2023, the NFTA began construction related to the rehabilitation of the main runway at BNIA. The project, currently broken into two phases, is budgeted to cost approximately \$92.2 million. Construction of the first phase of the project is primarily funded by the Federal Aviation Administration.