

THOMAS P. DINAPOLI
COMPTROLLER



110 STATE STREET
ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

September 4, 2018

Sister Denise A. Roche
Chair
Niagara Frontier Transportation Authority
181 Ellicott Street
Buffalo, NY 14203

Re: Capital Planning
Report 2018-F-16

Dear Sister Denise:

Pursuant to the State Comptroller's authority as set forth in Article X, Section 5 of the State Constitution and Section 2803 of the Public Authorities Law, we have followed up on the actions taken by officials of the Niagara Frontier Transportation Authority to implement the recommendations contained in our audit report, *Capital Planning* (2015-S-37) issued on April 1, 2016.

Background, Scope, and Objective

The Niagara Frontier Transportation Authority (NFTA) is a multi-modal transportation authority responsible for air and public transportation in Erie and Niagara counties in New York State. NFTA businesses include a bus, light rail, and paratransit system and two international airports. NFTA records list 3,770 capital assets costing approximately \$1.6 billion. The Public Authorities Law requires NFTA to prepare a five-year capital plan, along with annual capital spending plans. NFTA's fiscal 2018-19 capital spending plan totaled \$87 million, of which NFTA provided \$10.4 million. The remaining capital funds were provided by either the State or federal governments.

On July 6, 2012, the Moving Ahead for Progress in the 21st Century Act (MAP-21) was signed into law. MAP-21 requires public transportation agencies receiving federal assistance or grant money, such as NFTA, to develop a Transit Asset Management (TAM) Plan. At a minimum, the plan needs to address an agency's capital asset inventory, condition assessment, and investment prioritization. Federal law requires recipients and sub-recipients of federal financial assistance to develop a TAM Plan by October 1, 2018.

The objective of our initial audit was to determine if NFTA has complied with the capital planning requirements of the Public Authorities Law and whether its capital plans ensure the highest-priority facility needs are adequately addressed. The objective of our follow-up was to

assess the implementation, as of August 15, 2018, of the three recommendations included in our initial report.

Summary Conclusions and Status of Audit Recommendations

We found that NFTA has implemented all three recommendations contained in our original audit report.

Follow-Up Observations

Recommendation 1

Require divisions to consistently prioritize projects submitted for the capital plan, per established NFTA guidance.

Status - Implemented

Agency Action - During our initial audit we found that, contrary to NFTA guidelines, divisions did not consistently prioritize capital plan projects in their budget proposals. At the time of the follow-up review, we found that the divisions had consistently provided a priority ranking for all of the capital projects in their fiscal 2018-19 budget proposals along with a justification for their rankings.

Recommendation 2

Maintain documentation for a reasonable period to support the decisions submitted in the capital plan.

Status - Implemented

Agency Action - NFTA's record retention policy requires that divisions maintain paper files for at least one year, at which time all records will be archived on microfilm. However, during our original audit, we found that NFTA management did not maintain documentation to support their decisions on the projects they selected for the capital plan. While it is not a requirement for divisions to submit documented support with their annual capital budget proposals, when requested, NFTA was able to provide the rationale and/or documents to support management's decisions about specific projects in the fiscal 2018-19 capital budget.

Recommendation 3

Complete the Transit Asset Management Plan that is currently in progress, keeping in mind potential future regulatory changes.

Status - Implemented

Agency Action - During our original audit, we found that NFTA had taken proactive steps to meet MAP-21 regulations prior to the issuance of the Federal Transportation Administration (FTA) final ruling. Subsequently, the FTA issued its Final Rule §625.31 in July 2016, requiring that public transportation grantees complete an initial TAM Plan no later than October 1, 2018. NFTA has been working with the FTA for the past several years to meet the requirements set forth in the Final Rule. While currently in “draft” form, NFTA fully intends on completing its TAM plan and complying with the FTA’s deadline.

Major contributors to this report were Laurie Burns, Robert Horn, Nicole Tommasone, and Zachary Barach.

We thank the management and staff of NFTA for the courtesies and cooperation extended to our auditors during this review.

Very truly yours,

Mark Ren
Audit Manager

cc: Patrick Dalton, Internal Audit & Corporate Compliance
Division of the Budget