



Chautauqua, Cattaraugus, Allegany and Steuben Counties

Southern Tier Extension Railroad Authority

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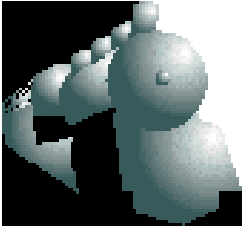
"This institution is an equal opportunity organization"

Frank "Jay" Gould, Chairman

Richard Zink, Chief Executive Officer

**CHAUTAUQUA, CATTARAUGUS, ALLEGANY AND STEUBEN
SOUTHERN TIER EXTENSION RAILROAD AUTHORITY
ANNUAL REPORT
FOR THE YEAR ENDING DECEMBER 31, 2023**

**Chautauqua, Cattaraugus, Allegany & Steuben Southern Tier Extension Railroad Authority
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Executive Summary

This document is the Annual Report of the Chautauqua, Cattaraugus, Allegany, and Steuben Southern Tier Extension Railroad Authority (herein “Southern Tier Extension Railroad Authority,” “STERA,” or “the Authority”), prepared for the calendar and corporate fiscal year ending December 31, 2023.

This Annual Report is prepared to satisfy the requirements of STERA’s enabling legislation, the Public Authorities Law, the Public Authorities Accountability Act, the Public Authorities Reform Act, and other relevant laws. In all matters and in all its corporate operations, STERA has attempted to operate in compliance with the requirements of these statutes.

STERA intends that this Annual Report will be a public informational document providing information about STERA and STERA’s activities during 2023. This report is submitted to New York State, to the four affected New York State counties (Chautauqua, Cattaraugus, Allegany, and Steuben Counties of New York State), to the Southern Tier West Regional Planning and Development Board, and to the Seneca Nation of Indians. It also is published on STERA’s web site (www.ccasstera.org) and is available directly from STERA.

Description of the Authority

STERA is a local public authority created by the State of New York in 2000 in response to home rule resolutions passed by the Legislatures of Chautauqua, Cattaraugus, Allegany, and Steuben Counties of New York State. STERA is comprised of a 14-person Board of Directors. Three directors are appointed by each of the four counties, one director is appointed by the Southern Tier West Regional Planning and Development Board, and one director is appointed by the Seneca Nation of Indians. The director appointed by the Seneca Nation of Indians is a non-voting member, the only such non-voting member.

This Annual Report contains extensive information about the Authority, the Authority’s Board of Directors, the Authority Board officers and corporate officers (including biographical information), the structure of the organization (including committees, subsidiaries and affiliates), and the programs and projects of the Authority. STERA has no subsidiaries or affiliates.

Copies of the STERA enabling legislation, corporate bylaws, press releases, meeting agendas and minutes, corporate policies, financial statements and reports, and other relevant documents may be found at STERA’s web site, which is <http://www.ccasstera.org>. These documents also are available directly from STERA. Certain of these documents also are included in this Annual Report.

The **mission** of the Chautauqua, Cattaraugus, Allegany, and Steuben Southern Tier Extension Railroad Authority is to fulfill the purpose for which it was created by the New York State Legislature and to achieve its self-prescribed goals.

- A. The **purpose** of the Chautauqua, Cattaraugus, Allegany, and Steuben Southern Tier Extension Railroad Authority, as indicated by the New York State Legislature in creating it, is "to preserve and enhance the system of railroads serving Chautauqua, Cattaraugus, Allegany, and Steuben Counties in NYS and Warren and Erie Counties in the Commonwealth of PA, so as to insure a healthy economy for these counties."
- B. The **goals** of the Chautauqua, Cattaraugus, Allegany, and Steuben Southern Tier Extension Railroad Authority are to encourage an operating railroad that provides adequate rail service, to

increase rail shipping carload volumes, to catalyze opportunities for additional business expansion and development based on rail service, to achieve improved functional performance of the rail lines through rehabilitation efforts, to encourage safe railroad operations, and to achieve a clean audit report and NYS ABO compliance report.

This mission statement incorporates the Authority's goals and also provides standards for future performance measurement and evaluation. This Annual Report contains a more detailed discussion in this area, including a formal statement of the mission (purpose and goals), a list of stakeholders and their expectations, and a statement of measurement standards for self-evaluation of performance by STERA. This Annual Report also includes a Self-Evaluation Report for the year ending December 31, 2021, prepared by STERA using these measurements standards.

