

Niagara Falls Bridge Commission

2012 ANNUAL REVIEW



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ABOUT THE NFBC

Marking its 75th year, the Niagara Falls Bridge Commission (NFBC) is the bi-national entity that owns, maintains and operates the Lewiston-Queenston, Rainbow and Whirlpool-Rapids Bridges. A Joint Resolution of the 1938 U.S. Congressional Third Session and subsequent amendments created the NFBC as currently constituted. The NFBC is licensed to operate by the Extra Provincial Corporations Act of the Province of Ontario, Canada.

The Commission is comprised of an eight-member Board consisting of four United States and four Canadian representatives. The United States Commissioners serve at the pleasure of the Governor of the State of New York, and the Canadian Commissioners serve at the pleasure of the Premier of the Province of Ontario. All officers hold respective office for one-year until the next annual meeting.

Initially established to finance, construct and operate the Rainbow Bridge, the Commission's efficient and effective management of that bridge led to an extension of responsibilities over the Whirlpool-Rapids (Lower Arch) and Lewiston-Queenston Bridges.

With the exception of one-time capital contributions from Canada and Ontario for the fifth lane on the Lewiston-Queenston Bridge and from Canada for the new Canada Border Services Agency facilities at Queenston, the NFBC does not use taxpayer dollars and operates solely through the collection of tolls as well as private and public-sector tenant leases. The Commission builds and maintains all facilities for Customs and Immigration functions on both sides of the international border. The NFBC strongly supports the continued growth of trade and tourism between Canada and the United States through enhancements and investments to ensure the safe, reliable and most efficient flow of goods, services and people over the three international crossings under its auspices.

This publication is produced to comply with the reporting requirements of the Niagara Falls Bridge Commission's enabling legislation which states, "An accurate record of the cost of the bridge and its approaches, the expenditures for maintaining, repairing and operating the same, and the daily tolls collected shall be kept and shall be available for the information of all persons interested." The financial data contained herein has been taken from the Commission's 2012 audited financial statements

2012 BOARD OF DIRECTORS



Michael J. Goodale
Chairperson



Janice A. Thomson



Thomas G. Pryce
Vice Chairperson



Russell G. Quarantello



Ernest K. Smith



Kathleen L. Neville



Kenneth E. Loucks



Francis A. Soda



NFBC Board of Commissioners with General Manager Lew Holloway.

OUR MISSION

To build, maintain and operate lower Niagara River border crossings to facilitate commerce and the movement of goods and people in a safe and efficient manner.

OUR VISION

The Niagara Falls Bridge Commission is a unique self-financing, bi-national, public benefit organization, which delivers superior cross border value to its stakeholders.

ABOUT THE NFBC

WHIRLPOOL RAPIDS (LOWER ARCH) BRIDGE

The oldest of the three spans under the auspices of the NFBC, the Whirlpool-Rapids Bridge was opened in 1897 and purchased by the Commission in 1959. The two deck steel arch bridge spans 550 feet with a total length of 1069 feet and soars 225 feet above the Niagara Rapids. The upper deck is dedicated for rail crossings, while the lower roadway is dedicated to passenger vehicles only.

The Whirlpool-Rapids Bridge is a NEXUS only crossing. NEXUS is a joint program implemented by the Canada Border Services Agency (CBSA) and United States Customs and Border Protection (CBP) designed to expedite the border clearance process for low-risk, pre-approved travelers between the two countries. The Whirlpool-Rapids Bridge is open daily from 7 a.m. to 11 p.m. and offers passengers enrolled in the NEXUS “trusted traveler” program a quick and easy crossing.

Since 2008, the Niagara Falls Bridge Commission has invested \$27 million in repairs and other maintenance work to ensure the span’s continued longevity. Rock stabilization in the gorge was completed in 2011.

In 2012, both the United States and Canadian concrete bridge deck approaches were removed and upgraded, and a series of structural repairs and drainage improvements were performed to the Blacksmith Shop building located on the American side of the bridge crossing.



