

CITY OF NAPLES AIRPORT AUTHORITY

FISCAL YEAR 2016

OPERATING

AND

CAPITAL BUDGET

September 17, 2015



FISCAL YEAR 2016 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 2014 audited value of \$74 million. The Florida Department of Transportation values the airport’s economic impact to the community at more than \$283 million annually.

The Operating and Capital Budget for FY 2016 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 3.3% over the previous year, and Jet A gallons pumped increased more than 28%. The question for FY 2016 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 four 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 2016 is projected to be \$4.4 million. The Budget reflects Net Income of \$724,000 after depreciation expense of \$4.1 million.

The Five (5) Year Capital Improvement Plan includes, in FY 2016, \$1.9 million for the mill and overlay paving of the Commercial and North and South General Aviation ramps; \$426,000 for the East Quadrant ramp addition; \$350,000 for the design and construction of Taxiway D realignment; and \$300,000 for the design of a replacement for the Airport Fire Station. Federal and state funding is anticipated for each of these projects. The Authority’s capital improvement plan for FY 2016 – FY 2020 would direct \$32.2 million into the local economy.

The FY 2016 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 2016 are summarized as follows:

<u>Operating Budget</u>		<u>Capital Budget</u>	
Operating Revenues	\$ 14,233,000	Capital – Participatory	\$ 3,952,000
Operating Expenses	<u>(9,800,000)</u>	Capital – Non-Participatory	<u>6,458,000</u>
Operating Income	4,433,000	Total Capital Budget	10,410,000
Other Revenues (Expenses)	341,000	Total Outside Funding	<u>2,557,000</u>
Depreciation Expense	<u>(4,050,000)</u>	Authority Funds	<u>\$ 7,853,000</u>
Net Income	<u>\$ 724,000</u>		

The FY 2016 Capital Budget reflects the completion of the Water Management System Improvement project and the West Quad Pond project during FY 2015; however water quality monitoring for the Water Management System Improvements will continue through December 2015. Expenditures associated with the monitoring are directly covered by the Florida Department of Transportation.

The FY 2016 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 2016.

COMPARISON OF AIRCRAFT OPERATIONS AND FUEL SALES IN GALLONS

Aircraft operations during FY 2015 are expected to increase by three percent (3%) from the FY 2014 activity level. The estimated total operations for FY 2015 of 99,000 will be a decrease of thirty-nine percent (39%) from the highest level of 163,400 operations, reached at the airport in FY 2005. This will be the sixth year in a row where aircraft operations have been below 100,000. Total operations are expected to increase by three percent (3%) in FY 2016 to 101,000. VFR (Visual Flight Rules) operations account for the greatest decrease in aircraft operations, expected to be forty-six percent (46%) 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 2015 IFR (Instrument Flight Rules) operations are expected to be sixteen percent (16%) fewer than the FY 2005 activity level and are projected to increase by 3% to 39,000 for FY 2016.

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 2016 to 6.3 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 389,000 in FY 2015 and 408,000 in FY 2016.

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.

