

CITY OF NAPLES AIRPORT AUTHORITY

FISCAL YEAR 2015

OPERATING

AND

CAPITAL BUDGET

September 18, 2014



FISCAL YEAR 2015 BUDGET

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EXECUTIVE SUMMARY

The City of Naples Airport Authority (“Authority”) was created by State Enabling Legislation and City of Naples action in 1969. The City of Naples, recognizing the benefits of an authority type management concept, established the Authority for the purpose of enhancing service to users, improving the community gateway image, eliminating financial subsidies by city taxpayers, and limiting the potential liabilities of operating an airport.

The Authority financially supports itself directly from aviation fuel sales and airport user fees and indirectly by airport user taxes. No local, state or federal general taxes, such as property, utility, sales, intangible or income taxes directly support the Authority. The Authority receives, for certain capital projects, state and federal financial grants from trust funds established largely from aviation fuel taxes and airline ticket taxes. The Authority pays the City of Naples for utility, police and fire fighting services and also built, equips and maintains City Fire Station #3, as well as stormwater and environmental facilities. The Authority builds and maintains internal roadways and utilities and has constructed many of the external roadway improvements, including horticultural beautification and bicycle paths.

Although financial records of the Airport do not exist for the initial years, the Authority has operated in the black since its inception and, in fact, has increased the value of the Airport by \$67.5 million dollars. Audited figures in 1973 showed the value of the Airport (assets minus liabilities) to be \$267,000 as compared to the 2013 audited value of \$67.8 million.

During FY 2014 the Naples Municipal Airport celebrated its 75th Anniversary, and the City of Naples Airport Authority celebrated its 45th Anniversary. Public open houses were held to recognize these historic milestones and to inform the community of the airport’s and the Authority’s contributions to the area. The Florida Department of Transportation values the airport’s economic impact to the community at more than \$273 million annually.

The Operating and Capital Budget for FY 2015 reflects cautious optimism that the national and local economy has stabilized and that continued growth is probable. In FY 2014, two major indicators of the airport’s economic health, aircraft operations and aviation fuel gallons pumped, increased significantly since the economic downturn in FY 2009. Aircraft operations (an operation is one landing or one takeoff) increased by almost 7% over the previous year, and Jet A gallons pumped increased more than 26%. The question for FY 2015 is whether this type of growth is sustainable or just an anomaly. Sustained growth, while having the potential to increase the Authority’s operating revenues, also requires additional staffing and increased operating expenses. While the budget projects six new job positions, this does not mean that all of these positions will be filled. This will be determined on a case by case basis and based on actual need.

The Authority’s Operating Income for FY 2015 is projected to be \$3.9 million. The Budget reflects Net Income of \$503,000 after depreciation expense of \$3.7 million.

The Five (5) Year Capital Improvement Plan includes in FY 2015 \$2.25 million for the East Quad Parking & Utility Realignment and Ramp Addition; \$1.5 million for the mill and overlay paving of the Commercial and North and South General Aviation ramps; and \$2.4 million for the Runway 14-32 paving. Federal and state funding is anticipated for each of these projects. The Authority also plans \$3.0 million for Runway 14-32 Safety Area Improvements and \$1.3 million for the West Quad

Detention Pond to be paid with Authority funds. The Authority’s capital improvement plan for FY 2015 – FY 2019 would direct \$36.5 million into the local economy.

The FY 2015 Capital Budget is organized into two (2) categories of capital projects. Participatory projects meet the eligibility requirements for funding assistance from outside agencies and require a level of matching funds from the Authority. Non-participatory projects are anticipated to be fully funded by the Authority.

The Operating and Capital Budgets for FY 2015 are summarized as follows:

<u>Operating Budget</u>		<u>Capital Budget</u>	
Operating Revenues	\$ 12,952,000	Capital – Participatory	\$ 6,560,000
Operating Expenses	<u>(9,051,000)</u>	Capital – Non-Participatory	<u>11,228,000</u>
Operating Income	3,901,000	Total Capital Budget	17,788,000
Other Revenues (Expenses)	302,000	Total Outside Funding	<u>5,384,000</u>
Depreciation Expense	<u>(3,700,000)</u>	Authority Funds	<u>\$ 12,404,000</u>
Net Income	<u>\$ 503,000</u>		

The FY 2015 Capital Budget reflects the completion of the Water Management System Improvement project during FY 2014; however water quality monitoring for the Water Management System Improvements will continue for two years. Expenditures associated with the monitoring are directly covered by the Florida Department of Transportation.

The FY 2015 budget retains the reserves for capital contingencies and emergency operating contingencies at \$4.0 million. This is roughly one-half of the Authority’s budgeted operating expense for the year. The Authority Board and staff recognize the economic pressure on the country and the impact it has had on the aviation industry. Management will continue to monitor anticipated revenues carefully and be prepared to make any necessary cuts in expenses to maintain the positive revenue position projected in the budget.

The Authority’s intent is to continue to manage and operate the Naples Municipal Airport as a financially sound entity with an emphasis on safety for all, including the public. The Authority will continue to be a good neighbor, acting in the best interest of the Authority and the community.

HISTORICAL COMPARISONS

The charts on page 5 depict aircraft operations, fuel sales in gallons and scheduled air service passenger activity for fiscal years 1990 through projected 2015.

COMPARISON OF AIRCRAFT OPERATIONS AND FUEL SALES IN GALLONS

Aircraft operations during FY 2014 are expected to increase by six percent (6%) from the FY 2013 activity level. The estimated total operations for FY 2014 of 97,500 will be a decrease of forty percent (40%) from the highest level of 163,400 operations, reached at the airport in FY 2005 and this will be the fifth year in a row where aircraft operations have been below 100,000. Total operations are expected to increase by five percent (5%) in FY 2015 to 102,400. VFR (Visual Flight Rules) operations account for the greatest decrease in aircraft operations, expected to be forty-eight percent (48%) fewer than in FY 2005. This decrease is attributed to a decrease in flight school operations and based piston aircraft operations at the airport, specifically touch-and-go training operations during “season”. FY 2014 IFR (Instrument Flight Rules) operations are expected to be twenty-one percent (21%) fewer than the FY 2005 activity level and are projected to increase by 5% to 39,000 for FY 2015.

The peak year for total fuel sales, including flowage, was FY 2007 with 6.5 million gallons sold. In FY 2010, Jet A fuel sales were 4.1 million gallons, thirty-one percent (31%) lower than in FY 2007. There has been general recovery in sales of Jet A fuel each year since then and sales are expected to increase in FY 2015 to 5.5 million gallons. Aviation gasoline (100LL) sales continued to decrease since FY 2007 but began a recovery in FY 2012 at 355,000 gallons and are projected to be 388,000 in FY 2014 and in FY 2015.