STERA's corporate activities currently focus on two short line railroads: the Southern Tier Extension Railroad Line and the Buffalo Line. In the future, however, STERA hopes to broaden its perspective toward, if not its active involvement with, the other short lines and main lines operating in the southwestern New York region.

The Southern Tier Extension Railroad Line referred to in STERA's name is a 145-mile long rail line – the former Erie Lackawanna mainline – that runs between Corry, Pennsylvania and Hornell, New York. The Southern Tier Extension has interconnections with other rail lines at each end and at various points along the line. The Southern Tier Extension provides direct service to the Cities of Corry, Jamestown, Salamanca, Olean, and Hornell, and the Village of Wellsville and other smaller villages and towns along the line.

The Buffalo Line is a 40-mile long rail line that runs between Machias Junction in Cattaraugus County, New York and the Pennsylvania State line at Portville, New York. The Buffalo Line also has interconnections with other rail lines at each end. The Buffalo Line serves the City of Olean and other smaller villages and towns along the line in New York.

The Southern Tier Extension Line and the Buffalo Line interchange in Olean.

STERA's origin was predicated on a memorandum of agreement executed in June 1998 by Southern Tier West Regional Planning and Development Board, New York State Department of Transportation, Norfolk Southern Corporation, and Pennsylvania Lines LLC. This agreement was the product of years of study and evaluation of the Southern Tier Extension Railroad Line by the four New York State counties, followed by approval of the strategy embodied in the agreement by the property taxing jurisdictions (counties, cities, villages, towns, school districts) in New York State in which the railroad right of way is located. The line was mostly dormant in the years immediately prior to 1998, with only 40 miles in service, one customer, and less than 75 carloads of traffic per year. At that time, and for years before 1998, the line had been expected to be formally abandoned by its then-owner Conrail soon after Conrail's obligation to NYS DOT to maintain as-needed service on the line expired in 1998. It was further expected that upon formal abandonment, Conrail would remove the rail, ties, switches, ballast, and other physical assets and salvage them for scrap. Should this have come to pass, simple economics dictated that an operating railroad line never would be re-installed on the Southern Tier Extension Railroad right of way.

The June 1998 memorandum of understanding was intended to provide a framework that not only allowed for the salvation of the Southern Tier Extension Railroad line from abandonment, but also

guaranteed a minimum level of operating service and catalyzed the return of the line to active local and mainline through service. To summarize certain salient features of the June 1998 agreement, the agreement provides that the ownership of the physical real estate capital assets of the railroad – the land, track, ballast, switches, sidings, grade crossings, etc. – would be transferred by Norfolk Southern Corporation to an entity to be created (i.e., what eventually would become STERA) for a term of years, after which ownership would revert to Norfolk Southern. During the period of ownership by STERA, Norfolk Southern would lease operating rights from STERA, in order to be able to operate trains on the railroad line. Further, the agreement provided that during this period of years, Norfolk Southern agreed to provide service on the line and undertake certain maintenance duties on the line. Ownership by STERA (a tax exempt local public authority) would mean that there would be no property taxes paid on the line – this element was agreed to by all the affected taxing jurisdictions – but Norfolk Southern agreed to pay an escalating payment in lieu of taxes (i.e., a PILOT payment) to STERA in the last several years of STERA’s ownership. The abatement of real estate taxes was a necessary inducement to Norfolk Southern to keep the line in place as a functioning railroad line, and the primary reason for creating and involving STERA. The rationale was that the abatement of taxes would lower the railroad operator’s operating costs, providing an incentive for the railroad operator to operate the line and build traffic on the line. The former owner of the railroad line, Conrail, had considered the line redundant to its Pennsylvania mainline, and when Norfolk Southern obtained ownership of both lines, Norfolk Southern faced this same redundancy. This was the reason that the four counties expected Norfolk Southern to formally abandon the line when it was to become legally empowered to do so in 1998, after acquiring Conrail’s assets. By removing the property tax burden to Norfolk Southern, total ownership costs were low enough that it was possible to conceive of operating advantages, including new freight traffic, which could be obtained by aggressively operating the line.

A secondary reason for involving STERA in the strategy to save and resuscitate the Southern Tier Extension Railroad line was STERA’s eligibility for receiving State and Federal grants for the rehabilitation of the railroad line. The railroad line’s former owner, Conrail, had not done any maintenance on the line for 25 years, and in fact, at certain locations on the line Conrail actually had removed assets from the line (e.g., switches, signals, etc.), using them elsewhere in its system. Conrail had effectively shut down service and operations on other sections of the line, and those sections then fell into a state of disrepair so significant that service could not be offered on those sections even if Conrail had wanted to offer it. So, another rationale for the 1998 agreement was the ability to utilize the public-private partnership between Norfolk Southern and STERA to rehabilitate the railroad line so that it was in good operating condition.