RAINBOW BRIDGE

Opened in 1941, just 1,000 feet downriver from the American Falls, the Rainbow Bridge continues to be a major tourism gateway between Canada and the United States, generating tens of millions of dollars of economic activity on both sides of the border. Offering 18 Customs inspection booths in New York and 16 in Ontario, the Rainbow Bridge is open 24 hours a day to passenger vehicles and buses. No commercial vehicles are allowed on the Rainbow Bridge.

The deck of the Rainbow Bridge is approximately 202 feet above the Niagara River. It is a 1,450 feet long span with four total lanes comprising a total of forty-feet of roadway width. In the late 1990’s both bridge plazas were completely redesigned and rebuilt and their approaches widened to increase the efficient movement of traffic on the bridge. This work was completed in 2000 at a cost of \$72 million.

In 2012, updates were made to the span’s United States-side skewbacks to protect their structural integrity and prevent water permeation. Concrete repairs were also made to the bridge seat and portions of the utility catwalk, and a new support system was installed for the existing bridge electrical conduits.



LEWISTON-QUEENSTON BRIDGE

The Lewiston-Queenston Bridge has the 5th highest volume of commercial traffic between Canada and the United States. Millions of dollars in trade value cross over the bridge each hour, representing thousands of jobs for both countries. The span is also the preferred border crossing for the hundreds of thousands of tourists who visit Niagara-on-the-Lake and various Niagara Falls (NY) shopping destinations every year.

Built in 1962, the bridge spans 370 feet above the Niagara River and measures 1,600 feet long, and features five reversible lanes. The Lewiston-Queenston Bridge connects United States Interstate 190 with Highway 405 in Canada, making it an optimal crossing for both passenger vehicles and commercial trucks.

The initial phase of Canadian Plaza reconstruction at the Lewiston-Queenston Bridge was successfully completed at the cost of \$49 million. Such work included an enhancement of the plaza footprint, a new toll house facility, and five new commercial inspection lanes.

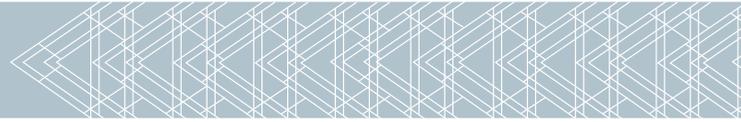
Phase Two of the reconstruction of the Canadian Plaza is also complete, and encompassed a \$78 million investment in facilities for the Canada Food Inspection Agency and Canada Border Services Agency, as well as 10 new primary vehicle inspection booths.

The Third phase of this effort saw much progress in 2012, with the new Duty Free Store, Currency Exchange, public washrooms, and east bound civil works all open for business and nearing finalization.

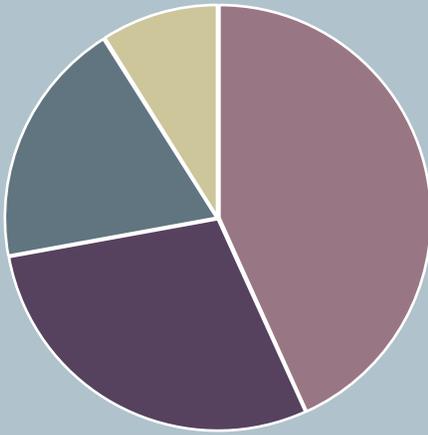
Phase Four work commenced in Fall 2012 and will cover various additional civil works, landscaping, and a dividing wall. These projects will wrap-up by the late-Fall of 2013.



2012 YEAR IN REVIEW HIGHLIGHTS

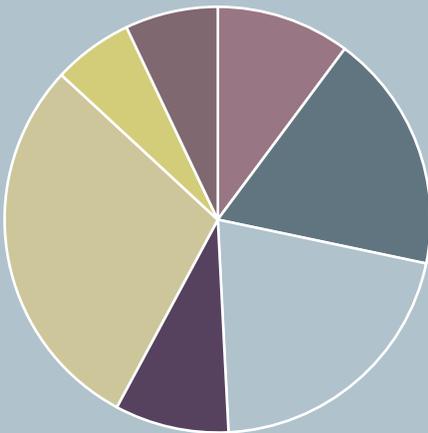


2011 - 2012 INCOME



- Tolls \$18.68 MM
- Conditional Facilities Contribution \$8.16 MM
- Rental \$12.48 MM
- Other \$3.88 MM