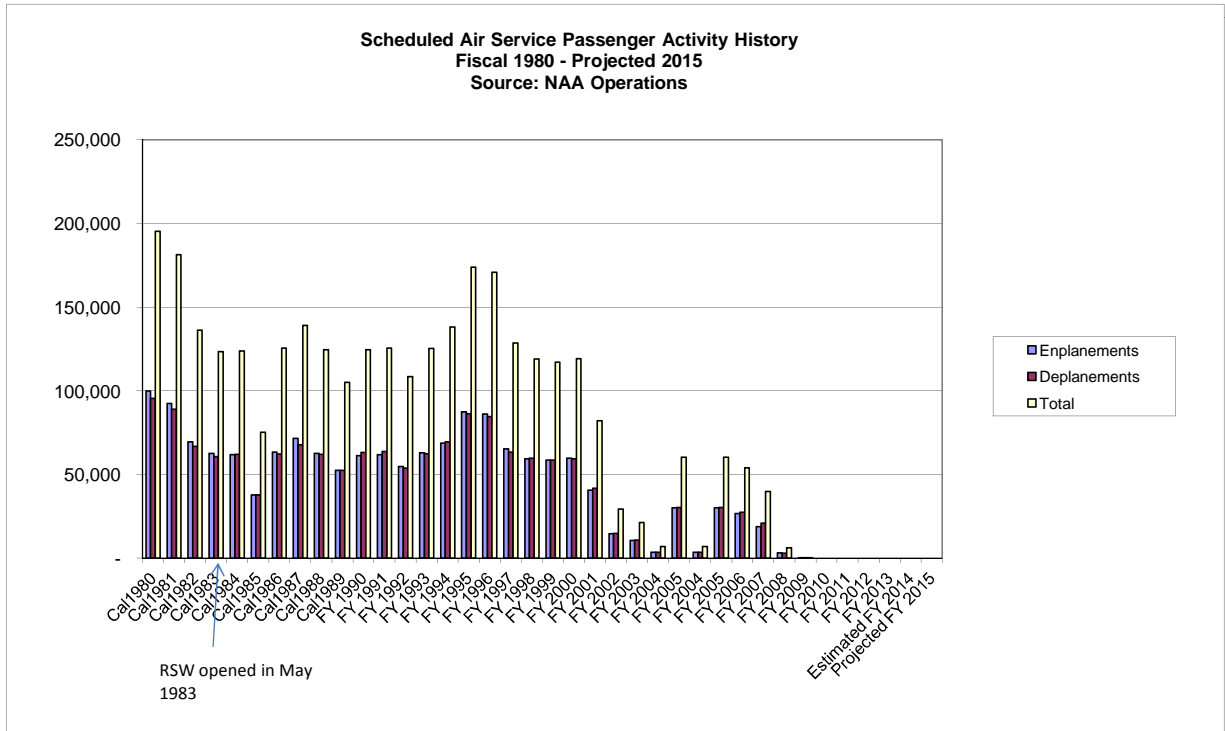
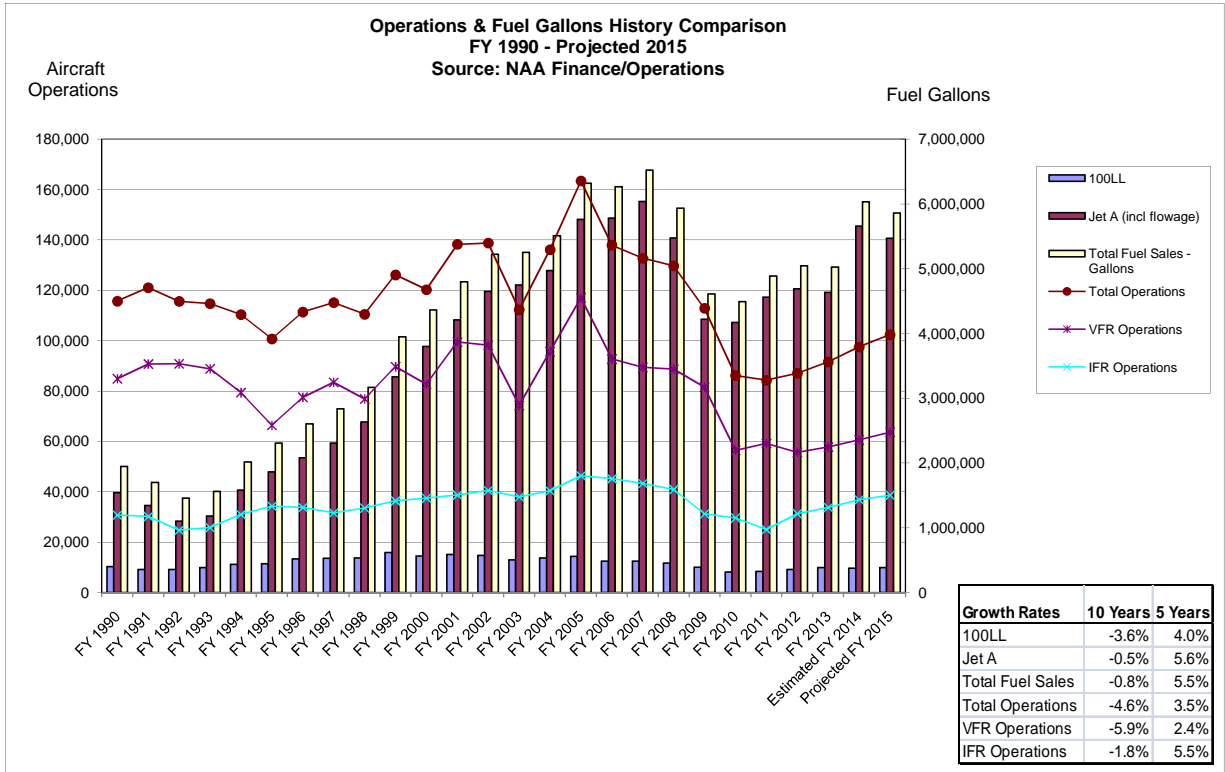
The upward trend in Jet A fuel sales from FY 2000 through FY 2007 is attributed to the Authority’s competitive fuel sales program, implemented in our first published Rates and Charges document in FY 1995, which reduced the selling price of fuel and the amount of “tankering” by Jet A users. “Tankering” occurs when an aircraft operator purchases additional fuel from the airport they are leaving so they do not need to purchase fuel at the next airport where the fuel pricing is significantly higher. Lower fuel prices do not attract additional aircraft activity to Naples Municipal Airport, but high fuel prices do induce “tankering.” By reducing “tankering” we effectively pass the cost of operating the Airport to all the users. Also contributing to the growth in Jet A sales (by volume) from FY 2002 through FY 2007 is the growth in corporate aviation, especially related to fractional aircraft ownership activity. The decrease in Jet A fuel sales in FY 2008 through FY 2010 reflects the impact of the economic recession on general aviation. Jet A fuel sales activity for FY 2014 and FY 2015 are expected to approach the FY 2005 level.

COMPARISON OF SCHEDULED AIR SERVICE PASSENGER ACTIVITY

The Naples Municipal Airport is the only Part 139 certified airport in Collier County and enjoyed sustained scheduled commercial air service since the 1950s through 2003. Historically, the airport functioned as a non-hub airport with direct service to Miami, Orlando, Tampa and Key West. Air carriers viewed Naples as an attractive market because of its location and the community's affluence.

Since 1980, when the Naples Municipal Airport had a high of over 195,000 total passengers, the airport experienced considerable fluctuations in air service. A significant drop in enplanements occurred between 1982 and 1985, when Southwest Florida International Airport opened as a commercial service airport in Ft. Myers, thus drawing a number of travelers away from the Naples Municipal Airport. In 1995, the Airport's total passengers exceeded 173,000, with service to Miami, Orlando, Tampa and Key West from seven (7) air carriers.

From 2000 to 2004, the airport experienced a ninety-four percent (94%) reduction of the total passengers as a result of the reduction of scheduled commercial air carriers from three carriers in 2000 down to one major carrier in 2001; and in the summer of 2003, experienced a complete loss of scheduled air service. During FY 2004, only seasonal service was available to Miami and Key West on nine (9) passenger aircraft. From November 2004 through September 2007, Delta Connection provided commercial air service with three (3) flights per day to and from Atlanta with 40 passenger regional jets and for a brief time period during FY 2008 Gulfstream (Continental Connection) provided service to Tampa. Based on the FY 2000 passenger levels, Naples Municipal Airport has the potential to serve over 120,000 passengers from our local community.



**City of Naples Airport Authority
Fiscal Year 2015 Budget**

Key Assumptions

- Operations will continue to increase (5%)
- Jet A fuel sales increased over the past 12 months, but may be an anomaly
- No change in Aviation Fuel Programs
- No scheduled airline service (although a community air service study is budgeted)
- Car rental concession revenues increase 4%
- Slight increase in building, land and hangar rental rates
- Some litigation expense
- Major capital projects completed/move forward on schedule
 - Runway 14-32 Safety Area Improvements \$3.00 M
 - Runway 14-32 paving \$2.80 M
 - Relocate S Aviation Drive, parking and utility realignment \$1.75 M
 - North & South General Aviation and Commercial ramps - mill & overlay paving \$1.50 M
 - West Quad detention pond \$1.30 M
 - Airport Fire Station Replacement - Design \$0.30 M
- No debt
- Operating and capital reserves remain at \$4.0 M

FY 2015 OPERATING BUDGET INFORMATION

To develop FY 2015 operating expense budget projections, each department prepared line item projections identifying the specific costs associated with the operation of their department. Their direct participation provides the department with an understanding of the budgeting process and their budget constraints for the upcoming year. It also develops a sense of “ownership” that carries forward throughout the year, assisting in meeting our financial goals. Staff is dedicated to maintaining the relationship between revenues and expenses to accomplish the budgeted margin. The FY 2015 operating budget reflects operating income of \$3.9 million.

OPERATING REVENUES AND EXPENSES

FY 2014 revenue estimates are based on the actual revenues from October 2013 through August 2014, and actual activity for September 2013 adjusted for current rates and charges and known changes in activity. FY 2015 fuel revenue projections are based on actual FY 2012 levels increased by the two-year cumulative growth rate in Operations adjusted for projected rates and charges and anticipated changes in activity.

FY 2015 revenues from the users of the Airport (after cost of goods sold) are projected to total \$13.0 million, representing a slight decrease of \$106,000 from FY 2014.

- Fuel sales remain the Authority’s main source of revenue. Fuel prices are based on a cost plus formula in accordance with the published Rates and Charges set by the Executive Director. Net fuel revenue is projected to decrease by \$340,000 from FY 2014. This decrease is projected on a 2.9% decrease in Jet A gallons pumped, based on extraordinarily strong FY 2014 sales. Any shifts in the fuel sales mix are anticipated to be minimal and there are no projected changes to the margins. Aviation fuel programs for 100LL are projected to remain at the FY 2014 levels. Fuel flowage fees will remain at \$0.30 per gallon, and a decrease in flowage gallons is projected for FY 2015 due to the loss of a major tenant. Fuel sales from the Rental Car Wash Facility and aviation oil sales are projected to remain at the FY 2014 levels.
- Concession revenues are projected to increase by \$23,000 from the FY 2014 estimate.
- Hangar/T-shelter/tiedown rents are projected to increase by 7% over the FY 2014 estimate, based on anticipated increased occupancy and slight increase in rates.
- Building rents are projected to increase \$7,000 from FY 2014 based on a slight rate increase.
- Land rents are projected to increase \$17,000 based on a slight rate increase. No new land leases are projected.
- Line Services revenues are projected to increase by \$26,000 or 4%, due to the anticipated increase in traffic.
- U.S. Customs user fees are projected to increase by \$12,000, a 5% increase in growth as a result of increased clearings.
- Avfuel’s co-op marketing revenues (reimbursement for specific marketing and uniforms costs) are projected to be \$20,000, a decrease of \$4,000. Other operating revenue is projected at \$5,000, which includes revenue received from gate cards, key and lock replacements, copies and faxes.

FY 2015 operating expenses are projected at \$9.1 million, which represents an increase of \$0.9 million from the FY 2014 estimate.