As was indicated above, STERA was created by the State of New York in 2000 to implement the intent of the 1998 memorandum of understanding. The transfer of ownership from Norfolk Southern to STERA and the lease of operating rights to Norfolk Southern by STERA both were consummated in February 2001, and in April 2001, Norfolk Southern sub-leased its operating rights to the Western New York & Pennsylvania Railroad Company LLC (WNYP), retaining the authority to operate trains on the line itself. Under the terms of the sub-lease, the obligation to provide service and maintenance and to make operating payments was transferred to WNYP. Per the terms of the original 1998 agreement, the ability to sell or lease any portion of the real estate assets was retained by Norfolk Southern (and a limited form of this right was transferred to WNYP in the sub-lease agreement). Accordingly, STERA does not have any rights to undertake real property transfers of any part of the line.

In February 2007, STERA approved the extension of the east-west line abatement through 2016, with the PILOT due in 2009, 2010 and 2011 being shifted to 2014, 2015, and 2016, at 33%, 66%, and 100% of

taxes due per New York State Real Property Tax Law, Article 4, Titles 2-A and 2-B, which had become law since the execution of the 1998 memorandum of understanding, and which reduced real estate taxes on all rail lines in New York State through a series of adjustments to the statutory formula for calculating railroad tax ceilings. At the same time, STERA approved entering into a similar sale and leaseback transaction with Norfolk Southern Corporation on the north-south Buffalo Line between Machias Junction and the Pennsylvania state line, with an abatement through 2016, with a PILOT in 2014, 2015, and 2016 at 33%, 66%, and 100% of taxes, under the condition that Norfolk Southern enter into a long term sub-lease of that line with WNYP. This arrangement on the Buffalo Line was implemented as an amendment of the 1998 MOU. An additional provision contained in this amendment agreement was an increase in the annual administrative fee paid by Norfolk Southern Corporation to STERA from \$20,000 to \$40,000. The federal Surface Transportation Board approved the north-south line arrangement, and WNYP began operating trains on the north-south line in early August 2007. The Buffalo Line serves the City of Olean and the Villages of Franklinville and Portville and the various towns that it traverses. The line continues south into Pennsylvania, where it serves a substantial customer base. Norfolk Southern leases operation of the Pennsylvania section of the Buffalo line directly to WNYP. STERA's involvement in ownership of the Pennsylvania section of the Buffalo line was not needed since railroad real estate is not taxed in Pennsylvania. Since WNYP began operations of the Buffalo Line, the Pennsylvania section of the line has been the source and/or destination of most of the freight traffic on the two lines under STERA's auspices.

In May 2013, STERA approved an extension of the real estate property tax abatement term on both the Southern Tier Extension line and the Buffalo line for an additional 15 years, to expire in 2028. The abatement extension agreement provides for no (i.e., \$0) Payment in Lieu of Taxes (PILOT) payments, but does continue the \$40,000 annual administrative fee paid by Norfolk Southern Railway Company (the successor party to the 1998 MOU) to STERA. (Norfolk Southern Railway Company's sub-lease with the Western New York & Pennsylvania Railroad, LLC, or WNYP, transfers the obligation for this \$40,000 annual payment from Norfolk Southern Railway Company to WNYP.) The abatement extension agreement was executed by both STERA and Norfolk Southern Railway Company and became effective on June 17, 2013. One implication of this action is that STERA projects to be in title to the railroad real estate on both lines at least through 2028.

STERA essentially is a financially self-supporting public corporation that receives no tax revenues from any state or local jurisdiction and has no legal authority to tax. For its operating revenue, STERA relies for its operating revenue almost entirely on administrative revenue generated from capital rehabilitation grants from State and Federal sources, plus the ongoing \$40,000 annual administrative fee paid by WNYP for the Southern Tier Extension and Buffalo lines.