2011 - 2012 EXPENSES



- Toll \$2.62 MM
- Maintenance \$4.66 MM
- Interest \$2.23 MM
- Depreciation \$7.47 MM
- Security & MIS \$1.56 MM
- Other \$1.81 MM
- Administration and Overhead \$5.38 MM

SUBSTANTIAL COMPLETION OF PHASE III, QUEENSTON PLAZA:

Work on Phase III of the Queenston Port of Entry was largely completed in 2012 and included:

- A new Duty Free Store
- A new Currency Exchange and public washrooms
- A Pedestrian Bridge connecting Phases II and III
- Removal of the old Duty Free Store
- Civil works, road realignment and landscaping

Work on Phase IV began in the Fall of 2012 and currently includes:

- Civil works, landscaping, and a new dividing wall
- The project is expected to conclude by late 2013.



Featured Pictures: The newly constructed Queenston Plaza Duty Free Store and adjacent parking area with connecting roadway

LEWISTON PLAZA

In September 2011, the NFBC authorized the expenditure of \$50 million to rebuild priority infrastructure at the Lewiston Plaza. And while ongoing United States Federal budgetary constraints, lease agreement uncertainties, and Custom and Border Protection staffing issues continue to hamper proposed Lewiston plaza improvement efforts, much progress was made in 2012 to identify and approve a conceptual and schematic design for the proposed new plaza.

At the same time, dialogue continues between the NFBC and the United States Federal government regarding the most appropriate approach to undertaking environmental review for the plaza project.

As a result, in November 2012 the NFBC board authorized proceeding with the first phase of plaza construction work – including a new Duty Free store, civil works, and new maintenance building upgrades – upon the resolution of the outstanding environmental review question. This issue is anticipated to be resolved in 2013, while additional clarity is also expected regarding Customs staffing levels and how potential personnel limitations may affect delivery of the proposed infrastructure improvements.

BEYOND THE BORDER UPDATE

In December 2012, the Canadian and United States Federal governments released the first Beyond the Border Implementation Report, which summarized progress following the release of the Beyond the Border Action Plan in late 2011. The report highlighted various actions taken to further the shared interests of stronger North American perimeter security and economic competitiveness, as well as the facilitation of travel, trade, and tourism at land ports of entry.

As part of the report, the Lewiston-Queenston Bridge was identified as a location that has undergone installation of new blue-tooth sensor technology, which was implemented in order to provide reliable, real-time traffic information to travelers. Such technology continues to be tested and fine-tuned by the Commission and local Customs agencies so that motorists have access to the most accurate crossing times possible.

In addition, the advancement of expanded NEXUS marketing initiatives was also cited as a product of the Beyond the Border Accord and an item that has brought about significant increases in program participation.

As part of this exercise the NFBC also participated in the development of the joint Canada-United States Border Infrastructure Investment Plan (BIIP), which identified those ports-of-entry of highest priority for infrastructure upgrades, improvements, and related funding allocations. The Commission's involvement in this process helped lead to the Lewiston Plaza's inclusion in the BIIP as a high priority port.

EXPRESS PASS COMMERCIAL

The Commission's new tolling system for commercial carriers at the Lewiston-Queenston Bridge continued its rapid growth in 2012, with 57% of all NFBC trucking revenue being collected via the customized Radio Frequency Identification (RFID) transponder technology. Over 350 commercial trucking companies were officially enrolled in the system as of December 2012.

