

**NIAGARA FRONTIER TRANSPORTATION AUTHORITY
NIAGARA FRONTIER TRANSIT METRO SYSTEM, INC.
SPECIAL MEETING - December 8, 2011**

Pursuant to prior written notice, the Board of the Niagara Frontier Transportation Authority and Niagara Frontier Transit Metro System, Inc., held the Special Meeting on Thursday, December 8, 2011 at 8:30 a.m. at the Metropolitan Transportation Center, 181 Ellicott Street, Buffalo, New York.

MEMBERS PRESENT

HENRY M. SLOMA, ACTING CHAIRMAN
PETER G. DEMAKOS, SECRETARY
EUNICE A. LEWIN, TREASURER
VINCENT G. CREHAN*
MARK D. CROCE
JAMES J. EAGAN
CARMEN GRANTO
KEVIN HELFER
MICHAEL HUGHES
ADAM W. PERRY
*non-voting member

MEMBERS ABSENT

HOWARD A. ZEMSKY

OFFICERS PRESENT

KIMBERLEY A. MINKEL, EXECUTIVE DIRECTOR
DAVID J. STATE, GENERAL COUNSEL
DEBORAH C. LEOUS, CHIEF FINANCIAL OFFICER

STAFF

Jason Abounader	Douglas Hartmayer
Michael Bykowski	James Morrell
Patrick Ellis	Karen Novo
George Gast	Seth Piccirillo
Thomas George	William Vanecek
Corey Hacker	Gary Weibel

OTHERS

Bob McCarthy, <i>Buffalo News</i>	Lynn Magdol, Citizens for Regional Transit
Mike Luksch, Channel 2	Gladys Gifford, Citizens for Regional Transit
Russell Smith, B.U.I.L.D of Buffalo	Betty Jean Grant, Erie Co. Legislature
Bobby McRae, B.U.I.L.D of Buffalo	Tim Hughes, Erie Co. Legislature
Janice Nelson Well, B.U.I.L.D of Buffalo	K. Chandler, Buffalo Forum
Richard Clark, B.U.I.L.D of Buffalo	A. Bubakar, <i>Challenger</i>
Terrence Gidney, B.U.I.L.D of Buffalo	Demario Badger, <i>Community News</i>
Charlie Fisher, B.U.I.L.D of Buffalo	Samuel Herbert, Citizen

Acting Chairman Sloma called the meeting to order at approximately 8:41 a.m. and advised that there was a quorum present. He further advised that the intent of the meeting is to discuss the Authority's budget. He asked Executive Director Kimberley Minkel to lead off the discussion.

Kimberley Minkel advised that we started out the budget FYE 13 with a \$15,000,000 deficit. The staff has found \$7,700,000 in efficiencies. She highlighted some of the budget points as follows:

- NFTA/Metro eliminates 50 positions;
- Increased non-representative employees share of health insurance to 15%;
- Locked in 23% of our anticipated diesel fuel at \$3.07/gallon;
- Delayed capital projects;
- Proposing a base fare increasing of \$.25 effective April 1, 2012, which would generate approximately \$5,600,000 more in revenue;
- Proposing \$1,200,000 in service cuts.

She further advised that she has put together a team of individuals to study and closely examine four key areas for future budgets and they include the following:

- Technological improvements;
- Restructuring in how we deliver service;
- Facilities layout, including consolidations;
- Support service operations – opportunities for outsourcing.

FYE 2012/2013 ANNUAL OPERATING AND CAPITAL BUDGET

Kimberly Minkel asked Deborah Leous to give some highlights of the budget points. Deborah Leous noted the highlights as follows:

- NFTA/Metro eliminates 50 positions;
- Metro bus fare increasing from \$1.75 to \$2.00 effective April 1, 2012;
- BNIA enplanements increasing 2%;
- New York State Operating Assistance frozen at FYE 12 levels;
- Federal Operating Assistance frozen at FYE 12 levels;
- Erie County Sales Tax increasing 1.9% based on five year average annual compounded growth rate;
- Mortgage Tax increasing 7.5% FYE 13 budget based on four year average;
- NFTA/Metro worker's compensation increasing 15%;
- NFTA/Metro health insurance anticipated rate hike of 7%;
- Diesel fuel market price budget at \$3.13/gallon, 23% of our anticipated usage is locked in at \$3.07/gallon, net composite diesel fuel budgeted at \$3.12/gallon;
- Total NFTA/Metro equity funded capital increasing \$197,000 or 5.2%:
 - Property Management - \$300,000, Boat Harbor Master Plan;
 - Finance & Admin - \$413,000 personnel time capture and management project;
 - Metro - (\$230,000) fewer buses ordered;
 - Transportation Centers - (\$240,000) fewer miscellaneous projects scheduled for FYE 13.

- Other Major Projects (outside funding):
 - Metro - 19 hybrid buses \$11,879k;
 - LRV Mid-Life Rebuild \$9,000k;
 - Faster & Pad Replacement - \$3,075k;
 - BNIA - Noise Compatibility Study - \$7,986k;
 - NFIA - Mill and Overlay R/W 10L/28R - \$23,530k;
 - Property Mgmt - Boat Harbor, Security, Upgrade - \$534k;
 - Harbor Maintenance Building Replacement - \$288k;
 - Central Admin. - Regional Surveillance Center - \$346k;
 - Safety - Anti-Terrorism Team - \$561k.