- Personnel costs, including salaries and wages, related taxes, employee benefits, uniforms, training, travel and employee recognition programs are projected to increase \$530,000 from the FY 2014 estimate. A pay increase is included based on a CPI increase, merit, equity adjustments and some promotions. Some overtime and holiday worked overtime have been budgeted for FY 2015. The FY 2014 estimated actuals are \$425,000 above the FY 2013 actuals, as FY 2013 expenses were purposely postponed or curtailed because of budget uncertainties and in FY 2014 additional hours were incurred to meet the higher traffic and customer needs.
- Professional fees, including legal fees, audit services and other professional/consulting fees are projected to increase by \$197,000 from \$757,000 for FY 2014 to \$954,000 for FY 2015. Some legal fees for litigation are budgeted in FY 2015. Expenses related to Audit Services are projected to increase \$16,000 over FY 2014 estimated due to anticipated project. Other professional services, projected to increase by \$91,000 from estimated FY 2014 levels, include consulting services for human resources, noise abatement, records management, airline, and security. The FY 2015 budget for Computer/MIS services has been increased by \$54,000 to cover required new credit card chip readers and other new technology, as well as potential increases in the service contract, as the existing contract is reaching the end of the agreement period. Computer/MIS services include the continued outsourcing of the IT duties, outside consulting services, software maintenance and upgrades and hardware purchases of less than \$2,000 per item. Engineering and planning services budget, increased by \$36,000, includes surveying, geotechnical services, and general engineering and consulting services. Technical services related to obstruction removal are included.
- Communications expense, including classified advertising, is projected to decrease by \$24,000 from \$207,000 for FY 2014 to \$183,000 for FY 2015. This line item includes general aviation marketing and public relations consulting services, community mailings, photography and videos and advertising for employment, bid and public meeting notices. Expenses in FY 2014 included one-time costs of the anniversary recognitions for the Naples Municipal's 75 years and the Naples Airport Authority's 45 years.
- Insurance expense is projected to increase by \$34,000 from \$472,000 in FY 2014 to \$506,000 for FY 2015 and reflects an increase in insured property values, including the need to insure the leased and owned fuel trucks. The premium for liability insurance actually decreased in FY 2014 by \$53,000 because of an offering by an insurance company new to our market, and that lower rate is in effect for two more years. The budget includes \$25,000 for deductibles and contingencies which has not been spent in FY 2014.
- Utilities, telephone and environmental services are expected to increase by \$31,000 from \$290,000 in FY 2014 to \$321,000 for FY 2015. This reflects only a small increase in electricity due to conservation and sustainability efforts. Water, sewer, and garbage/recycling collection rates include a small rate increase.
- Office and other operating supplies, postage and printing expense are projected to increase \$33,000 from \$94,000 in FY 2014 to \$127,000 in FY 2015. This line item

now contains tools, small equipment and consumable supplies used by departments in their operations.

- ATCT (Air Traffic Control Tower), ARFF (Airport Rescue and Fire Fighting) Operations and Police Services are projected to increase by \$71,000 from \$684,000 in FY 2014 to \$755,000 for FY 2015. Control Tower FY 2015 includes one-time costs of \$45,000 for repair and painting the exterior of the building. Contracted ARFF services and Police Services are projected to increase by \$59,000 primarily in the cost of personnel.
- U.S. Customs expense is projected at \$323,000 for FY 2015 and is based on an anticipated increase in number of clearings. This line item includes the reimbursement of salaries for two inspectors, data processing, utilities, office supplies, and pest control.
- Dues/subscriptions/fees expense is projected to increase by \$10,000 from \$40,000 for FY 2014 to \$50,000 for FY 2015. New in FY 2015 is participation in Geographical Information Systems and Safety Management Systems professional groups.
- Auto gas and diesel fuel expense is projected to increase by \$18,000 from \$72,000 in FY 2014 to \$90,000 in FY 2015 and reflects higher fuel costs throughout the year and no increase in volume.
- Pilot services is expected to increase by \$4,000 from \$56,000 in FY 2014 to \$60,000 in FY 2015, based on higher traffic volumes.
- No Miscellaneous expense is projected for FY 2015.
- Total Repair and maintenance expense is projected to decrease by \$8,000 from \$645,000 for FY 2014 to \$637,000 for FY 2015.
- Building maintenance is projected to decrease by \$37,000 due to several large one-time expenses in FY 2014. Airfield maintenance is projected to decrease by \$24,000 because of the costs incurred in FY 2014 for runway painting and striping. Grounds maintenance is projected to increase by \$19,000 because FY 2014 expenses do not include purchase of this winter's mulch (being deferred until after hurricane season). Equipment maintenance is projected to increase by \$32,000 and includes fuel truck routine maintenance, Lektro tug battery replacements, and preventative maintenance on the generators. Small tools and supplies is projected to decrease by \$7,000 because FY 2014 includes that amount for blast deflectors. Cleaning supplies are projected to increase by \$9,000, as prices and fuel surcharges continue to increase.

Operating income, which represents operating revenues less operating expenses, is projected to total \$3.9 million for FY 2015, a decrease of \$1.0 million from the FY 2014 estimate. This will result in a thirty percent (30%) operating margin for FY 2015. This income will contribute significantly to capital improvement projects to maintain the safety, security and aesthetics of the Airport. We will continue to improve our customer service and to provide the best facility found anywhere as we live up to our motto of "*The Best Little Airport in the Country*".

OTHER REVENUES AND EXPENSES

"Other Revenues (Expenses)" represents revenue and expense items that are not incurred from the normal user activity of the Airport. This classification includes revenue received from customer facility charges, interest earned on bank accounts, finance charge revenue, non-cash interest expense related to an advance rental credit agreement, the gain or loss on the sale or disposal of Airport property, and non-cash depreciation expense.

- ➔ Customer Facility Charges (CFCs) – All rental car companies doing business on the airport enter into a standard Agreement with the Authority and the Agreement contractually obligates the car company to collect and remit to the Authority a Customer Facility Charge. These funds are legally restricted as to their use and may only be used for improvements to facilities that benefit the rental car companies. In April 2002, a Rental Car Facility was completed which eliminated the multiple wash and fueling sites and created a single facility for the rental car companies, thereby reducing exposure to environmental liabilities. This project included a vehicular staging area. The Authority's cost to build this facility was repaid through the CFC, and additional General Aviation Terminal rental car service improvements were completed in FY 2006, FY 2009 and FY 2013. The Authority continues to collect CFCs and account for the money as Restricted. CFC revenue for FY 2014 is anticipated to be \$235,000 but is budgeted for FY 2015 at \$232,000, as it is only chargeable on the first seven days of the rental period.
- ➔ Interest revenue - The Authority maintains an operating account and a money market account at two different banks in the area. Both are qualified public depositories. Interest revenue for FY 2014 is anticipated to be \$69,000 and \$70,000 is budgeted for FY 2015 based on a higher cash balance.
- ➔ Unrealized gain (loss) on investments – The Authority has funds held in the Local Government Surplus Funds Trust Fund Investment Pool (LGIP) – Fund B that may only be withdrawn as the various investments mature. Based on the information provided to the Authority by the State Board of Administration that administers the LGIP, it is uncertain if the Authority will recover the full amount. Due to the uncertainty of the investment, the Authority is not budgeting for either a gain or loss for FY 2015.
- ➔ The Authority has participated in a dividend type plan for Workers' Compensation insurance; the annual dividend received in FY 2014 was approximately \$21,000 and is included in the estimated FY 2014 "Other Revenue". Any amounts received from class action lawsuits or other compensatory damages are recorded here. The Authority also collects minimal revenue derived from a collection allowance deduction on sales tax reporting and finance charges assessed on past due customer account balances. Finance charges are calculated at 1.5% per month (18% per annum) on account balances that are 30 days past due. This rate is allowable under the Florida Statutes. The collection allowance on sales tax, set by the State of Florida, is \$30 per month, maximum. For FY 2014 "Other revenue" derived from policy dividend, liquidated damages on a contract, finance charges and collection allowance is projected to be \$47,000. Consistent with past years and due to the unpredictable nature of the revenues, zero is budgeted in this line item.
- ➔ The Authority's only remaining "Braniff Plan" lease terminated in April 2013. Under the "Braniff Plan" arrangement, the lessee constructs a building at its own expense, and upon completion, the lessee deeds clear title of the building to the Authority in exchange for a lease that provides for reduced rent for the duration of the lease term. In order to impute interest costs associated with the lessee financing these improvements, the lease provides for non-cash interest (rental credit expense) charged to the Authority at a factor of eight percent (8%). Rental credit expense was \$16,000 in FY 2013, and this was the final year of this agreement.

- ➔ Depreciation is a non-cash expense that allows the Authority to recognize the capital costs of the Airport on an annual basis over those periods expected to benefit from the improvement. For FY 2015, fifty-two percent (52%) of the depreciation expense is attributed to expenditures made with contributed capital (largely FAA and FDOT grants). The other forty-eight percent (48%) of the depreciation expense is directly related to capital expenditures with the Authority's own funds.

The FY 2015 Operating Budget forecasts a net income of \$0.5 million. This is after non-cash depreciation expense of \$3.7 million. Net income before depreciation expense is \$4.2 million.