COMMUNITY SPONSORSHIPS



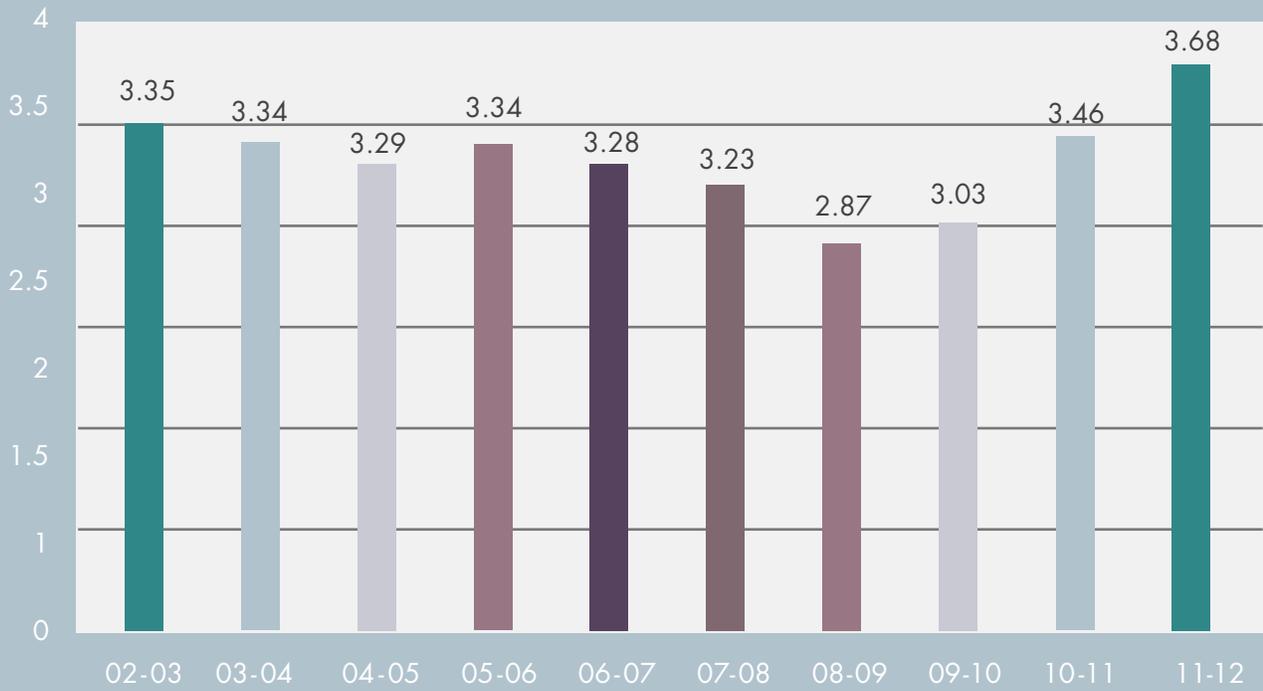
Featured Picture: Commissioner Thomas Pryce presents a contribution to the Lewiston Arts Council.

Once again in 2012, the NFBC contributed \$62,000 (USD) and \$62,000 (CDN) to various not-for-profit organizations and established cultural attractions operating within the vicinity of the Commission's three bridge spans. This past year's recipients include Artpark, Shaw Festival, Lewiston Jazz Festival, Friends of Fort George, and the Historical Association of Lewiston.