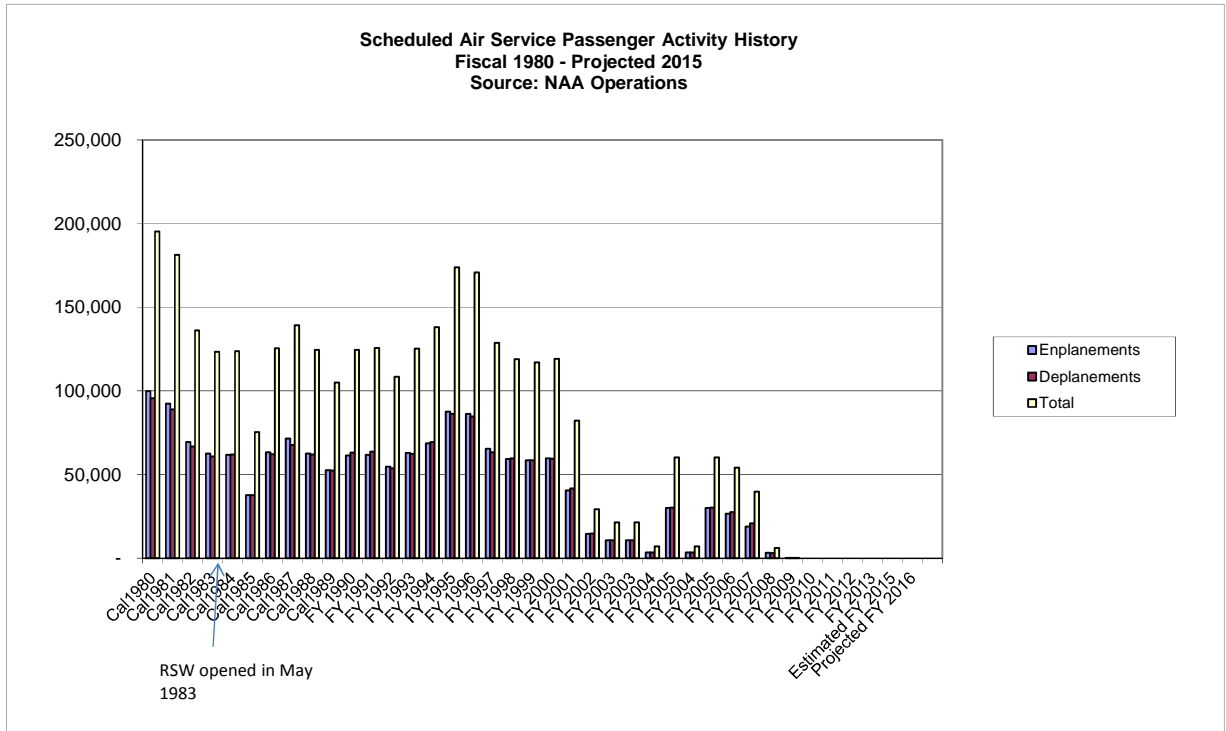
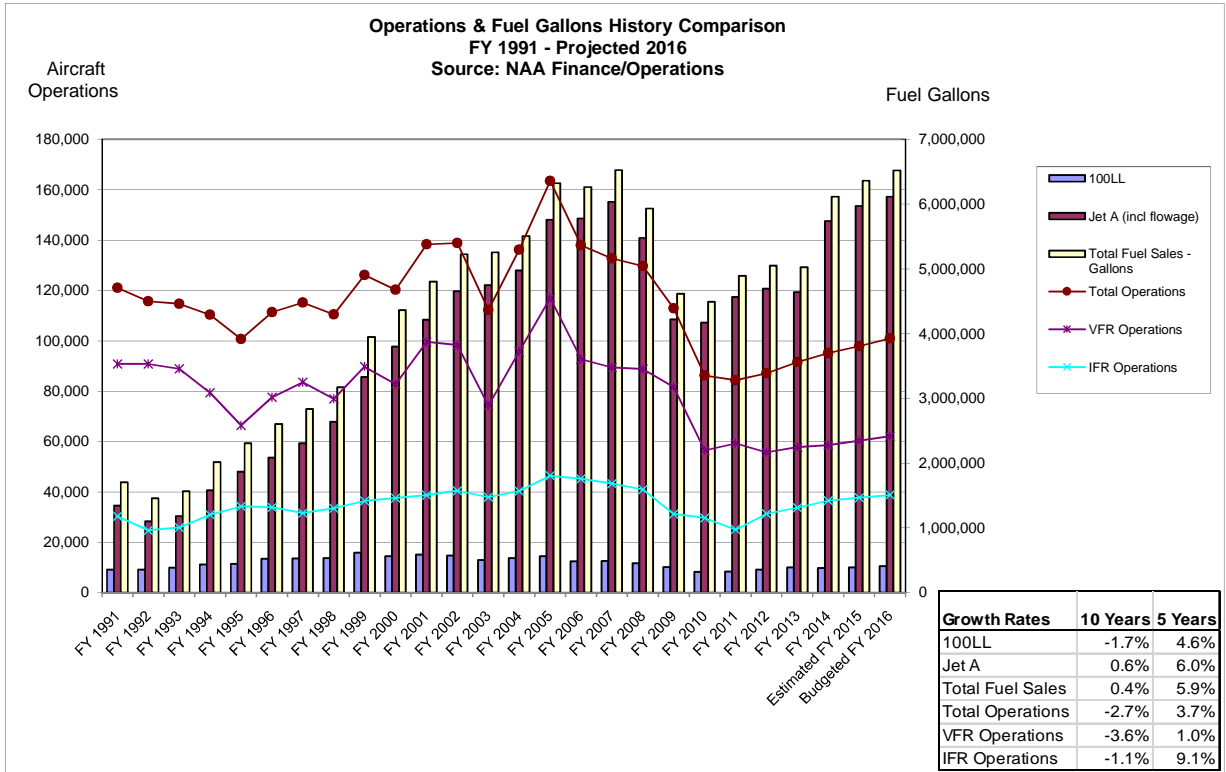
COMPARISON OF SCHEDULED AIR SERVICE PASSENGER ACTIVITY

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 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 Fort Lauderdale.

The Authority continues to work with an air service consultant to measure support of the community for air service from Naples. Surveys of residents conducted during April 2015 and later interviews with businesses and hospitality centers showed a strong desire for commercial service. 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 2016 Budget

Key Assumptions

- Operations will continue to recover (estimated at 3%)
- Jet A fuel sales have increased over the past 24 months but growth has slowed
- No change in Aviation Fuel Programs
- Potential for scheduled airline service
- Car rental concession revenues increase (estimated at 4%)
- Slight increase in building, land, hangar and other rental rates
- Major capital projects completed/move forward on schedule (total projected costs):
 - North & South General Aviation and Commercial ramps -
mill & overlay paving \$4.53 M
 - East Quad ramp addition \$3.80 M
 - Purchase/development of airport facilities, including
Taxiway D and Taxilane F \$2.90 M
 - 14/32 displaced thresholds with blast deflectors \$1.88 M
 - General Aviation Traffic Improvements: Radio Road, et al \$1.75 M
- No debt
- Operating and capital reserves remain at \$4.0 M

FY 2016 OPERATING BUDGET INFORMATION

To develop FY 2016 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 2016 operating budget reflects operating income of \$4.4 million.

OPERATING REVENUES AND EXPENSES

FY 2015 revenue estimates are based on the actual revenues from October 2014 through August 2015, and actual activity for September 2014 adjusted for current rates and charges and known changes in activity. FY 2016 fuel revenue projections are based on actual FY 2014 and FY 2015 levels increased by the projected growth rate in Operations adjusted for projected rates and charges and anticipated changes in activity.

FY 2016 revenues from the users of the Airport (after cost of goods sold) are projected to total \$14.2 million, representing a conservative \$546,000 increase over FY 2015.

- 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 increase by \$344,000 from FY 2015. This increase is projected on a 2.5% increase in Jet A gallons pumped, based on a successfully enhanced Volume Discount program as well as strong FY 2015 sales in the Full Service program. Any other 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 increase by 5.0% over the FY 2015 levels. Fuel sales from the Rental Car Wash Facility and aviation oil sales are projected to increase slightly from the FY 2015 levels.
- Concession revenues are projected to increase by \$28,000 from the FY 2015 estimate.
- Hangar/T-shelter/tiedown rents are projected to increase by 3% over the FY 2015 estimate, based on anticipated increased occupancy and slight increase in rates.
- Building rents are projected to increase \$10,000 from FY 2015 based on a slight rate increase and an anticipated new lease.
- Land rents are projected to increase \$39,000 based on a new lease and a slight rate increase. No additional new land leases are projected.
- Line Services revenues are projected to increase by \$29,000 or 4%, due to the anticipated increase in traffic and continued strong use of the services.
- U.S. Customs user fees are projected to increase by \$14,000, 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. Other operating revenue is projected at \$5,000, which includes revenue received from gate cards, key and lock replacements, copies and faxes.