STERA's Board elects Board Officers and Corporate Officers. Board Officers include the Chairman, Vice Chairman, and Second Vice Chairman. Corporate Officers include the Chief Executive Officer, the Chief Financial Officer (the Treasurer), and the Secretary. The Corporate Officers are responsible for carrying out STERA's policies and managing STERA's day-to-day operations. Neither the Board nor the Corporate Officers are STERA employees, and the Board Officers and Corporate Officers receive no direct salary from STERA. In fact, STERA does not have any direct employees, and contracts with the Southern Tier West Regional Planning and Development Board for staffing, administrative services, and meeting space. STERA's place of business has the same address as that of the Southern Tier West Regional Planning and Development Board in Salamanca, New York, and STERA normally meets in the offices of the Southern Tier West Regional Planning and Development Board.

The following is the legal address of the Rail Authority:

Chautauqua, Cattaraugus, Allegany & Steuben Southern Tier Extension Railroad Authority
Center for Regional Excellence
4039 Route 219, Suite 200
Salamanca, New York 14779

STERA maintains a web site located at <http://www.ccasstera.org>. The web site is a resource for information regarding the Authority.

STERA may be contacted by telephone at 716-945-5301. Ask the switchboard operator for STERA, or for one of the contact people listed below, or dial their extensions (indicated below) directly. STERA's fax number is 716-945-5550.

Those wishing to contact the Rail Authority are encouraged to contact the railroad contacts on staff at the Southern Tier West Regional Planning and Development Board. As noted above, Southern Tier West provides staffing and administrative services to the Rail Authority. STERA's CEO and Corporate Secretary currently are Southern Tier West employees. Primary contact information for the Southern Tier West staff that work with STERA is as follows:

Contractual Administrative Services Affiliate Organization:

Southern Tier West Regional Planning & Development Board
Center for Regional Excellence
4039 Route 219, Suite 200
Salamanca, New York 14779

Operating and Financial Risks

The Authority has identified the following operating and financial risks associated with its operations, and has assigned a degree of risk level to each of these risks, as follows:

<u>Risks</u>	<u>Risk Level</u>
Financial insolvency – external causes	Low
Financial insolvency – internal causes	Low
Liability for event occurring from railroad operations	Low
Liability for event occurring from real estate ownership	Low
Liability for event occurring during construction	Low

Methods for Minimizing or Avoiding Risks

Additionally, the Authority has set forth the methods it uses for minimizing or avoiding the risks identified above, as follows:

- Risk: Financial insolvency – external causes
 - Method: Avoiding activities that are not self-liquidating from external funding
- Risk: Financial insolvency – internal causes
 - Method: Involvement of Board in preparation and presentation of internal financial statements, review of financial statements by full Authority Board, double signature requirement for all checks (CEO does not have signature authority), annual audits in which all financial transactions are reviewed, ethics filings by Board and contract staff; additionally, a CFO position separate from the CEO who provides Board oversight of financial transactions, and separation of duties with respect to internal cash handling/transaction entry/reconciliation of bank balances/preparation of interim financial statements
- Liability for event occurring from railroad operations
 - Method: Indemnification agreement with operating railroads, directors and officers insurance
- Liability for event occurring from real estate ownership
 - Method: Indemnification agreement with operating railroads, directors and officers insurance
- Liability for event occurring during construction
 - Method: Indemnification agreement with construction agents and engineering consultants, requiring construction agents and engineering consultants to have adequate insurance, directors and officers insurance

Risk Controls

Additionally, the Authority reviews the risk controls for the risks identified above at the following intervals:

- Risk: Financial insolvency – external causes
 - This is an ongoing procedure. It is reviewed annually.
- Risk: Financial insolvency – internal causes
 - This is an ongoing procedure. It is reviewed annually.
- Liability for event occurring from railroad operations
 - This is an ongoing procedure, with the indemnification agreement in place and insurance in place. It is reviewed annually.
- Liability for event occurring from real estate ownership
 - This is an ongoing procedure, with the indemnification agreement in place and insurance in place. It is reviewed annually.
- Liability for event occurring during construction
 - This is an ongoing procedure, with the indemnification agreements and insurance requirements for construction agents and engineering consultants required of all such contracts. Insurance is in place on an ongoing basis. This policy is reviewed annually.

The above discussion of risks has been taken from the Authority’s annual “Assessment of the Effectiveness of Internal Controls,” most recently prepared for the year ending December 31, 2021, and which is included in its entirety elsewhere in this Annual Report.

Current Bond Ratings

The Authority has never issued any bonds since its inception and has no immediate plans to issue bonds. Accordingly, the Authority never has obtained a bond rating for any bond issues.