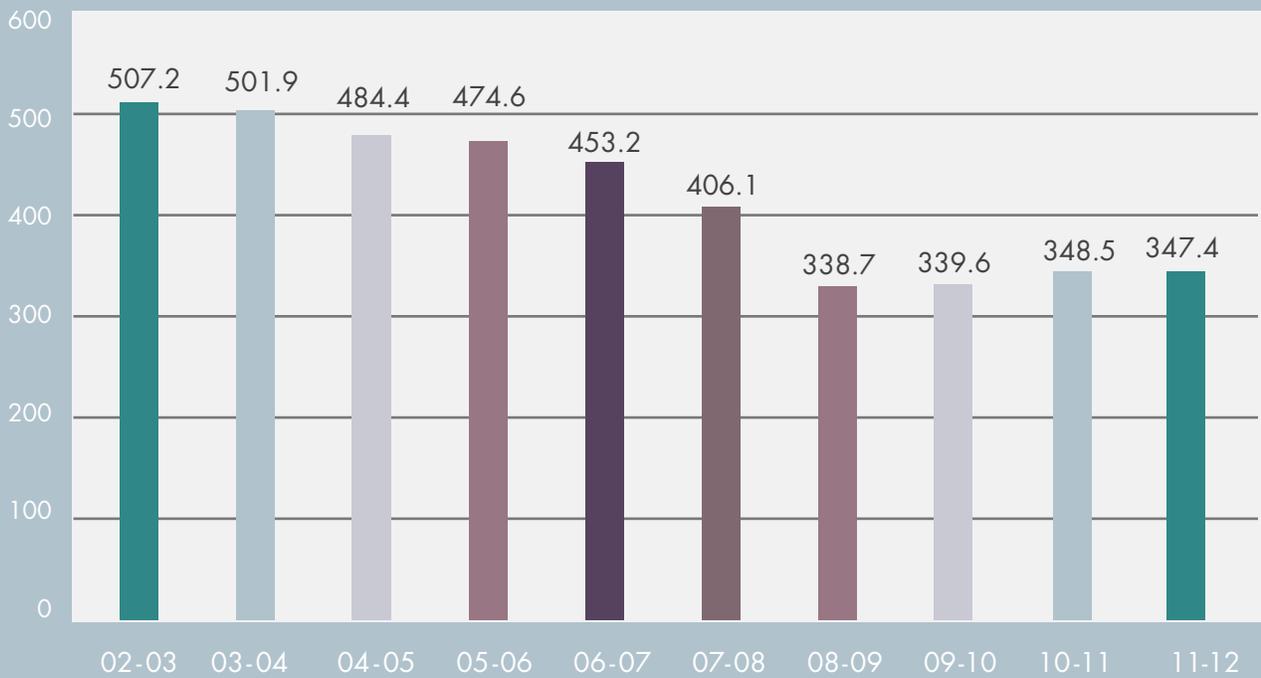
In addition, the Commission actively supported ongoing War of 1812 bicentennial celebration activity.



10 YEAR WEST-BOUND AUTO TRAFFIC IN MILLIONS



10 YEAR WEST-BOUND TRUCK TRAFFIC IN THOUSANDS



TRAFFIC VOLUME

After experiencing increases of 14.6% for passenger vehicles and 2.6% for commercial carriers in 2011, westbound (toll paying) traffic at the three NFBC crossings in 2012 rose roughly 6.4% for automobiles and remained basically flat (an actual 0.32% decrease) for trucks. Total westbound automobile traffic for 2012 was just over 3.68 million crossings; the highest mark for passenger vehicles at the bridge spans since 9/11. Commercial traffic registered 347,400 toll crossings.

NEXUS NIAGARA CAMPAIGN

In an effort to increase local awareness, enrollment, and usage of the NEXUS program at the three NFBC crossings and the Peace Bridge, the Commission partnered with the Peace Bridge Authority, Canada Border Services Agency, and United States Customs and Border Protection to launch a “trusted travel” grassroots marketing initiative, which commenced in March 2012.

This successful campaign utilized a suite of print and electronic outreach materials to help educate motorists, resulting in a substantial uptick in enrollees and usage/conveyances. More information on the campaign is available at www.nexusniagara.com.



NEW RAIL TENANTS AT WHIRLPOOL BRIDGE

Following several years of negotiation regarding the transfer of track assets at the Whirlpool Bridge, the Commission and Canadian National (CN) reached an agreement in late 2012 allowing Amtrak and VIA to assume and maintain the railway and connecting track beds.

Through the agreement, CN helped defray the costs associated with past maintenance procedures, while Amtrak and VIA will contribute to future upkeep costs. This move solidified the presence of international rail travel in the region for the foreseeable future.

EXPANSION OF RAINBOW BRIDGE MOTOR COACH PROCESSING FACILITIES

Based on the current inadequacies of bus processing at the Rainbow Bridge and related elongated wait times, the Commission engaged a professional architectural firm in early-2012 to complete a motor coach facilities redesign. Substantial input on this renovation concept was received from Customs agencies and other governmental and stakeholder interests during the year, and the project is expected to advance through the schematic design and budget phase in 2013.

SCHOLARSHIP WINNERS



Featured Pictures: This year's scholarship recipients were Ms. Ashley Kajdasz and Mr. Mitchell McNall

Every year the NFBC awards a pair of scholarships to dependants of current commission employees following a competitive application process. The scholarship recipients are selected based on the criteria of scholastic standing, individual achievement, and participation in extracurricular activities. Candidates must also be entering the freshman year of an accredited post-secondary educational institution or program.