FY 2016 operating expenses are projected at \$9.8 million, which represents an increase of \$664,000 from the FY 2015 estimated actuals.

- Personnel costs, including salaries and wages, related taxes, employee benefits, uniforms, training, travel and employee recognition programs are projected to increase \$537,000 from the FY 2015 estimate. A pay increase is included based on a CPI increase, merit, and some promotions. Some overtime and holiday worked overtime has been budgeted for FY 2016. One-time costs of \$105,000 were added for relocation expenses and overlap of salaries for a new Executive Director. The FY 2015 estimated actuals are \$431,000 above the FY 2014 actuals, as 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 \$11,000 from \$959,000 for FY 2015 to \$971,000 for FY 2016. Some legal fees for litigation are budgeted in FY 2016. Expenses related to Audit Services are projected to increase only slightly. Other professional services include consulting services for human resources, noise abatement (increased to facilitate planned additional Noise Committee activities), records management, finance system support, airline, and security; the increase is due mostly to the costs of the airline services consulting project and the executive recruitment being spread between FY 2015 and FY 2016. The FY 2016 budget for Computer/MIS services has been increased by \$10,000 to cover increases in the maintenance contract costs. 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 remains the same and 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 increase by \$56,000 from \$178,000 for FY 2015 to \$219,000 for FY 2016. This line item includes general and commercial aviation marketing and public relations consulting services, community mailings, photography and videos and advertising for employment, bid and public meeting notices.
- Insurance expense is projected to increase by \$25,000 from \$474,000 in FY 2015 to \$499,000 for FY 2016 and reflects an increase in insured property values. The premium for liability insurance actually decreased in FY 2015 by \$53,000 because of an offering by an insurance company new to our market, and that lower rate is in effect for one more year. The budget includes \$25,000 for deductibles and contingencies.
- Utilities and environmental services are expected to remain steady at \$321,000. This reflects a small decrease in electricity costs, even with the purchase of the Executive Hangar 3, because of diligent efforts at conservation and sustainability. Telephone, 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 \$3,000 from \$117,000 in FY 2015 to \$120,000 in FY 2016. This line item 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 \$88,000 from \$729,000 in FY 2015 to \$817,000 for FY 2016. ARFF services, currently contracted with the

City of Naples, are projected to increase by \$72,000, as included in their last proposal. Additional hours of police services have also been projected.

- U.S. Customs expense is budgeted at \$343,000 for FY 2016 and reflects projection of increased usage in FY 2016, as well as required updating of equipment. 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 \$4,000 from \$45,000 for FY 2015 to \$49,000 for FY 2016. This includes memberships in groups to develop and utilize a Geographical Information System and Safety Management System.
- Auto gas and diesel fuel expense is projected to remain steady at \$90,000 in FY 2016.
- Pilot services is expected to increase by \$1,000 from \$59,000 in FY 2015 to \$60,000 in FY 2016, based on higher traffic volumes.
- Bad debt expense was incurred in FY 2015 as the result of the bankruptcy of Bosserman Aviation, with whom the Authority had made a financial deposit for the manufacture of two fuel trucks. No bad debt expense is budgeted for FY 2016.
- No Miscellaneous expense is projected for FY 2016.
- Total Repair and maintenance expense is projected to decrease by \$61,000 from \$839,000 for FY 2015 to \$778,000 for FY 2016. Building maintenance in both years includes major maintenance projects in hangars; overall, building maintenance is projected to decrease by \$74,000 due to several large one-time expenses in FY 2015, including replacement of furniture. Airfield maintenance is projected to increase by \$3,000. Grounds and vehicle maintenance are projected to remain steady. Equipment maintenance is projected to increase by \$18,000 and includes fuel truck routine maintenance, refurbishment of existing older equipment, Lektro tug battery replacements, and preventative maintenance on the generators. Maintenance small tools and supplies is projected to increase by \$1,000. Cleaning supplies are projected to increase by \$1,000, as prices and fuel surcharges continue to increase.

Operating income, which represents operating revenues less operating expenses, is projected to total \$4.4 million for FY 2016, a decrease of \$118,000 from the FY 2015 estimate. This will result in a thirty-one percent (31%) operating margin for FY 2016. 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, 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 2015 is anticipated to be \$267,000 but is budgeted for FY 2016 at \$275,000, based on projected increase in car rentals.

- 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 2015 is anticipated to be \$57,000 and \$66,000 is budgeted for FY 2016 based on a higher cash balance due to the influx of approximately \$2 million cash from several Lease Term Extension agreements.
- Unrealized gain (loss) on investments – The Authority has held funds in the Local Government Surplus Funds Trust Fund Investment Pool (LGIP) – Fund B. The State Board of Administration that administered the LGIP distributed the final Reserve amounts to participants in July 2015. The Authority received \$21,000, resulting in the recognition of a gain on the investment.
- Other revenue consists of various types of income and for FY 2015 is projected to be \$1,040,000. There is one-time income of \$1,015,000 in FY 2015 as a result of the “Lease Term Buy-Back Program”, a one-time offer to land leasees to extend the length of their land lease in exchange for an appraised amount. Of lessor significance in this category are any amounts received from class action lawsuits or other compensatory damages. 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. The Authority had previously participated in a dividend-type plan for Workers' Compensation insurance and the dividend received in FY 2015 was \$19,000. The Authority has switched to a traditional premium plan at lower cost so no further dividend will be received. Consistent with past years and due to the unpredictable nature of the revenues, zero is budgeted in this line item.
- 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 2016, 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 2016 Operating Budget forecasts a net income of \$724,000. This is after non-cash depreciation expense of \$4.1 million. Net income before depreciation expense is \$4.8 million.