Bond and Note Schedule

Since its inception in 2000, STERA has not issued any bonds or notes. Consequently, as of December 31, 2023, the end of STERA’s fiscal year, STERA had no bonds or notes outstanding. Accordingly, in the year ending December 31, 2023, STERA did not redeem or incur any bonds or notes.

Schedule of Bonds and Notes Outstanding

As of December 31, 2023

Total Bonds Outstanding	\$ 0.00
Total Notes Outstanding	<u>0.00</u>
Total Obligations Outstanding	\$ 0.00

Statement of the Amounts of Obligations Redeemed and Incurred

For the Fiscal Year Ending December 31, 2023

Total Amounts of Obligations Redeemed	\$ 0.00
Total Amounts of Obligations Incurred	\$ 0.00
Total Amounts of Refinancings	\$ 0.00
Total Amounts of Calls	\$ 0.00
Total Amounts of Refundings	\$ 0.00
Total Amounts of Defeasements	\$ 0.00
Total Amounts of Interest Rate Exchanges	\$ 0.00
Total Amounts of Other Such Agreements	\$ 0.00

Long-Term Liabilities (including leases and employee benefit plans)

The Authority has no long-term liabilities. The Authority has no leases for which it is the lessee. The Authority has no employees.

Listing of Material Changes in Operations and Programs for the year ending December 31, 2023

There have been no material changes in operations and programs for the year ending December 31, 2023, other than the capital projects completed, funded, and/or commenced or ongoing in 2023, discussed elsewhere herein.

Description of Any Material Pending Litigation

None

Compensation Schedule

STERA has no direct employees. STERA's Board elects and appoints a Chief Executive Officer, a Chief Financial Officer (i.e., a Treasurer), and a Corporate Secretary to carry out the organization's policies and manage the day-to-day operations. However, the Chief Executive Officer, Chief Financial Officer, and Corporate Secretary are not STERA employees and receive no direct salary from STERA. Accordingly, STERA has no compensation schedule.

STERA contracts with the Southern Tier West Regional Planning and Development Board for staffing, administrative services, and meeting space. The Chief Executive Officer and the Corporate Secretary are employees of the Southern Tier West Regional Planning and Development Board.

The Chief Financial Officer is a STERA Board member.

Four-Year Financial Plan

The following is the Authority's Four-Year Financial Plan for 2024 to 2027, approved by the STERA Board in October 2023. The Plan includes projected (2024 to 2027) capital and operating budget components.

Since the Authority's operations are funded exclusively through revenue from the annual contractual fees provided by the Western New York and Pennsylvania Railroad and revenue from grant funding for railroad rehabilitation and other capital and non-capital projects, the projections necessarily are limited to these sources of funds and the activities associated with them. When grant funds are obtained, the Authority expends all grant funds obtained for contractually required uses as specified in the specific grant contracts.

The Authority does not include capital projects (including railroad rehabilitation projects) and non-capital projects in its four-year financial plan for any project that it does not have approved grants in hand, as the Authority will not implement any such projects without grant funding.

As noted previously herein, the Authority had been awarded grant funding for seven railroad rehabilitation projects (i.e., capital projects) that are completed or underway as of December 31, 2022, as follows:

Storm Damage Repair and Mitigation Project

This project is completed as of December 31, 2016. The project was funded by FEMA, NYS DHSES, and WNYP. The project is in closeout with FEMA as of December 31, 2023.

Summary: Repair of storm damage and mitigation of future damage at 47 locations in Chautauqua, Cattaraugus, Allegany, and Steuben Counties.

Bridge Repair and Track Realignment Project

This project is completed as of December 31, 2016. The project is in closeout with NYS DOT as of December 31, 2023. The following is a summary of funding for this project, based on agreements from the participating funding sources:

<u>Funding Source</u>	<u>Amount</u>
NYS DOT Bond Act	\$ 786,850
WNYP	<u>700,000</u>
Total	\$1,486,850

Summary: Bridge repair and track realignment project in Chautauqua County.

Cattaraugus County Rail Rehabilitation Project

This project is completed as of December 31, 2016. The project is in closeout with NYS DOT as of December 31, 2023. The following is a summary of funding for this project, based on agreements from the participating funding sources:

<u>Funding Source</u>	<u>Amount</u>
NYS DOT PFRAP	\$1,983,174
WNYP	<u>495,793</u>
Total	\$2,478,967

Summary: tie replacement, track alignment, and grade crossing and turnout rehabilitation between Olean and Killbuck in Cattaraugus County.