The 2012 scholarship awardees were Ms. Ashley Kajdasz and Mr. Mitchell McNall.

NIAGARA FALLS BRIDGE COMMISSION STATEMENTS OF FINANCIAL POSITION
OCTOBER 31, 2012 AND 2011

ASSETS		2012	2011
CURRENT ASSETS:			
Cash and cash equivalents	\$	7,655,130	10,941,449
Accounts receivable		2,294,310	939,773
Prepaid expenses		244,316	273,608
Investments		5,068,023	8,687,374
Total current assets	\$	15,261,779	20,842,204
NONCURRENT ASSETS:			
Investments	\$	66,401,431	66,228,531
Land, bridges, buildings and equipment, net		243,958,825	246,158,626
Construction in progress - 30 year plan		673,591	673,591
Construction in progress - other		95,835,491	77,075,615
Total assets	\$	422,131,117	410,978,567
LIABILITIES AND UNRESTRICTED NET ASSETS			
CURRENT LIABILITIES:			
Current portion of bonds payable	\$	6,085,000	5,780,000
Current portion of postretirement benefit obligation		324,053	253,869
Accounts payable		6,918,870	7,686,563
Accrued wages and related withholdings		1,176,545	1,092,105
Other accrued expenses		177,053	173,427
Bond interest payable		162,446	187,734
Deferred income		1,129,188	988,362
Total current liabilities	\$	15,973,155	16,162,060
NONCURRENT LIABILITIES:			
Postretirement benefit obligation	\$	16,492,619	15,394,638
Bonds payable, net		37,267,604	43,111,584
Total liabilities	\$	69,733,378	74,668,282
UNRESTRICTED NET ASSETS:			
Revenue	\$	581,740	813,873
Operation		(17,046,708)	(15,797,842)
General		39,729,776	42,913,227
Renewal and replacement		(4,096,027)	(3,424,906)
Debt sinking		4,990,105	5,505,096
Construction		271,038,869	247,843,282
		295,197,755	277,852,730
Cumulative effect of currency translation		57,199,984	58,457,555
Total unrestricted net assets	\$	352,397,739	336,310,285
Total liabilities and unrestricted net assets	\$	422,131,117	410,978,567

STATEMENTS OF ACTIVITIES AND CHANGES IN UNRESTRICTED NET ASSETS
FOR THE YEARS ENDED OCTOBER 31, 2012 AND 2011

	2012	2011
REVENUES:		
Toll income	\$ 18,677,759	18,098,132
Rental income	12,482,098	12,191,758
Conditional facilities contribution	8,156,545	10,022,053
Investment income	3,209,804	2,836,931
Construction reimbursement	597,241	-
Miscellaneous	75,354	127,814
Total revenues	\$ 43,198,801	43,276,688
EXPENSES:		
Administration and overhead	\$ 5,376,948	5,695,148
Maintenance	4,664,469	4,135,051
Toll	2,617,387	2,694,168
Management information systems	820,046	818,557
Security	740,671	553,235
Postretirement	1,188,464	1,087,423
Depreciation	7,472,557	6,740,709
Interest on indebtedness	2,227,512	2,517,247
Amortization of bond financing expenses	241,020	250,214
Loss on disposal of bridge related assets	381,171	6,395,485
Total expenses	\$ 25,730,245	30,887,237
CHANGE IN UNRESTRICTED NET ASSETS BEFORE UNREALIZED LOSS ON INVESTMENTS AND CHANGE IN FOREIGN CURRENCY TRANSLATION	\$ 17,468,556	12,389,451
UNREALIZED LOSS ON INVESTMENTS	\$ (123,531)	(49,126)
CHANGE IN FOREIGN CURRENCY TRANSLATION	\$ (1,257,571)	5,633,241
CHANGE IN UNRESTRICTED NET ASSETS	\$ 16,087,454	17,973,566
UNRESTRICTED NET ASSETS - beginning of year	\$ 336,310,285	318,336,719
UNRESTRICTED NET ASSETS - end of year	\$ 352,397,739	336,310,285



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