**CITY OF NAPLES AIRPORT AUTHORITY
OPERATING INCOME
FISCAL YEAR 2015**

OPERATING REVENUES	ACTUAL FY 2013	ORIGINAL BUDGET FY 2014	FINAL BUDGET FY 2014	ESTIMATED FY 2014	BUDGET FY 2015	Increase (Decrease) from Estimated FY 2014	
Net fuel revenue	\$ 6,580,000	\$ 6,649,000	\$ 6,649,000	\$ 7,936,000	\$ 7,596,000	\$ (340,000)	-4%
Non-fuel revenue							
Concession fees	692,000	699,000	699,000	726,000	749,000	23,000	3%
Hangar/T-shelter/tiedown rents	2,008,000	1,985,000	1,985,000	2,257,000	2,406,000	149,000	7%
Building rents	247,000	468,000	468,000	471,000	478,000	7,000	1%
Land rents	776,000	749,000	749,000	750,000	767,000	17,000	2%
Line services	697,000	504,000	504,000	641,000	667,000	26,000	4%
US Customs user fees	174,000	176,000	176,000	252,000	264,000	12,000	5%
Fuel vendor's cooperative marketing	9,000	11,000	11,000	24,000	20,000	(4,000)	-17%
Other	-	1,000	1,000	1,000	5,000	4,000	400%
Non-fuel revenues	4,603,000	4,593,000	4,593,000	5,122,000	5,356,000	234,000	5%
Operating revenues	11,183,000	11,242,000	11,242,000	13,058,000	12,952,000	(106,000)	-1%
OPERATING EXPENSES							
<i>Personnel - full time equivalents</i>	62.8	67.5	68.2	70.3	75.7	5.4	8%
Salaries and wages	3,069,000	3,274,000	3,274,000	3,372,000	3,716,000	344,000	10%
Payroll taxes	227,000	244,000	244,000	250,000	266,000	16,000	6%
Health plan	512,000	599,000	599,000	576,000	683,000	107,000	19%
Pensions	200,000	183,000	183,000	209,000	188,000	(21,000)	-10%
Uniforms and laundry	22,000	28,000	28,000	40,000	39,000	(1,000)	-3%
Training	14,000	46,000	46,000	29,000	55,000	26,000	90%
Travel and meetings	32,000	71,000	71,000	19,000	74,000	55,000	289%
Employee recognition and affairs	14,000	18,000	18,000	20,000	24,000	4,000	20%
Legal fees	292,000	200,000	200,000	300,000	300,000	-	0%
Audit services	41,000	46,000	46,000	37,000	53,000	16,000	43%
Other professional services	202,000	191,000	191,000	214,000	305,000	91,000	43%
Computer/MIS services	137,000	200,000	200,000	197,000	251,000	54,000	27%
Engineering and planning services	13,000	61,000	61,000	9,000	45,000	36,000	400%
Classified advertising	6,000	6,000	6,000	6,000	9,000	3,000	50%
Communications	142,000	138,000	138,000	201,000	174,000	(27,000)	-13%
Insurance	496,000	496,000	496,000	472,000	506,000	34,000	7%
Telephone	48,000	56,000	56,000	52,000	60,000	8,000	15%
Utilities	213,000	247,000	247,000	237,000	257,000	20,000	8%
Environmental services	0	2,000	2,000	1,000	4,000	3,000	
Office and operating supplies	54,000	62,000	62,000	72,000	106,000	34,000	47%
Printing	8,000	11,000	11,000	14,000	13,000	(1,000)	-7%
Postage	7,000	8,000	8,000	8,000	8,000	-	0%
Tower	48,000	64,000	64,000	54,000	66,000	12,000	22%
ARFF operations	599,000	655,000	655,000	601,000	657,000	56,000	9%
Police services	30,000	36,000	36,000	29,000	32,000	3,000	10%
U. S. Customs	279,000	318,000	318,000	305,000	323,000	18,000	6%
Dues/subscription/fees	39,000	32,000	32,000	40,000	50,000	10,000	25%
Auto gas and diesel fuel	73,000	80,000	80,000	72,000	90,000	18,000	25%
Pilot services	53,000	57,000	57,000	56,000	60,000	4,000	7%
Miscellaneous	-	-	-	-	-	-	
<i>Operating Expenses excluding R&M</i>	6,870,000	7,429,000	7,429,000	7,492,000	8,414,000	922,000	12%
Building maintenance	132,000	151,000	151,000	188,000	151,000	(37,000)	-20%
Airfield maintenance	87,000	86,000	86,000	167,000	143,000	(24,000)	-14%
Grounds maintenance	57,000	83,000	83,000	64,000	83,000	19,000	30%
Vehicle maintenance	7,000	12,000	12,000	12,000	12,000	-	0%
Equipment maintenance	142,000	155,000	155,000	145,000	177,000	32,000	22%
Small tools, equipment and supplies	40,000	25,000	25,000	43,000	36,000	(7,000)	-16%
Cleaning supplies	23,000	33,000	33,000	26,000	35,000	9,000	35%
<i>Repair & maintenance expenses</i>	488,000	545,000	545,000	645,000	637,000	(8,000)	-31%
Operating expenses	7,358,000	7,974,000	7,974,000	8,137,000	9,051,000	914,000	11%
Operating income	\$ 3,825,000	\$ 3,268,000	\$ 3,268,000	\$ 4,921,000	\$ 3,901,000	\$ (1,020,000)	-21%

**City of Naples Airport Authority
Fiscal Year 2015 Operating Budget**

	ACTUAL FY 2013	ORIGINAL BUDGET FY 2014	FINAL BUDGET FY 2014	ESTIMATED FY 2014	BUDGET FY 2015	Increase (Decrease) from Estimated FY 2014
Net operating revenues	\$ 11,183,000	\$ 11,242,000	\$ 11,242,000	\$ 13,058,000	\$ 12,952,000	\$ (106,000)
Operating expenses	7,358,000	7,974,000	7,974,000	8,137,000	9,051,000	914,000
Operating income	3,825,000	3,268,000	3,268,000	4,921,000	3,901,000	(1,020,000)
Customer facility charges	231,000	232,000	232,000	235,000	232,000	(3,000)
Interest revenue	71,000	48,000	48,000	69,000	70,000	1,000
Unrealized gain (loss) on investments	23,000	-	-	-	-	-
Insurance proceeds	3,000	-	-	-	-	-
Other revenue	-	-	-	47,200	-	(47,200)
Rental credit expense	(16,000)	-	-	-	-	-
Gain on disposal of capital assets	20,000	-	-	4,000	-	(4,000)
Depreciation expense	(3,241,000)	(3,256,000)	(3,256,000)	(3,332,000)	(3,700,000)	(368,000)
Non-operating revenues (expenses)	(2,909,000)	(2,976,000)	(2,976,000)	(2,976,800)	(3,398,000)	(421,200)
Net income (loss)	\$ 916,000	\$ 292,000	\$ 292,000	\$ 1,944,200	\$ 503,000	\$ (1,441,200)

FY 2015 OPERATING BUDGET ASSUMPTIONS

Account Name	Descriptions or Assumptions Used for Budgeted FY 2015	Amount:
OPERATING REVENUES:		
Net fuel revenue	Because the growth of sales of Jet A fuel has been out of the norm for the past twelve months, a "more normal basis" was sought upon which to apply documented growth percentages. Gallons sold during FY12 was chosen as the basis and the annual percentage increases in the number of IFR (Instrument Flight Rules) Operations were applied to this starting level to calculate a projected number of gallons of Jet A for FY 2015. To translate this into revenues, the total gallons was allocated to the three Fuel Programs by the current FY 2014 proportions. A similar approach was used for AvGas projections for FY 2015, with an increase of 6.5% applied to the starting level. Cost of Goods Sold has been reduced by purchasing two new fuel trucks at costs lower than previous lease costs. Credit card fees are almost half a percent lower under Avfuel than the prior fuel vendor.	\$ 7,596,000
Concession fees	Rental car concession revenues based on actual and estimated FY 2014 activity, increased by 4% based on upward trend in car rentals. Other fees based on estimated FY 2014 activity. Includes concession fees from rental car facility and catering.	749,000
Hangar/T-shelter/tiedown rents	Based on actual & estimated FY 14 activity at a slightly increased rate, as well as greater number of annual vs 6-month leases for coming year. Additional rental space becoming available with NAA's purchase of a hangar.	2,406,000
Building rents	Based on current leases and full occupancy of the Airport Office Building. Increased lease rates by 2.1% (current CPI)	478,000
Land rents	Based on current leases. Increased lease rates by 2.1% (current CPI).	767,000
Line services	Ramp fees & other line services revenues had been expected to decrease in FY14 but did not. FY 15 budget is increased slightly less than the general anticipated increase in activity because some line services are complementary with large fuel purchases.	667,000
U. S. Customs user fees	Anticipate 5% increase in number of clearings and revenues.	264,000
Fuel vendor's cooperative marketing	Specific expenses for marketing and uniforms may be submitted to the fuel vendor's co-op program for 50% reimbursement.	20,000
Other	Includes charges for copies, outgoing faxes, gate cards and hangar keys.	5,000
OPERATING REVENUES:		
		\$ 12,952,000

FY 2015 OPERATING BUDGET ASSUMPTIONS

Account Name	Descriptions or Assumptions Used for Budgeted FY 2015	Amount:
OPERATING EXPENSES:		
Salaries and wages	Based on existing positions plus six additional positions to support increased traffic, customers and administrative needs. Overall pay increase of 4.6% includes anticipated CPI, merit, equity adjustment and several promotions. Hours budgeted at 1.5 times average rate for holidays worked and minimal overtime.	\$ 3,716,000
Payroll taxes	Salaries and wages @ 7.65%.	266,000
Health, dental, life, and long-term disability plans	Employer cost of current plans based on full staffing of eligible positions. Anticipated 10% increase in rates for the May 1, 2015 renewal (5 months in FY15).	683,000
Retirement contributions	Eligible employees @ 6% of annual salaries and wages, and Executive Director per contract. \$51,000 available in Forfeiture account to offset current expense.	188,000
Uniforms and laundry	Standard uniforms for non-administrative personnel. Includes summer uniform program for all employees.	39,000
Training	Includes in-house management, customer service and HR training, tuition, professional seminars and conferences, and safety program.	55,000
Travel and meetings	Business/conference/seminar travel and sponsorship of airport related events.	74,000
Employee recognition and affairs	Employee recognition awards, plaques, certificates and pins. Also to include two NAA employee events. New quarterly Safety Awards are budgeted in this line.	24,000
Legal fees	Based on FY 2014 activity and anticipated costs.	300,000
Audit services	Based on current contract plus audit fees for other special assignments.	53,000
Other professional services	Various outside services including photography and graphics, criminal history background checks, and retirement plan administration. Also includes consulting services for noise abatement programs, airline service restoration, records management, compensation study, human resources, and DBE program.	305,000
Computer/MIS services	IT services contracted through a consulting firm, outside consulting and training services, equipment/software upgrades and maintenance. Includes \$30k for contingency expenses.	251,000
Engineering and planning services	Small engineering projects, surveying and geotechnical, and obstruction removal.	45,000
Classified advertising	Employment, RFPs, purchases, and public meeting notifications.	9,000
Communications	Marketing and public relations consulting services, various pamphlets and brochures, graphic design services, special events and promotions and related communications.	174,000