**CITY OF NAPLES AIRPORT AUTHORITY
OPERATING INCOME
FISCAL YEAR 2016**

OPERATING REVENUES	ACTUAL FY 2014	BUDGET FY 2015	ESTIMATED FY 2015	BUDGET FY 2016	Increase (Decrease) from Estimated FY 2015	
Net fuel revenue	\$ 7,905,000	\$ 7,596,000	\$ 8,214,000	\$ 8,558,000	\$ 344,000	4%
Non-fuel revenue						
Concession fees	732,000	749,000	801,000	829,000	28,000	3%
Hangar/T-shelter/tiedown rents	2,268,000	2,406,000	2,429,000	2,498,000	69,000	3%
Building rents	471,000	478,000	464,000	474,000	10,000	2%
Land rents	750,000	767,000	758,000	797,000	39,000	5%
Line services	639,000	667,000	735,000	764,000	29,000	4%
US Customs user fees	251,000	264,000	274,000	288,000	14,000	5%
Fuel vendor's cooperative marketing	19,000	20,000	10,000	20,000	10,000	100%
Other	(14,000)	5,000	2,000	5,000	3,000	150%
Non-fuel revenues	5,116,000	5,356,000	5,473,000	5,675,000	202,000	4%
Operating revenues	13,021,000	12,952,000	13,687,000	14,233,000	546,000	4%
OPERATING EXPENSES						
<i>Personnel - full time equivalents</i>	<i>67.5</i>	<i>75.7</i>	<i>71.9</i>	<i>76.3</i>	<i>4.4</i>	<i>6%</i>
Salaries and wages	3,390,000	3,716,000	3,591,000	4,059,000	468,000	13%
Payroll taxes	285,000	266,000	263,000	305,000	42,000	16%
Health plan	553,000	683,000	718,000	719,000	1,000	0%
Pensions	232,000	188,000	230,000	216,000	(14,000)	-6%
Uniforms and laundry	35,000	39,000	36,000	36,000	-	0%
Training	20,000	55,000	60,000	62,000	2,000	3%
Travel and meetings	26,000	74,000	66,000	104,000	38,000	58%
Employee recognition and affairs	15,000	24,000	23,000	23,000	-	0%
Legal fees	268,000	300,000	309,000	300,000	(9,000)	-3%
Audit services	37,000	53,000	53,000	55,000	2,000	4%
Other professional services	155,000	305,000	332,000	341,000	9,000	3%
Computer/MIS services	161,000	251,000	245,000	255,000	10,000	4%
Engineering and planning services	7,000	45,000	20,000	20,000	-	0%
Classified advertising	5,000	9,000	15,000	14,000	(1,000)	-7%
Communications	180,000	174,000	163,000	219,000	56,000	34%
Insurance	447,000	506,000	474,000	499,000	25,000	5%
Telephone	52,000	60,000	56,000	58,000	2,000	4%
Utilities	225,000	257,000	249,000	247,000	(2,000)	-1%
Environmental services	0	4,000	1,000	1,000	-	0%
Office and operating supplies	110,000	106,000	96,000	98,000	2,000	2%
Printing	8,000	13,000	13,000	14,000	1,000	8%
Postage	8,000	8,000	8,000	8,000	-	0%
Tower	51,000	66,000	63,000	64,000	1,000	2%
ARFF operations	582,000	657,000	634,000	706,000	72,000	11%
Police services	31,000	32,000	32,000	47,000	15,000	47%
U. S. Customs	317,000	323,000	314,000	343,000	29,000	9%
Dues/subscription/fees	39,000	50,000	45,000	49,000	4,000	9%
Auto gas and diesel fuel	73,000	90,000	90,000	90,000	-	0%
Pilot services	59,000	60,000	59,000	60,000	1,000	2%
Bad Debt expense	-	-	39,000	-	(39,000)	-100%
Miscellaneous	-	-	-	-	-	-
<i>Operating Expenses excluding R&M</i>	<i>7,371,000</i>	<i>8,414,000</i>	<i>8,297,000</i>	<i>9,012,000</i>	<i>715,000</i>	<i>9%</i>
Building maintenance	165,000	151,000	394,000	320,000	(74,000)	-19%
Airfield maintenance	166,000	143,000	112,000	115,000	3,000	3%
Grounds maintenance	60,000	83,000	83,000	83,000	-	0%
Vehicle maintenance	7,000	12,000	12,000	12,000	-	0%
Equipment maintenance	148,000	177,000	178,000	196,000	18,000	10%
Small tools, equipment and supplies	39,000	36,000	33,000	34,000	1,000	3%
Cleaning supplies	25,000	35,000	27,000	28,000	1,000	4%
<i>Repair & maintenance expenses</i>	<i>610,000</i>	<i>637,000</i>	<i>839,000</i>	<i>788,000</i>	<i>(51,000)</i>	<i>-6%</i>
Operating expenses	7,981,000	9,051,000	9,136,000	9,800,000	664,000	7%
Operating income	\$ 5,040,000	\$ 3,901,000	\$ 4,551,000	\$ 4,433,000	\$ (118,000)	-3%

**City of Naples Airport Authority
Fiscal Year 2016 Operating Budget**

	ACTUAL FY 2014	BUDGET FY 2015	ESTIMATED FY 2015	BUDGET FY 2016	Increase (Decrease) from Estimated FY 2015
Net operating revenues	\$ 13,021,000	\$ 12,952,000	\$ 13,687,000	\$ 14,233,000	\$ 546,000
Operating expenses	<u>7,981,000</u>	<u>9,051,000</u>	<u>9,136,000</u>	<u>9,800,000</u>	<u>664,000</u>
Operating income	<u>5,040,000</u>	<u>3,901,000</u>	<u>4,551,000</u>	<u>4,433,000</u>	<u>(118,000)</u>
Customer facility charges	237,000	232,000	267,000	275,000	8,000
Interest revenue	68,000	70,000	57,000	66,000	9,000
Realized loss on investments	(13,000)	-	21,000	-	(21,000)
Insurance proceeds	26,000	-	-	-	-
Other revenue	-	-	1,040,000	-	(1,040,000)
Gain on disposal of capital assets	4,000	-	5,000	-	(5,000)
Depreciation expense	(3,432,000)	(3,700,000)	(3,785,000)	(4,050,000)	(265,000)
Non-operating revenues (expenses)	<u>(3,110,000)</u>	<u>(3,398,000)</u>	<u>(2,395,000)</u>	<u>(3,709,000)</u>	<u>(1,314,000)</u>
Net income (loss)	<u>\$ 1,930,000</u>	<u>\$ 503,000</u>	<u>\$ 2,156,000</u>	<u>\$ 724,000</u>	<u>\$ (1,432,000)</u>