Deborah Leous asked Pat Ellis, Manager of Financial Planning and Analysis, to highlight the operating budget forecast. Pat Ellis highlighted the forecast as follows:

Business Centers:

- BNIA's surplus of approximately \$5,700,000 is lower than the forecast for this fiscal year due to a re-allocation in entitlement funds;
- NFIA's deficit of \$1,400,000 is decreasing \$233,000 due to parking rate increases;
- Metro's deficit of \$10,000,000 is increasing \$5,760,000 due to the 88c reserves being depleted;
- Transportation Centers deficits has an \$160,000 decrease;
- Property Development has a \$104,474 surplus this year and a \$473,511 deficit next year primarily due to the Boat Harbor's Master Plan of approximately \$300,000.

FIVE YEAR PLAN FYE 12 – FYE 16

Deborah Leous reviewed the Five Year Plan for FYE 12 – FYE 16 as follows:

Revenues

- Metro passenger ridership consistent with FYE 12 levels for five year period
- Incremental increase (2%) in BNIA concessions and commissions.

Operating Assistance

- Erie County Sales Tax average annual compounded increase equal to 1.9%;
- Mortgage tax average annual compounded increase equal to 3.2% based on the anticipated annual average residential home price growth rate, based on five year historical trend;
- New York State Operating Assistance (non-local match) frozen at FYE 12 levels;
- Federal/State Preventative Maintenance Assistance frozen at FYE 12 levels.

Expenses

- 8.8% health insurance increases for each year, based on the five-year trend;
- Transit fuel power increasing 9.2% for each year;
- Workers' compensation increasing 15.0%, recent workers' compensation entitlement change warrants a higher progression than five-year trend;
- Other expense increases vary based on multi-year trends and outlooks.

Non-Operating/Capital

- Metro capital increasing \$757,000 in FYE 14 due to the purchase of 22 buses;
- BNIA capital increasing \$1,077,000 in FYE 15 due to replacing the 245 Cayuga Road parking lot and funds for the geospatial information system;
- NFIA capital increasing \$1,365,000 in FYE 15 due to an off-site parking lot design study and funds for additional infrastructure improvements;
- Property Development capital increasing \$958,000 in FYE 15 due to the demolition of 195 Holtz (asbestos removal), port parking lot rehab and Terminal "A" brick rehab work;
- Transportation Centers capital increasing \$1,678,000 in FYE 16 due to MTC concourse rehab work;
- NFIA capital increasing \$3,670,000 in FYE 16 primarily due to funds for an off-site parking lot.

She further advised that Metro is driving the deficits. Metro will have a deficit of \$10,000,000 in FYE 13; \$16,000,000 in FYE 14; \$22,600,000 in FYE 15 and \$29,000,000 in FYE 16. We are only allowed to take \$4,500,000 off of Aviation to help Metro and other non-Aviation business centers.

The Board held a discussion on the 50 positions being eliminated. Commissioner Crehan asked for a legal opinion of going into Executive Session to discuss the personnel cuts. Dave State, General Counsel, advised that he is a non-voting member and could not make such a motion. Commissioner Grant advised that Executive Director Kimberley Minkel already reviewed the eliminated positions with the Board in Executive Session. Kimberley Minkel advised that of the 50 position eliminations, there are 20 police officers, 20 are Metro employees, one BNIA employee, one NFIA employee and 8 central administrative staff positions.

PROPOSED SERVICE REDUCTION PLAN MAPS

Thomas George, Director of Surface Transportation, presented a PowerPoint presentation and reviewed the maps with the Board.

He showed three maps illustrating \$1,200,000 in service reductions for the weekday, Saturday reduction, Sunday reduction and adjusted weekday service plan. Weekday there would be 4.71% reduction in miles; 3.38% reduction in hours; 198,822 riders impacted, 1% of riders impacted. Saturday would see 6.64% mile reduction, 6.22% hours reduced; 67,045 riders impacted, 3.9% riders impacted. Sunday there would be 8.31% reduction in miles, 8.59% in hours, 53,824 riders impacted, 5.7% riders impacted.

He showed three maps illustrating \$7,000,000 in service reductions for the weekday, Saturday, Sunday and adjusted weekday service plan. Weekday there would be 32.1% reduction in miles; 21.1% reduction in hours; 3,321,575 riders impacted, 17%.9 of riders impacted. Saturday would see 26.14% mile reduction, 18.7% hours reduced; 257,006 riders impacted, 16.7% riders impacted. Sunday there would be 24.9% reduction in miles, 18.1% in hours, 169,947 riders impacted, 16.7% riders impacted.

Chairman Sloma showed the Board a chart illustrating that we have had a 43% increase in miles versus a 3% increase in ridership since 2004. He advised that we can no longer afford to do business this way. We are providing too much service for not enough people. He said that we better not put another route on the road unless it meets a certain criteria.

Chairman Sloma asked the Board, in order to give the staff direction and the public as much time as we possibly can, for a motion for an informal vote on accepting the \$7,000,000 in service reductions and no fare increase. It was moved by Commissioner Eagan to hold an informal vote, and it was unanimously agreed by those present that the Board would prefer the \$7,000,000 in service reductions and no fare increase. Commissioner Perry was not present for this informal vote.

Ayes: Croce, Demakos, Eagan, Grant, Helfer, Hughes, Lewin, Sloma

Noes: None

Absent: Perry, Zensky

At 10:25 a.m. the meeting was adjourned.