FY 2015 OPERATING BUDGET ASSUMPTIONS

Account Name	Descriptions or Assumptions Used for Budgeted FY 2015	Amount:
Insurance	Based on cost of insurance renewals, contingencies, deductibles and employee drug testing. Added insurance on four leased fuel trucks, two owned fuel trucks. Workers' Comp insurance premium reduced by \$20,000 due to change in carrier and type of plan.	506,000
Telephone	Based on current activity of local telephone service, long-distance service, Internet connection, cellular service and equipment replacement. Includes VoIP system.	60,000
Utilities	Electricity costs based on FPL costs; water, sewer, and garbage/recycling pickups.	257,000
Environmental services	Disposal of waste oil and filters, water analysis samples and other environmental services as needed.	4,000
Office supplies	General office & operating supplies for all departments.	106,000
Printing	General printing including letterhead and business cards, checks, and various NAA publications. Printing related to noise and communications is allocated to the specific line item. Continuing with the use of recycled products.	13,000
Postage	Postage, Fed-Ex, and courier service.	8,000
Tower	General repair and maintenance of building and equipment, plus utility and telephone service and cleaning service. Anticipates exterior stucco repair, power washing and repainting, replacement of an air conditioning unit.	66,000
ARFF operations	Includes cost of contracted City fire personnel, repair and maintenance of fire equipment and building, utility service and fire fighting chemicals.	657,000
Police service	Service provided from the Naples Police per contract.	32,000
U. S. Customs	Includes costs for the salaries for 2 inspectors, data processing, utilities, office supplies, and pest control and other building maintenance.	323,000
Dues/subscription/fees	Organizations and memberships, licenses, permits, fees, dues, subscriptions and publications.	50,000
Auto gas and diesel fuel	Auto gas and diesel fuel for NAA vehicles.	90,000
Pilot services	Various services made available to GA and corporate pilots, including satellite television service, newspapers, coffee, ice, flight crew real-time weather information, and red carpet service.	60,000
OPERATING EXPENSES EXCLUDING REPAIR & MAINTENANCE		8,414,000

FY 2015 OPERATING BUDGET ASSUMPTIONS

Account Name	Descriptions or Assumptions Used for Budgeted FY 2015	Amount:
Building maintenance	Routine repair and maintenance of NAA owned buildings, including carpet, furniture, and window cleaning, pressure cleaning of Authority buildings, fire alarm monitoring and inspections, elevator and indoor plant maintenance. Includes additional \$15,000 of non-routine maintenance for conversion to LED fixtures at various locations and \$1,500 for replacement of fire extinguishers. Building maintenance costs for Tower, ARFF or Customs are expensed in those specific line items.	151,000
Airfield maintenance	Routine repair and maintenance, including signage, tree service, paint, fence repair, runway lighting, security gates, and ramp lighting repair. Also includes \$50,000 for extraordinary runway striping and painting. Includes rent for off-airport ODAL property. Includes additional \$25,000 of non-routine maintenance for conversion to LED fixtures at various locations.	143,000
Grounds maintenance	Routine maintenance, including fertilizer, weed killer, mulch, sprinkler maintenance, plant maintenance, palm/hedge trimming and inoculation of palms. Annual drainage maintenance in the West Quadrant.	83,000
Vehicle maintenance	General repair and maintenance of NAA vehicles.	12,000
Equipment maintenance	General repair and maintenance of tractors and mowers, fuel farm and fueling equipment, radios, telephone system, and office equipment maintenance contracts.	177,000
Small tools, equipment and supplies	Maintenance small equipment and supplies and miscellaneous signage.	36,000
Cleaning supplies	Custodial cleaning and paper goods.	35,000
REPAIR & MAINTENANCE EXPENSES		637,000
OPERATING EXPENSES		9,051,000
OPERATING INCOME		\$ 3,901,000

**CITY OF NAPLES AIRPORT AUTHORITY
BUDGET SENSITIVITY ANALYSIS
FISCAL YEAR 2015**

<u>SENSITIVITY: UPSIDE (OPPORTUNITY)</u>	<u>Revenue Increase or Expense Decrease</u>
Fuel Revenue Increase	\$ minimal to \$ 500,000
<u>Amount:</u> Increase in aircraft operations or customer buying patterns could increase Net Fuel Revenue.	
<u>Timing:</u> Could occur throughout the year.	
Hangar Rent Revenue Increase	\$ minimal to \$ 25,000
<u>Amount:</u> The Authority has had as many as 35 T-hangars available to lease	
<u>Timing:</u> Could occur throughout the year.	
Land Rent Revenue Increase	\$ minimal to \$ 62,000
<u>Amount:</u> The Authority has approximately 112,000 square feet of land available to lease along Taxilane E and approximately the same amount of land available to the east of the Collier County Sheriff's facility.	
<u>Timing:</u> Could occur throughout the year. The land along Taxilane E has all of the infrastructure in place, however, the leasing of the land to the east of the Collier County Sheriff's facility would require the tenant to develop all of the necessary infrastructure, including a taxilane, at the tenant's cost.	
<u>SENSITIVITY: DOWNSIDE (RISK)</u>	<u>(Revenue Decrease) or (Expense Increase)</u>
Fuel Revenue Decrease	\$ (minimal) to \$ (substantial)
<u>Amount:</u> Downturn in the economy and/or high Jet A fuel costs could reduce projected fuel volumes.	
<u>Timing:</u> Could occur throughout the year, but must occur during the January through March time frame to have any significant impact.	
Hurricane or Other Disaster	\$ (minimal) to \$ (catastrophic)
<u>Amount:</u> Could be extreme, depending on strength and direction of storm and coincidence with the tide cycles. Impact includes lost revenue from interrupted fuel sales and concession activity, plus unusable hangars. Also, expenses for unanticipated repairs and replacements, cleanup, overtime, contractors, and supplies, partially offset by postponed projects and staff re-deployment.	
<u>Timing:</u> Hurricane most likely to occur for FY 2015 in October 2014 and August - September 2015.	
<u>Other Effects:</u> Cash flow impact could be significantly worse than revenue/expense impact due to delayed payments from insurance reimbursements and government disaster grants/loans. Major insurance coverage in place, including loss of revenue and building and equipment replacement. Naples Municipal Airport is a designated base for disaster relief and will receive immediate assistance from Federal and State agencies to get the airport operational in the event of a disaster or emergency. We have learned much in the events of the past few years, which will help us mitigate potential negative impact.	
Terrorist Event	\$ (minimal) to \$ (moderate)
<u>Amount:</u> Could be minimal to moderate, depending on type and duration of event.	
<u>Event:</u> Terrorist attack intended to cause significant national economic impact by damage to physical infrastructure or denial of use of a key economic sector. Could be specific to aviation (air traffic shutdown; fuel disruption) or not.	
<u>Timing:</u> Could occur anytime during the year.	

FY 2015 CAPITAL BUDGET INFORMATION

The FY 2014 Budget was amended by Board approval in April to support a capital improvement project for construction of a pond in the West Quad in the amount of \$1.3 million dollars.

The FY 2015 Capital Improvement Plan (CIP) on the following pages lists the major projects as well as the items submitted by the different departments for consideration. The first column of data, "Expenditures as of 9/30/13" represents prior years' expenditures on currently listed projects so that the "Project Total" reflects the total cost of the project.

The Authority's Capital Improvement Plan (CIP) is organized into two categories of capital projects for FY 2015 through FY 2019. Participatory projects meet the eligibility requirements for funding assistance from outside agencies and require a level of matching funds from the Authority. Non-participatory projects are anticipated to be fully funded by the Authority.

Participatory Projects

In FY 2015, the Authority's Capital Improvement Plan anticipates \$6.6 million in participatory projects. Eighty-two percent (82%) is anticipated in federal and state assistance and eighteen percent (18%) or \$1.2 million will be funded by the Authority.

The Five Year Capital Improvement Plan (FY 2015 – Unallocated) anticipates \$31.1 million in participatory projects with \$20.4 million in assistance from Federal (FAA) and State (FDOT) agencies, and \$10.7 million funded by the Authority. Of the \$20.4 million in anticipated outside funding assistance, to date \$1.5 has been obligated by the funding agency. The FAA and FDOT funding amounts shown for FY 2015 through FY 2019 are not guaranteed and do not reflect standard Authority match requirements. Anticipated participatory projects with a breakout of anticipated outside funding assistance are listed on the following pages.

Non-participatory Projects

In FY 2015, the Authority's Capital Improvement Plan anticipates \$11.2 million in non-participatory projects. The Five Year Capital Improvement Plan (FY 2015 – Unallocated) anticipates \$18.7 million for projects that are fully funded by the Authority.

The following pages list the items submitted by the different departments for consideration. **The acceptance of the Capital Budget for FY 2015 does not constitute automatic Board approval for each item listed. All items exceeding the Executive Director's Delegation of Powers must be brought before the Board for individual consideration and approval.**