FY 2016 OPERATING BUDGET ASSUMPTIONS

Account Name	Descriptions or Assumptions Used for Budgeted FY 2016	Amount:
OPERATING REVENUES:		
Net fuel revenue	Jet A fuel gallons based on actual gallons pumped from October 2014 through August 2015. Jet A gallons have been increased by 2.5%, allocated across fuel programs using FY14's proportions. AvGas gallons have been increased over FY 2014 by 5% based on actual gallons pumped from October 2014 through August 2015. Cost of Goods Sold includes the cost of fuel, lease costs on 4 trucks as well as depreciation costs of owning 2 fuel trucks, and credit cards fees.	\$ 8,558,000
Concession fees	Rental car concession revenues based on actual and estimated FY 2015 activity, increased by 4% based on upward trend in car rentals. Other fees based on estimated FY 2015 activity. Includes concession fees from rental car facility and catering.	829,000
Hangar/T-shelter/tiedown rents	Based on actual & estimated FY 15 activity at a slightly increased rate, as well as greater number of annual vs 6-month leases for coming year.	2,498,000
Building rents	Based on current and anticipated leases and full occupancy of the Airport Office Building. Increased lease rates by 1%.	474,000
Land rents	Based on current leases. Increased lease rates by 1%.	797,000
Line services	Ramp fees & other line services revenues have exceeded expectations in FY14 and FY15. FY 16 budget is increased by 4%.	764,000
U. S. Customs user fees	Anticipate 5% increase in number of clearings and revenues.	288,000
Fuel vendor's cooperative marketing	Specific expenses for marketing and uniforms (up to a maximum of \$40,000) 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:		
		\$ 14,233,000

FY 2016 OPERATING BUDGET ASSUMPTIONS

Account Name	Descriptions or Assumptions Used for Budgeted FY 2016	Amount:
OPERATING EXPENSES:		
Salaries and wages	Based on existing positions plus 4 additional positions (anticipated wages of \$152,000) to support increased traffic, customers and administrative needs. Assumed an overall pay increase of 5% which includes anticipated CPI, merit, and promotions. Hours budgeted at 1.5 times average rate for holidays worked and projected overtime. Assumes a 4 month overlap of compensation with the new Executive Director and \$20,000 for relocation expenses.	\$ 4,059,000
Payroll taxes	Salaries and wages @ 7.65%.	305,000
Health, dental, life, and long-term disability plans	Employer cost of current plans based on full staffing of eligible positions (projected cost per employee is \$10,133). Anticipated 10% increase in rates for the May 1, 2016 renewal (5 months in FY16).	719,000
Retirement contributions	Eligible employees @ 6% of annual salaries and wages, and Executive Director per contract. \$55,000 is available in the ICMA Forfeiture account and has been used to offset the FY16 budgeted costs.	216,000
Uniforms and laundry	Standard uniforms for non-administrative personnel. Includes summer uniform program for all employees.	36,000
Training	Includes in-house management, customer service and HR training, tuition, professional seminars and conferences, and safety program.	62,000
Travel and meetings	Business/conference/seminar travel and sponsorship of airport related events, including sponsorship of the AAAE-Finance conference being held on Marco Island.	104,000
Employee recognition and affairs	Employee recognition awards, plaques, certificates and pins. Also to include two NAA employee events. Quarterly Safety Awards are budgeted in this line.	23,000
Legal fees	Based on FY 2015 activity and anticipated costs.	300,000
Audit services	Based on current contract plus audit fees for other special assignments.	55,000
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 consultant, executive recruitment firm, financial software, records management, compensation study, human resources, and DBE program.	341,000
Computer/MIS services	IT services contracted with a consulting firm; outside consulting and training services; equipment/software upgrades and maintenance. Includes \$30k for contingency expenses.	255,000
Engineering and planning services	Small engineering projects, surveying and geotechnical, and obstruction removal.	20,000
Classified advertising	Employment, RFPs, purchases, and public meeting notifications.	14,000

FY 2016 OPERATING BUDGET ASSUMPTIONS

Account Name	Descriptions or Assumptions Used for Budgeted FY 2016	Amount:
Communications	Marketing and public relations consulting services, various pamphlets and brochures, graphic design services, special events and promotions and related communications.	219,000
Insurance	Based on cost of insurance renewals, contingencies, deductibles and employee drug testing. Includes insurance on 4 leased fuel trucks, 2 owned fuel trucks. Workers' Comp insurance premium held steady due to favorable loss experience.	499,000
Telephone	Based on current activity of local telephone service, long-distance service, Internet connection, cellular service and equipment replacement. Includes VoIP system.	58,000
Utilities	Electricity costs based on FPL costs; water, sewer, and garbage/recycling pickups.	247,000
Environmental services	Disposal of waste oil and filters, water analysis samples and other environmental services as needed.	1,000
Office supplies	General office & operating supplies for all departments.	98,000
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.	14,000
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.	64,000
ARFF operations	Includes projected cost of City fire personnel, training, repair and maintenance of fire equipment and building, utility service and fire fighting chemicals.	706,000
Police service	Service provided by the Naples Police per contract.	47,000
U. S. Customs	Includes costs for the salaries for 2 inspectors, data processing, utilities, office supplies, and pest control and other building maintenance.	343,000
Dues/subscription/fees	Organizations and memberships, licenses, permits, fees, dues, subscriptions and publications.	49,000
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		9,012,000