Tie Installation and Grade Crossing Repair Project

This project is completed as of December 31, 2016. However, during 2019, STERA received an extension of the project to complete additional work using unspent project funds. This additional work was completed in 2019, and as of December 31, 2021, the project is in closeout with NYS DOT. The following is a summary of funding for this project, based on agreements from the participating funding sources:

<u>Funding Source</u>	<u>Amount</u>
NYS DOT PFRAP	\$1,076,504
WNYP	<u>269,126</u>
Total	\$1,345,630

Summary: Tie replacement and grade crossing repair project in Cattaraugus County.

The Authority also has been awarded grant funds for three additional rehabilitation projects between 2016 and 2019, all of which are under construction as of December 31, 2023, as follows:

Track and Bridge Rehabilitation Project

This project was funded in 2016; work began in 2017 and continued during 2018, 2019, and 2020. In 2018, STERA began negotiating with NYS DOT and the City of Olean for a project scope change, which would involve filling (i.e., removing) the Queen Street bridge underpass (as opposed to replacing its deck) and installing a pedestrian underpass culvert, while simultaneously raising the height of the nearby Front Street bridge so as to increase highway clearance. As of December 31, 2021, this project modification has not yet been accomplished. STERA has received the required approval of the project scope change by the NYS Administrative Law Judge and is awaiting revised contract documents from NYS DOT. When NYS DOT approval is received, the project should be completed in 2023. The following is a summary of funding for this project, based on agreements from the participating funding sources:

<u>Funding Source</u>	<u>Amount</u>
NYS DOT PFRAP	\$ 1,600,000
WNYP	<u>400,000</u>
Total	\$ 2,000,000

Summary: Installation of curve patch welded rail & repair 5 concrete bridge structures in Cattaraugus and Chautauqua Counties.

Olean Enginehouse and Yard Improvement Project

This project was funded in 2017; work began in 2017 and continued during 2018, 2019, and 2020. In 2019, STERA requested and received NYS DOT approval for the deletion of the enginehouse work from the NYS DOT contract. Accordingly, the project will come in under budget, and STERA has requested a change order from NYS DOT for the underage amount, with additional work to be done in the Olean Yard using these unspent funds. As of December 31, 2021, STERA is awaiting approval of this change order by NYS DOT. If approved, the project will be completed in 2023. The following

is a summary of funding for this project, based on agreements from the participating funding sources:

<u>Funding Source</u>	<u>Amount</u>
NYS DOT PFRAP	\$ 1,542,240
WNYP	<u>385,560</u>
Total	\$ 1,927,800

Summary: Improvements to the enginehouse in the Olean yard, installation of a yard video security system, the installation of 6,000 6x8 ties in the Olean yard, and the replacement of 8 switches in the Olean yard, all located in Cattaraugus County.

Tie and Rail Replacement Project

STERA was notified during 2018 that NYS DOT had approved funding for this project and received a contract from NYS DOT for the project in 2019. As of December 31, 2019, sub-contractor WNYP is readying bid packets for subcontractor services. The project was commenced in 2019 and should be completed in 2022. The following is a summary of proposed funding for this project, based on the scope of work under consideration as of December 31, 2023:

<u>Funding Source</u>	<u>Amount</u>
NYS DOT PFRAP	\$ 1,251,677
WNYP	<u>536,433</u>
Total	\$ 1,788,110

Summary: Replacement of approximately 13,000 ties and surfacing between Steamburg and Waterboro in Cattaraugus and Chautauqua Counties, rebuilding of 3 public grade crossings and 11 private grade crossings, and replacement of switch timbers at one main line turnout

When STERA approved the Four Year Financial Plan in October 2021, there was uncertainty as to the completion dates and final project costs for the above three projects projected to be active on December 31, 2021. Accordingly, the Four Year Financial Plan, as approved in October 2021, had been developed using best projections as to what would occur over the following four years. The Authority has included in its 2021 capital budget an estimate for the projects that it anticipated in October 2021 that would be underway in 2022.

Also, since there are no firm projections for obtaining any other capital or non-capital project grant funds in the succeeding three years of the four-year budget horizon, the four-year financial plan necessarily shows no other capital or non-capital revenues or expenses in the last three years of the four-year budget horizon.

Accordingly, the Authority’s Four-Year Financial Plan for 2022 through 2025, provided on the next page, is limited to specifying the budget relating to financial flows from the NYS DOT rehabilitation grants and the Authority’s annual contractual fee revenue provided by the Western New York and Pennsylvania Railroad.