FY 2015 - 2019 Capital Improvement Plan

Project	Expenditures as of 9/30/13	Estimated/Actual Expenditures					2019	Unallocated	Project Total
		2014	2015	2016	2017	2018			
TW A Extension & Water Management System Improvement-Phase I Design									
FAA Funding	1,066,000	10,000	-	-	-	-	-	1,076,000	
FDOT Funding	59,000	1,000	-	-	-	-	-	60,000	
Other Funding	-	-	-	-	-	-	-	-	
NAA Share	59,000	1,000	-	-	-	-	-	60,000	
Project Total	1,184,000	12,000	-	-	-	-	-	1,196,000	
TW A Extension & Water Management System Improvement--Phase II Construction									
FAA Funding	121,000	4,297,000	99,000	-	-	-	-	4,517,000	
FDOT Funding	6,000	238,000	5,000	-	-	-	-	249,000	
Other Funding	-	-	-	-	-	-	-	-	
NAA Share	6,000	238,000	6,000	-	-	-	-	250,000	
Project Total	133,000	4,773,000	110,000	-	-	-	-	5,016,000	
North & South General Aviation and Commercial ramps--mill & overlay paving									
FAA Funding	-	1,425,000	1,425,000	1,426,000	-	-	-	4,276,000	
FDOT Funding	-	37,000	37,000	37,000	-	-	-	111,000	
Other Funding (CFC)	-	-	-	-	-	-	-	-	
NAA Share	-	38,000	38,000	39,000	-	-	-	115,000	
Project Total	-	1,500,000	1,500,000	1,502,000	-	-	-	4,502,000	
Airport Fire Station Replacement at existing location without City funding									
FAA Funding	-	270,000	2,250,000	-	-	-	-	2,520,000	
FDOT Funding	-	15,000	125,000	-	-	-	-	140,000	
Other Funding (CFC)	-	-	-	-	-	-	-	-	
NAA Share	-	15,000	125,000	-	-	-	-	140,000	
Project Total	-	300,000	2,500,000	-	-	-	-	2,800,000	
East Quad ramp addition									
FAA Funding	-	-	-	-	-	-	-	-	
FDOT Funding	-	400,000	3,040,000	-	-	-	-	3,440,000	
Other Funding	-	-	-	-	-	-	-	-	
NAA Share	-	100,000	761,000	-	-	-	-	861,000	
Project Total	-	500,000	3,801,000	-	-	-	-	4,301,000	
Taxiway D Realignment - Design & Construction									
FAA Funding	-	-	315,000	2,250,000	-	-	-	2,565,000	
FDOT Funding	-	-	17,000	125,000	-	-	-	142,000	
Other Funding	-	-	-	-	-	-	-	-	
NAA Share	-	-	18,000	125,000	-	-	-	143,000	
Project Total	-	-	350,000	2,500,000	-	-	-	2,850,000	
Runway 14-32 paving									
FAA Funding	-	-	-	-	-	-	-	-	
FDOT Funding	2,000	265,000	1,733,000	-	-	-	-	2,000,000	
Other Funding	-	-	-	-	-	-	-	-	
NAA Share	1,000	66,000	667,000	-	-	-	-	734,000	
Project Total	3,000	331,000	2,400,000	-	-	-	-	2,734,000	
Relocate S Aviation Drive, parking and utility realignment									
FAA Funding	-	-	-	-	-	-	-	-	
FDOT Funding	-	1,400,000	-	-	-	-	-	1,400,000	
Other Funding	-	-	-	-	-	-	-	-	
NAA Share	-	350,000	-	-	-	-	-	350,000	
Project Total	-	1,750,000	-	-	-	-	-	1,750,000	

FY 2015 - 2019 Capital Improvement Plan

Project	Expenditures as of 9/30/13	Estimated/Actual Expenditures		2015	2016	2017	2018	2019	Unallocated	Project Total
		2014	2014							
Commercial Terminal Upgrades & Parking Lot Rehab--Phase I										
FAA Funding	\$1,187,000	\$4,307,000	\$1,794,000	\$3,990,000	\$3,676,000				2,000,000	2,000,000
FDOT Funding	\$67,000	\$504,000	\$3,590,000	\$3,219,000	\$162,000				2,000,000	2,000,000
Other Funding										
NAA Share									8,400,000	8,400,000
Project Total	1,320,000	5,116,000	6,560,000	8,151,000	4,002,000				12,400,000	12,400,000
Total Participatory Projects										
FAA Funding	\$1,187,000	\$4,307,000	\$1,794,000	\$3,990,000	\$3,676,000				\$2,000,000	\$16,954,000
FDOT Funding	\$67,000	\$504,000	\$3,590,000	\$3,219,000	\$162,000				\$2,000,000	\$9,542,000
Other Funding										
NAA Share									8,400,000	8,400,000
Project Total	1,320,000	5,116,000	6,560,000	8,151,000	4,002,000				12,400,000	37,549,000
West Quad detention pond-engineering study	46,000	-	-	-	-	-	-	-	-	46,000
West Quad detention pond	-	125,000	1,300,000	-	-	-	-	-	-	1,425,000
Runway 14-32 Safety Area Improvements - Design & Construction	-	250,000	3,000,000	-	-	-	-	-	-	3,250,000
Observation Area	9,000	15,000	-	-	-	-	-	-	-	24,000
Purchase/development of airport facilities	2,262,000	1,500,000	2,500,000	-	-	-	-	-	-	6,262,000
Flat Bed Dump Truck Replacement	39,000	-	-	-	-	-	-	-	-	39,000
Video/TV recording system in AOB	80,000	-	-	-	-	-	-	-	-	80,000
Airport Office Building - Hurricane windows	73,000	-	-	-	-	-	-	-	-	73,000
Control Tower elevator electrical refurbishment	30,000	40,000	-	-	-	-	-	-	-	70,000
Land Clearing-Landfill site	25,000	-	-	-	-	-	-	-	-	25,000
Purchase incinerator for international trash	31,000	-	-	-	-	-	-	-	-	31,000
Replace GPU #1	32,000	-	-	-	-	-	-	-	-	32,000
Lekrotung #9 refurbishment	25,000	-	-	-	-	-	-	-	-	25,000
Purchase & implement financial system	21,000	68,000	-	-	-	-	-	-	-	89,000
Facilities Building remodel	46,000	19,000	206,000	-	-	-	-	-	-	271,000
GA Canopy covered walkway canvas	-	60,000	-	-	-	-	-	-	-	60,000
Airport Office Building roof replacement	-	419,000	-	-	-	-	-	-	-	419,000
Purchase two Jet A fuel trucks, 5000 gal	-	475,000	-	-	-	-	-	-	-	475,000
Facilities Workshop-add 2 Bay Bldg. generator and Shade Cover	-	-	-	-	-	-	-	-	-	-
Replace Bi-Fold Hangar Doors (2300 - 2400)	-	-	250,000	250,000	250,000	250,000	250,000	250,000	-	1,250,000
Refurbish Hangar roofs, hardware, and metal skeletons	-	-	150,000	150,000	150,000	150,000	150,000	150,000	-	750,000
Obstruction Removal-Conservation Collier Easement	-	150,000	-	-	-	-	-	-	-	150,000
Executive Hangar-Paint red iron, roof, door opener, reface doors	-	200,000	-	-	-	-	-	-	-	200,000
Replace Security vehicle#1 (from 2008)	-	18,000	-	-	-	-	35,000	-	-	53,000
Replace North self-fueler piping/pump	-	-	280,000	-	-	-	-	-	-	280,000
Upgrade irrigation systems- upgrade '15, replace '18	-	-	15,000	-	-	-	50,000	-	-	65,000
General Aviation Traffic Improvements:Radio Rd etal	-	-	30,000	1,500,000	-	-	-	-	-	1,530,000
Runway 5 end run-up pad	-	-	700,000	-	-	-	-	-	-	700,000
Demolish old Eastern Hangar (CAS) & clear Corp Flt Circle	-	-	85,000	-	-	-	-	-	-	85,000
Obstruction Removal	-	-	30,000	30,000	30,000	30,000	30,000	30,000	-	150,000
Replace 3 North Road Berms with Sound walls	-	-	100,000	100,000	200,000	-	-	-	-	400,000
Connect Corporate Flt Dr Walkway to Greenway	-	-	50,000	-	-	-	-	-	-	50,000
AOB to GA paving, Fence, & Walkway	-	100,000	-	-	-	-	-	-	-	100,000
Baker Park Avigation Easement	-	750,000	-	-	-	-	-	-	-	750,000
Facilities Equipment Canopy - Remove and replace along fence	-	125,000	-	-	-	-	-	-	-	125,000
Fence, equipment canopy & charging stations at GA & London	-	73,000	-	-	-	-	-	-	-	73,000
South Ramp wash rack Trench drain repair	-	35,000	-	-	-	-	-	-	-	35,000
Replace 3 oldest gates & operators- 2-S, 4-E, 5-S	-	60,000	-	-	-	-	-	-	-	60,000
Roof Coating on 1000 & 2000 Hangars	-	30,000	-	30,000	-	-	-	-	-	90,000
4 Wheel Drive 1/2 ton truck	-	-	35,000	-	-	-	-	-	-	35,000
Refurbish Fuel Farm Road Road - 1" mill & overlay & repair	-	-	90,000	-	-	-	-	-	-	90,000

FY 2015 - 2019 Capital Improvement Plan

Project	Expenditures as of 9/30/13	Estimated/Actual Expenditures					2019	Unallocated	Project Total
		2014	2015	2016	2017	2018			
Replace gate 2-S operator & 80' of 7' fence	-	-	400,000	35,000	-	-	-	35,000	
Inspect and clean & repair all outside culverts & swales	-	-	120,000	60,000	-	-	-	400,000	
Run fiber optics between buildings & connect to Internet	-	-	80,000	-	-	-	-	180,000	
Purchase & implement document mgt system for electronic records	-	-	30,000	35,000	-	-	-	80,000	
Replace Ops Van	-	-	35,000	-	-	-	-	65,000	
Replace GPU #3	-	-	36,000	-	-	-	-	35,000	
Purchase additional Ford Expedition (2014)	-	-	70,000	-	-	-	-	36,000	
Replace Airstart	-	-	95,000	-	-	-	-	70,000	
Replace Lektro #7	-	-	175,000	-	-	-	-	95,000	
Aircraft canopy (rampside)	-	-	-	-	1,500,000	-	-	1,500,000	
Commercial Terminal Refurbishment	4,000	-	-	-	-	-	-	179,000	
Replace Facilities Trucks (4)	-	-	120,000	-	-	-	-	120,000	
Replace/upgrade existing Cisco phone system Call Manager	-	-	150,000	-	-	-	-	150,000	
Replace Limo golf cart	-	-	62,000	-	-	-	-	62,000	
Replace Ops van#2	-	-	35,000	-	-	-	-	35,000	
Purchase electric tug to replace gas tug (Green Plan)	-	-	62,000	-	-	-	-	162,000	
Replace vehicle OPS1 (2008)	-	-	-	-	35,000	-	-	35,000	
Purchase Bobcat Track Loader T870	-	-	-	-	-	-	-	120,000	
Replace Tractor	-	-	-	-	-	-	-	50,000	
Additional Equipment Canopy	-	-	-	-	-	-	-	50,000	
ATC equipment replacement	-	-	-	-	-	-	-	40,000	
Portable ramp for Control Tower	-	-	-	-	-	-	-	75,000	
Design/build Communications Center	-	-	-	-	-	-	-	54,000	
Airline equipment & upgrade Commercial Terminal	-	-	-	-	-	-	-	525,000	
Information Technology	45,000	21,000	97,000	25,000	200,000	200,000	-	613,000	
Individual expenditures of \$25,000 or less	191,000	230,000	161,000	31,000	27,000	30,000	14,000	684,000	
Total Non-Participatory Projects	2,959,000	3,590,000	11,228,000	2,800,000	712,000	760,000	928,000	25,227,000	
Grand Total	\$ 4,279,000	\$ 8,706,000	\$ 17,788,000	\$ 10,951,000	\$ 4,714,000	\$ 2,250,000	\$ 1,328,000	\$ 62,776,000	
Capital Improvement Plan Summary									
Total Participatory Projects	\$ 1,320,000	\$ 5,116,000	\$ 6,560,000	\$ 8,151,000	\$ 4,002,000	\$ -	\$ 12,400,000	\$ 37,549,000	
Total Non-Participatory Projects	2,959,000	3,590,000	11,228,000	2,800,000	712,000	760,000	928,000	25,227,000	
Total All Projects	\$ 4,279,000	\$ 8,706,000	\$ 17,788,000	\$ 10,951,000	\$ 4,714,000	\$ 2,250,000	\$ 13,328,000	\$ 62,776,000	
Funding Sources									
FAA Funding	\$ 1,187,000	\$ 4,307,000	\$ 1,794,000	\$ 3,990,000	\$ 3,676,000	\$ -	\$ 2,000,000	\$ 16,954,000	
FDOT Funding	67,000	504,000	3,590,000	3,219,000	162,000	-	-	9,542,000	
Other Funding	-	-	-	-	-	-	-	-	
NAAA Share	3,025,000	3,895,000	12,404,000	3,742,000	876,000	760,000	9,328,000	36,280,000	
	\$ 4,279,000	\$ 8,706,000	\$ 17,788,000	\$ 10,951,000	\$ 4,714,000	\$ 2,250,000	\$ 13,328,000	\$ 62,776,000	