FY 2016 OPERATING BUDGET ASSUMPTIONS

Account Name	Descriptions or Assumptions Used for Budgeted FY 2016	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 \$150,000 for maintenance of hangar roofs, hardware and metal skeleton and \$30,000 for major maintenance on the 1000 and 2000 hangars. Includes additional \$15,000 of non-routine maintenance for conversion to LED fixtures at various locations. Building maintenance costs for Tower, ARFF or Customs are expensed in those specific line items.	320,000
Airfield maintenance	Routine repair and maintenance, including signage, tree service, paint, fence repair, runway lighting, security gates, and ramp lighting repair. Also includes \$30,000 for extraordinary runway striping and painting. Includes additional \$25,000 of non-routine maintenance for conversion to LED fixtures at various locations.	115,000
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.	196,000
Small tools, equipment and supplies	Maintenance Department's small equipment and supplies and miscellaneous signage.	34,000
Cleaning supplies	Custodial cleaning and paper goods.	28,000
REPAIR & MAINTENANCE EXPENSES		788,000
OPERATING EXPENSES		9,800,000
OPERATING INCOME		\$ 4,433,000

**CITY OF NAPLES AIRPORT AUTHORITY
BUDGET SENSITIVITY ANALYSIS
FISCAL YEAR 2016**

<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 \$ 159,000
<u>Amount:</u> The Authority has approximately 47,000 square feet of land available to lease along Taxilane E and approximately 522,000 square feet or 12 acres of land available to the west 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 west 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.	
ARFF Services	\$ minimal to \$ 300,000+
<u>Amount:</u> The Authority may be able to save costs if elects to outsource Airport Rescue and Fire Fighting services	
<u>Timing:</u> Could occur any time during the year.	
<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 2016 in October 2015 and August - September 2016.	
<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 2016 CAPITAL BUDGET INFORMATION

The FY 2016 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 9/30/14" 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 2016 through FY 2020. 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 2016, the Authority's Capital Improvement Plan anticipates \$4.0 million in participatory projects. Sixty-two percent (62%) is anticipated in federal and state assistance, 3 percent (3%) from CFC Restricted funds and thirty-five percent (35%) or \$1.4 million will be funded by the Authority.

The Five Year Capital Improvement Plan (FY 2016 – Unallocated) anticipates \$33.2 million in participatory projects with \$14.7 million in assistance from Federal (FAA) and State (FDOT) agencies, \$0.5 million from CFC Restricted funds and \$18.0 million funded by the Authority. The FAA and FDOT funding amounts shown for FY 2016 though 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 2016, the Authority's Capital Improvement Plan anticipates \$6.5 million in non-participatory projects. The Five Year Capital Improvement Plan (FY 2016 – Unallocated) anticipates \$12.3 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 2016 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 2016 - 2020 Capital Improvement Plan

Project	Expenditures as of 9/30/14	Estimated/Actual Expenditures					Unallocated	Project Total
		2015	2016	2017	2018	2019		
TW A Extension & Water Management System Improvement-Phase I Design								
FAA Funding	1,076,000	-	-	-	-	-	-	1,076,000
FDOT Funding	59,000	-	-	-	-	-	-	59,000
Other Funding	-	-	-	-	-	-	-	-
NAA Share	59,000	-	-	-	-	-	-	59,000
Project Total	1,194,000	-	-	-	-	-	-	1,194,000
TW A Extension & Water Management System Improvement--Phase II Construction								
FAA Funding	4,138,000	375,000	-	-	-	-	-	4,513,000
FDOT Funding	229,000	20,000	-	-	-	-	-	249,000
Other Funding	-	-	-	-	-	-	-	-
NAA Share	229,000	20,000	-	-	-	-	-	249,000
Project Total	4,596,000	415,000	-	-	-	-	-	5,011,000
North & South General Aviation and Commercial ramps--mill & overlay paving								
FAA Funding	-	-	-	-	-	-	-	-
FDOT Funding	121,000	500,000	1,500,000	1,500,000	-	-	-	3,621,000
Other Funding (CFC)	-	-	-	-	-	-	-	-
NAA Share	30,000	125,000	376,000	376,000	-	-	-	907,000
Project Total	151,000	625,000	1,876,000	1,876,000	-	-	-	4,528,000
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	-	-	340,000	2,700,000	-	-	-	3,040,000
Other Funding	-	-	-	-	-	-	-	-
NAA Share	-	-	86,000	675,000	-	-	-	761,000
Project Total	-	-	426,000	3,375,000	-	-	-	3,801,000
Taxiway D extension - Design & Construction								
FAA Funding	-	-	315,000	1,620,000	-	-	-	1,935,000
FDOT Funding	-	-	17,000	90,000	-	-	-	107,000
Other Funding	-	-	-	-	-	-	-	-
NAA Share	-	-	18,000	90,000	-	-	-	108,000
Project Total	-	-	350,000	1,800,000	-	-	-	2,150,000
Runway 14-32 paving								
FAA Funding	-	-	-	-	-	-	-	-
FDOT Funding	-	1,949,000	-	-	-	-	-	1,949,000
Other Funding	-	-	-	-	-	-	-	-
NAA Share	1,000	487,000	-	-	-	-	-	488,000
Project Total	1,000	2,436,000	-	-	-	-	-	2,437,000
East Quad Apron expansion, Aviation Drive S and utility realignment								
FAA Funding	-	-	-	-	-	-	-	-
FDOT Funding	-	-	-	-	-	-	-	-
Other Funding	-	-	-	-	-	-	-	-
NAA Share	-	-	500,000	3,800,000	-	-	-	4,300,000
Project Total	-	-	500,000	3,800,000	-	-	-	4,300,000