CASH FLOW AND CASH ALLOCATION: FY 2014 FORECAST

The following Cash Flow and Cash Allocation: FY 2015 Forecast displays the Authority's anticipated cash balances from FY 2014 through FY 2019. This information shows the effect on cash resulting from projected operating revenues and expenses and the Authority's Capital Improvement Plan. FY 2014 Cash and Equivalents increase by \$1.5 million as a result of operating net income exceeding the amount of Authority-funded capital improvement projects. Cash and Equivalents are projected to decrease in FY 2015 by \$8.2 million because of anticipated major capital investments. In FY 2016 and FY 2017, the majority of the cost of capital projects is anticipated to be funded from outside sources. During FY 2018 – 2019, cash and equivalents increase, reflecting reduced capital improvement spending.

This cash flow demonstrates that the Authority should be able to complete the anticipated Five Year Capital Improvement Plan without outside financing, as long as the anticipated levels of FAA and FDOT funding are received. It is important to note that the \$13.3 million in capital improvement projects listed as "Unallocated" on pages 20 through 23 are not included in the forecast.

The Forecast also shows the continuation of CFCs throughout FY 2019. The Cash Allocation section of the report provides information on restricted (specific use) funds, unrestricted funds, operating and capital reserves, and unallocated cash. Operating and Capital Reserves will remain at \$4.0 million to provide for yet to be identified or unexpected (emergency/disaster) operating and capital expenditures.

**CITY OF NAPLES AIRPORT AUTHORITY
CASH FLOW AND CASH ALLOCATION: FY 2015 FORECAST**

	FORECAST						
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2018	FY 2019
CASH FLOW							
Operating Revenue	\$ 13,058,000	\$ 12,952,000	\$ 13,341,000	\$ 13,741,000	\$ 14,153,000	\$ 14,578,000	\$ 14,578,000
Operating Expense	(8,137,000)	(9,051,000)	(9,413,000)	(9,790,000)	(10,182,000)	(10,589,000)	(10,589,000)
Operating Income	4,921,000	3,901,000	3,928,000	3,951,000	3,971,000	3,989,000	3,989,000
Adjustment for Non-Cash Items	(56,000)	(57,000)	(58,000)	(32,000)	-	-	-
Adjustment for Working Capital	50,000	(3,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Cash Flow from Operating Activities	4,915,000	3,841,000	3,860,000	3,909,000	3,961,000	3,979,000	3,979,000
Operating Grants Received	-	-	-	-	-	-	-
Cash Flows from Non-capital Financing Activities	-	-	-	-	-	-	-
Acquisition, Construction of Capital Assets	(8,706,000)	(17,788,000)	(10,951,000)	(4,714,000)	(2,250,000)	(760,000)	(760,000)
Capital Contributions	4,811,000	5,384,000	7,209,000	3,838,000	-	-	-
Proceeds from Sale of Capital Assets	4,000	-	-	-	-	-	-
Customer Facility Charge Revenue	235,000	232,000	182,000	182,000	182,000	182,000	182,000
<i>NAA Portion of Acquisition & Construction</i>	<i>(3,656,000)</i>	<i>(12,172,000)</i>	<i>(3,560,000)</i>	<i>(694,000)</i>	<i>(2,068,000)</i>	<i>(578,000)</i>	<i>(578,000)</i>
Interest Earned from Capital & Related Activities	-	-	-	-	-	-	-
Cash Flow from Capital & Related Activities	(3,656,000)	(12,172,000)	(3,560,000)	(694,000)	(2,068,000)	(578,000)	(578,000)
Interest Revenue	69,000	70,000	37,000	39,000	52,000	59,000	73,000
Cash transferred from SBA Fund B Investments	113,000	42,000	-	-	-	-	-
Other Revenue	47,000	-	-	-	-	-	-
Cash Flow from Investing Activities	229,000	112,000	37,000	39,000	52,000	59,000	73,000
Increase (Decrease) in Cash and Equivalents:	1,488,000	(8,219,000)	337,000	3,254,000	1,945,000	3,460,000	3,474,000
Cash and Equivalents at Beginning of Period	16,060,000	17,548,000	9,329,000	9,666,000	12,920,000	14,865,000	14,865,000
Cash and Equivalents at End of Period	17,548,000	9,329,000	9,666,000	12,920,000	14,865,000	18,325,000	18,339,000
CASH ALLOCATION							
Compensating Balance - Services	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
CFC Account Balance	880,000	1,112,000	1,294,000	1,476,000	1,658,000	1,840,000	1,840,000
Restricted Cash	2,380,000	2,612,000	2,794,000	2,976,000	3,158,000	3,340,000	3,340,000
Unrestricted Cash	15,168,000	6,717,000	6,872,000	9,944,000	11,707,000	14,985,000	14,999,000
Capital Reserves at End of Period							
Reserves	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Unallocated Cash	\$ 11,168,000	\$ 2,717,000	\$ 2,872,000	\$ 5,944,000	\$ 7,707,000	\$ 10,985,000	\$ 10,999,000

FY 2015 APPROPRIATION FOR EXPENDITURES AND RESERVES

SCHEDULE OF AVAILABLE RESOURCES, REVENUES, RECEIPTS, EXPENSES AND EXPENDITURES

Florida Statute 189.418(3) requires that the governing body of a special district adopt a budget by resolution each fiscal year. The total amount available from revenues and other sources, including amounts carried forward from prior fiscal years, must equal the total of appropriations for expenditures and reserves. The adopted budget regulates the total expenditures of the special district for the fiscal year, and it is unlawful for any officer of a special district to expend or contract for expenditures that exceed the budgeted appropriations.

The schedule on pages 27 and 28 is used to clarify the Authority's intent as to setting the "total of appropriation for expenditures and reserves" for FY 2015. The Authority's sources of revenues and receipts include both operating and non-operating revenues and contributed capital. The Authority's expenses and expenditures include operating and non-operating expenses, capital projects and principal and interest payments. Depreciation expense is not included since the outlay for capital projects either occurred in the past or is reflected in this schedule. The available resources at the beginning of the year and year-end are not representative of the Authority's actual cash on hand, since the Authority reports revenues and receipts when earned, not received from the customers, and reports expenses and expenditures when incurred, not when paid to the vendor.

For FY 2015, total available resources, revenues and receipts is projected to be \$39,600,000 and total expenses and expenditures is projected to be \$26,839,000. Total available resources at year-end is \$12,761,000, a decrease of \$8.2 million from estimated FY 2014. This decrease is largely attributable to the Authority's use of their own funds for capital projects.

The Schedule of Available Resources, Revenues, Receipts, Expenses and Expenditures is consistent with Generally Accepted Accounting Principles (GAAP) except that in order to clarify the Authority's intent for total expenses and expenditures, capital projects and principal payments on notes payable are included as expenditures and depreciation and amortization are excluded. When there is a difference between the budgetary basis of accounting and GAAP, a reconciliation must be provided. The reconciliation between Budgetary and GAAP Change in Net Assets is provided at the bottom of page 28.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

This statement showing comparison information for FY 2013 – FY 2015 may be found on page 29.

CITY OF NAPLES AIRPORT AUTHORITY
SCHEDULE OF AVAILABLE RESOURCES, REVENUES, RECEIPTS, EXPENSES AND EXPENDITURES

	ACTUAL FY 2013	ORIGINAL BUDGET FY 2014	FINAL BUDGET FY 2014	ESTIMATED FY 2014	BUDGET FY 2015	Increase (Decrease) from Estimated FY 2014	
AVAILABLE RESOURCES, REVENUES AND RECEIPTS							
AVAILABLE RESOURCES AT BEGINNING OF YEAR							
Restricted	\$ 648,000	\$ 655,000	\$ 655,000	\$ 692,000	\$ 880,000	\$ 188,000	27%
Operating & capital reserves	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	-	0%
Unrestricted	13,815,000	11,408,000	11,408,000	14,893,000	16,082,000	1,189,000	8%
Total available resources at beginning of year	18,463,000	16,063,000	16,063,000	19,585,000	20,962,000	1,377,000	7%
OPERATING REVENUES							
Fuel sales (net)	6,580,000	6,649,000	6,649,000	7,936,000	7,596,000	(340,000)	-4%
Concession fees	692,000	699,000	699,000	726,000	749,000	23,000	3%
Hangar/T-shelter/tiedown rents	2,008,000	1,985,000	1,985,000	2,257,000	2,406,000	149,000	7%
Building and land rents	1,023,000	1,217,000	1,217,000	1,221,000	1,245,000	24,000	2%
Line services	697,000	504,000	504,000	641,000	667,000	26,000	4%
U.S. Customs user fees	174,000	176,000	176,000	252,000	264,000	12,000	5%
Fuel vendor's cooperative marketing	9,000	11,000	11,000	24,000	20,000	(4,000)	-17%
Other	0	1,000	1,000	1,000	5,000	4,000	400%
Net operating revenues	11,183,000	11,242,000	11,242,000	13,058,000	12,952,000	(106,000)	-1%
NON-OPERATING REVENUES							
Customer facility charges	231,000	232,000	232,000	235,000	232,000	(3,000)	-1%
Other income/net insurance proceeds	3,000	-	-	47,200	-	-	-
Investment earnings	94,000	48,000	48,000	69,000	70,000	1,000	1%
Federal grant	-	-	-	-	-	-	-
Total non-operating revenues	328,000	280,000	280,000	351,200	302,000	(49,200)	-14%
RECEIPTS							
Principal repayment - note receivable	-	-	-	-	-	-	0%
Capital contributions	1,099,000	6,496,000	6,496,000	4,811,000	5,384,000	573,000	12%
Total receipts	1,099,000	6,496,000	6,496,000	4,811,000	5,384,000	573,000	12%
TOTAL REVENUES AND RECEIPTS	12,610,000	18,018,000	18,018,000	18,220,200	18,638,000	417,800	2%
TOTAL AVAILABLE RESOURCES, REVENUES AND RECEIPTS	\$ 31,073,000	\$ 34,081,000	\$ 34,081,000	\$ 37,805,200	\$ 39,600,000	\$ 1,794,800	5%

(Continued)

CITY OF NAPLES AIRPORT AUTHORITY
SCHEDULE OF AVAILABLE RESOURCES, REVENUES, RECEIPTS, EXPENSES AND EXPENDITURES

	ACTUAL FY 2013	ORIGINAL BUDGET FY 2014	FINAL BUDGET FY 2014	ESTIMATED FY 2014	BUDGET FY 2015	Increase (Decrease) from Estimated FY 2014	
TOTAL AVAILABLE RESOURCES, REVENUES AND RECEIPTS	\$ 31,073,000	\$ 34,081,000	\$ 34,081,000	\$ 37,805,200	\$ 39,600,000	\$ 1,794,800	5%
EXPENSES AND EXPENDITURES							
OPERATING EXPENSES							
Personnel	4,090,000	4,463,000	4,463,000	4,515,000	5,045,000	530,000	12%
Professional fees	685,000	698,000	698,000	757,000	954,000	197,000	26%
Communications	148,000	144,000	144,000	207,000	183,000	(24,000)	-12%
Insurance	496,000	496,000	496,000	472,000	506,000	34,000	7%
Utilities and environmental	261,000	305,000	305,000	290,000	321,000	31,000	11%
Office/postage/printing	69,000	81,000	81,000	94,000	127,000	33,000	35%
ATCT, ARFF and police service	677,000	755,000	755,000	684,000	755,000	71,000	10%
U. S. Customs	279,000	318,000	318,000	305,000	323,000	18,000	6%
Dues/subscriptions/fees	39,000	32,000	32,000	40,000	50,000	10,000	25%
Auto gas and diesel fuel	73,000	80,000	80,000	72,000	90,000	18,000	25%
Pilot services	53,000	57,000	57,000	56,000	60,000	4,000	7%
Maintenance and repair	488,000	545,000	545,000	645,000	637,000	(8,000)	-1%
Operating expenses	7,358,000	7,974,000	7,974,000	8,137,000	9,051,000	914,000	11%
CAPITAL EXPENDITURES	4,114,000	12,148,000	13,448,000	8,706,000	17,788,000	9,082,000	104%
NON-OPERATING EXPENSES	-	-	-	-	-	-	0%
DEBT SERVICE EXPENSES AND EXPENDITURES							
Principal payments	-	-	-	-	-	-	0%
Interest expense	-	-	-	-	-	-	0%
Rental credit expense	16,000	-	-	-	-	-	0%
Total debt service expenses and expenditures	16,000	-	-	-	-	-	0%
TOTAL EXPENSES AND EXPENDITURES	11,488,000	20,122,000	21,422,000	16,843,000	26,839,000	9,996,000	59%
AVAILABLE RESOURCES AT YEAR END							
Restricted	692,000	667,000	667,000	880,000	1,112,000	232,000	26%
Operating and capital reserves	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	-	0%
Unrestricted	14,782,000	9,292,000	7,992,000	16,082,200	7,649,000	(8,433,200)	-52%
TOTAL AVAILABLE RESOURCES AT YEAR END	19,585,000	13,959,000	12,659,000	20,962,200	12,761,000	(8,201,200)	-39%
NET CHANGE IN AVAILABLE RESOURCES BALANCE	\$ 1,122,000	\$ (2,104,000)	\$ (6,926,000)	\$ 1,377,200	\$ (8,201,000)	\$ (9,578,200)	-695%
RECONCILIATION OF BUDGETARY BASIS TO GAAP							
CHANGE IN NET ASSETS - BUDGETARY BASIS	\$ 1,122,000	\$ (2,104,000)	\$ (6,926,000)	\$ 1,377,200	\$ (8,201,000)		
Add: Capital expenditures	4,114,000	12,148,000	13,448,000	8,706,000	17,788,000		
Principal payments	-	-	-	-	-		
Less: Depreciation expense	(3,241,000)	(3,256,000)	(3,332,000)	(3,332,000)	(3,700,000)		
Gain (Loss) on disposal of capital assets	20,000	-	-	4,000	-		
CHANGE IN NET ASSETS - GAAP	\$ 2,015,000	\$ 6,788,000	\$ 3,190,000	\$ 6,755,200	\$ 5,887,000		

CITY OF NAPLES AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FISCAL YEAR 2015

	ACTUAL FY 2013	ORIGINAL BUDGET FY 2014	FINAL BUDGET FY 2014	ESTIMATED FY 2014	BUDGET FY 2015
OPERATING REVENUES					
Fuel sales (net)	\$ 6,580,000	\$ 6,649,000	\$ 6,649,000	\$ 7,936,000	\$ 7,596,000
Concession fees	692,000	699,000	699,000	726,000	749,000
Hangar/T-shelter/tiedown rents	2,008,000	1,985,000	1,985,000	2,257,000	2,406,000
Building and land rents	1,023,000	1,217,000	1,217,000	1,221,000	1,245,000
Line services	697,000	504,000	504,000	641,000	667,000
U. S. Customs user fees	174,000	176,000	176,000	252,000	264,000
Fuel vendor's cooperative marketing	9,000	11,000	11,000	24,000	20,000
Other	-	1,000	1,000	1,000	5,000
Net operating revenues	<u>11,183,000</u>	<u>11,242,000</u>	<u>11,242,000</u>	<u>13,058,000</u>	<u>12,952,000</u>
OPERATING EXPENSES					
Personnel	4,090,000	4,463,000	4,463,000	4,515,000	5,045,000
Professional fees	685,000	698,000	698,000	757,000	954,000
Communications	148,000	144,000	144,000	207,000	183,000
Insurance	496,000	496,000	496,000	472,000	506,000
Utilities and environmental	261,000	305,000	305,000	290,000	321,000
Office/postage/printing	69,000	81,000	81,000	94,000	127,000
ATCT, ARFF and police service	677,000	755,000	755,000	684,000	755,000
U. S. Customs	279,000	318,000	318,000	305,000	323,000
Dues/subscriptions/fees	39,000	32,000	32,000	40,000	50,000
Auto gas and diesel fuel	73,000	80,000	80,000	72,000	90,000
Pilot services	53,000	57,000	57,000	56,000	60,000
Maintenance and repair	488,000	545,000	545,000	645,000	637,000
Miscellaneous expense	-	-	-	-	-
Depreciation and amortization	3,241,000	3,256,000	3,256,000	3,332,000	3,700,000
Total operating expenses	<u>10,599,000</u>	<u>11,230,000</u>	<u>11,230,000</u>	<u>11,469,000</u>	<u>12,751,000</u>
Operating income (loss)	<u>584,000</u>	<u>12,000</u>	<u>12,000</u>	<u>1,589,000</u>	<u>201,000</u>
NON-OPERATING REVENUES (EXPENSES)					
Customer facility charges	231,000	232,000	232,000	235,000	232,000
Interest revenue	71,000	48,000	48,000	69,000	70,000
Unrealized gain (loss) on investments	23,000	-	-	-	-
Interest expense	(16,000)	-	-	-	-
Other income	3,000	-	-	47,200	-
Gain on disposal of capital assets	20,000	-	-	4,000	-
Total non-operating revenues (expenses)	<u>332,000</u>	<u>280,000</u>	<u>280,000</u>	<u>355,200</u>	<u>302,000</u>
Income before capital contributions	916,000	292,000	292,000	1,944,200	503,000
Capital contributions	1,099,000	6,496,000	6,496,000	4,811,000	5,384,000
Change in net assets	2,015,000	6,788,000	6,788,000	6,755,200	5,887,000
Total net assets - beginning	<u>65,761,000</u>	<u>69,119,000</u>	<u>69,119,000</u>	<u>67,776,000</u>	<u>74,531,200</u>
Total net assets - ending	<u>\$ 67,776,000</u>	<u>\$ 75,907,000</u>	<u>\$ 75,907,000</u>	<u>\$ 74,531,200</u>	<u>\$ 80,418,200</u>