FY 2016 - 2020 Capital Improvement Plan

Project	Expenditures as of 9/30/14	Estimated/Actual Expenditures					Unallocated	Project Total
		2015	2016	2017	2018	2019		
GA Long term parking deck - design & construction								
FAA Funding	-	-	-	-	-	-	-	-
FDOT Funding	-	-	-	-	-	-	-	-
Other Funding	-	-	100,000	400,000	-	-	-	500,000
NAA Share	-	-	400,000	3,100,000	-	-	-	3,500,000
Project Total	-	-	500,000	3,500,000	-	-	-	4,000,000
Commercial Terminal Upgrades & Parking Lot Rehab--Phases I & II								
FAA Funding	-	-	-	-	-	-	2,000,000	2,000,000
FDOT Funding	-	-	-	-	-	-	2,000,000	2,000,000
Other Funding	-	-	-	-	-	-	-	-
NAA Share	-	-	-	-	-	-	8,400,000	8,400,000
Project Total	-	-	-	-	-	-	12,400,000	12,400,000
Total Participatory Projects								
FAA Funding	5,214,000	375,000	585,000	3,870,000	-	-	2,000,000	12,044,000
FDOT Funding	409,000	2,469,000	1,872,000	4,415,000	-	-	2,000,000	11,165,000
Other Funding	-	-	100,000	400,000	-	-	-	500,000
NAA Share	319,000	632,000	1,395,000	8,166,000	-	-	8,400,000	18,912,000
Total Participatory Projects	5,942,000	3,476,000	3,952,000	16,851,000	-	-	12,400,000	42,621,000
West Quad detention pond - engineering study	46,000	-	-	-	-	-	-	46,000
West Quad detention pond	241,000	1,300,000	-	-	-	-	-	1,541,000
Runway Safety area	183,000	3,000,000	-	-	-	-	-	3,183,000
Purchase/development of airport facilities	2,262,000	922,000	-	-	-	-	-	3,184,000
Replace GPU #1	32,000	-	-	-	-	-	-	32,000
Replace 800mhz radios (6)	14,000	14,000	14,000	15,000	-	15,000	14,000	101,000
Facilities Building remodel	69,000	175,000	-	-	-	-	-	244,000
Airport Office Building roof replacement	-	40,000	-	-	-	-	-	40,000
Facilities Workshop-add 2 Bay Bldg. generator and Shade Cover	423,000	53,000	-	-	-	-	-	476,000
Replace Bi-Fold Hangar Doors (2300 - 2400)	55,000	190,000	270,000	275,000	280,000	285,000	285,000	1,640,000
Connect Facilities to Fuel Farm Generator	-	-	-	-	-	-	-	-
Add Air Conditioner to Control Tower server room	-	7,000	-	-	-	-	-	7,000
Replace North self-fueler piping/pump	-	-	280,000	-	-	-	-	280,000
Elevate and rehab South self-fueler tank	-	-	158,000	-	-	-	-	158,000
Upgrade irrigation system- upgrade '15, replace '16	-	15,000	70,000	-	-	-	-	85,000
Connect CAT ponds to pump	-	7,000	-	-	-	-	-	7,000
Commercial Terminal curb repair	-	10,000	-	-	-	-	-	10,000
General Aviation Traffic Improvements:Radio Rd etal	-	-	250,000	1,500,000	-	-	-	1,750,000
Runway 5 end run-up pad	-	-	700,000	-	-	-	-	700,000
Replace Custodial golf cart	-	15,000	15,000	-	-	-	-	30,000
Demolish old Eastern Hangar (CAS) & clear Corp Flt Circle	-	-	40,000	-	-	-	-	40,000
Obstruction Removal	-	-	30,000	40,000	40,000	40,000	40,000	190,000
Replace 3 North Road Berms with landscaping	-	-	100,000	150,000	200,000	-	-	450,000
Permit, design, and install drainage realignment for Tower Dr lot	-	-	500,000	-	-	-	-	500,000
Safety Management System Consultant	-	-	50,000	-	-	-	-	50,000
Remove & install Distance Remaining Signs	-	-	50,000	-	-	-	-	50,000
AOB to GA paving, Fence, & Walkway	-	-	100,000	-	-	-	-	100,000
Control Tower stucco repair & painting	-	-	50,000	-	-	-	-	50,000
Taxilane F Design and construction	-	75,000	675,000	-	-	-	-	750,000
14/32 displaced thresholds with 32 blast deflector	-	175,000	1,700,000	-	-	-	-	1,875,000
Repair 40 faulty sidewalk areas on NAA perimeter	-	-	20,000	-	-	-	-	20,000
South Ramp wash rack Trench drain repair	-	-	35,000	-	-	-	-	35,000
Purchase mower-zero turn, propane ZTR	-	-	15,000	-	-	-	-	15,000
Replace 3 oldest gates & operators- 2-S, 4-E, 5-S	-	60,000	-	-	-	-	-	60,000

FY 2016 - 2020 Capital Improvement Plan

Project	Expenditures as of 9/30/14	Estimated/Actual Expenditures							Unallocated	Project Total
		2015	2016	2017	2018	2019	2020			
Firepanel upgrade-AOB	-	-	12,000	-	-	-	-	-	-	12,000
Firepanel upgrade-ATCT	-	-	16,000	-	-	-	-	-	-	16,000
4 Wheel Drive 1/2 ton truck (took out of 2016 \$35,000)	-	29,000	-	-	-	-	-	-	-	29,000
Refurbish Fuel Farm Road Road - 1" mill & overlay & repair	-	-	-	90,000	-	-	-	-	-	90,000
Replace gate 2-S operator & 80' of 7' fence	-	-	35,000	-	-	-	-	-	-	35,000
Inspect and clean & repair all airside culverts & swales	-	-	250,000	-	-	-	-	-	-	250,000
Run fiber optics between buildings & connect to Internet	-	5,000	140,000	-	-	-	-	-	-	145,000
Replace wireless LAN bridge CAT & Fac Bldg	-	11,000	-	-	-	-	-	-	-	11,000
Purchase & implement document mgt system for electronic records	-	-	80,000	-	-	-	-	-	-	80,000
Upgrade MS Exchange server	-	25,000	-	-	-	-	-	-	-	25,000
Upgrade access systems and monitoring	-	24,000	-	-	-	-	-	-	-	24,000
Implement Business Continuity plan (hardware & data in Atlanta facility)	-	35,000	-	-	-	-	-	-	-	35,000
Purchase & implement Data Loss Prevention system with server	-	60,000	-	-	-	-	-	-	-	60,000
Replace vehicle-Customs	-	-	20,000	-	-	-	-	-	-	20,000
Replace golf carts (Limo)	-	-	13,000	11,000	12,000	-	-	-	-	36,000
Replace baggage carts (2)	-	-	10,000	-	-	-	-	-	-	10,000
Purchase Ford Transit XL van	-	24,000	-	-	-	-	-	-	-	24,000
Replace GPU #2	-	-	37,000	-	-	-	-	-	-	37,000
Hazmat/crash cart	-	-	15,000	-	-	-	-	-	-	15,000
Replace Lektro #6	-	-	95,000	-	-	-	-	-	-	95,000
Commercial Terminal Refurbishment	4,000	-	175,000	-	-	-	-	-	-	179,000
Boarding Ramp	-	-	34,000	-	-	-	-	-	-	34,000
Baggage carts (3)	-	-	9,000	-	-	-	-	-	-	9,000
Replace Facilities Trucks (4)	-	-	-	120,000	-	-	-	-	-	120,000
Replace/upgrade existing Cisco phone system & move IT eqpt	-	-	215,000	-	-	-	-	-	-	215,000
Replace Ops van#2	-	-	30,000	-	-	-	-	-	-	30,000
40,000 gallon Jet A tank	-	-	-	200,000	-	-	-	-	-	200,000
Replace Security vehicle#1 (from 2008)	-	-	-	-	-	35,000	-	-	-	35,000
Replace OPS1 (2008)	-	-	-	-	-	35,000	-	-	-	35,000
Replace Lektro #9	-	-	-	-	-	-	100,000	-	-	100,000
Military Museum	-	-	50,000	500,000	-	-	-	120,000	-	670,000
Replace Tractor	-	11,000	-	-	-	-	-	50,000	-	61,000
Bomb Blast Analysis	-	-	-	-	-	-	-	15,000	-	15,000
Additional Equipment Canopy	-	-	-	-	-	-	-	50,000	-	50,000
ATCT cab rehab - counter & display upgrades	-	10,000	75,000	-	-	-	-	40,000	-	125,000
Portable ramp for Control Tower	-	-	-	-	-	-	-	75,000	-	75,000
Design/build Communications Center	-	-	-	-	-	-	-	54,000	-	54,000
Airline equipment & upgrade Commercial Terminal	-	-	-	-	-	-	-	525,000	-	525,000
Information Technology	45,000	3,000	25,000	25,000	200,000	200,000	200,000	-	-	698,000
Individual expenditures of \$25,000 or less	157,000	50,000	-	-	-	-	-	-	-	207,000
Total Non-Participatory Projects	3,634,000	6,362,000	6,458,000	2,926,000	802,000	540,000	640,000	943,000	22,305,000	
Grand Total	\$ 9,576,000	\$ 9,838,000	\$ 10,410,000	\$ 19,777,000	\$ 802,000	\$ 540,000	\$ 640,000	\$ 13,343,000	\$ 64,926,000	
Capital Improvement Plan Summary										
Total Participatory Projects	\$ 5,942,000	\$ 3,476,000	\$ 3,952,000	\$ 16,851,000	\$ -	\$ -	\$ -	\$ 12,400,000	\$ 42,621,000	
Total Non-Participatory Projects	3,634,000	6,362,000	6,458,000	2,926,000	802,000	540,000	640,000	943,000	22,305,000	
Total All Projects	\$ 9,576,000	\$ 9,838,000	\$ 10,410,000	\$ 19,777,000	\$ 802,000	\$ 540,000	\$ 640,000	\$ 13,343,000	\$ 64,926,000	
Funding Sources										
FAA Funding	\$ 5,214,000	\$ 375,000	\$ 585,000	\$ 3,870,000	\$ -	\$ -	\$ -	\$ 2,000,000	\$ 12,044,000	
FDOT Funding	409,000	2,469,000	1,872,000	4,415,000	-	-	-	2,000,000	11,165,000	
Other Funding	-	-	100,000	400,000	-	-	-	-	500,000	
NAA Share	3,953,000	6,994,000	7,853,000	11,092,000	802,000	540,000	640,000	9,343,000	41,217,000	
Total	\$ 9,576,000	\$ 9,838,000	\$ 10,410,000	\$ 19,777,000	\$ 802,000	\$ 540,000	\$ 640,000	\$ 13,343,000	\$ 64,926,000	

CASH FLOW AND CASH ALLOCATION: FY 2016 FORECAST

The following Cash Flow and Cash Allocation: FY 2016 Forecast displays the Authority's anticipated cash balances from FY 2015 through FY 2020. This information shows the effect on cash resulting from projected operating revenues and expenses and the Authority's Capital Improvement Plan. FY 2015 Cash and Equivalents decrease by \$1.0 million as a result of the amount of Authority-funded capital improvement projects exceeding operating net income. Cash and Equivalents are projected to decrease again in FY 2016 by \$3.1 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 paid from Authority funds. During FY 2018 – 2020, 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 2016 FORECAST**

	FORECAST					
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
CASH FLOW						
Operating Revenue	\$ 13,687,000	\$ 14,233,000	\$ 14,660,000	\$ 15,100,000	\$ 15,553,000	\$ 16,020,000
Operating Expense	(9,136,000)	(9,800,000)	(10,192,000)	(10,600,000)	(11,024,000)	(11,465,000)
Operating Income	4,551,000	4,433,000	4,468,000	4,500,000	4,529,000	4,555,000
Adjustment for Non-Cash Items	(16,000)	(16,000)	(16,000)	-	-	-
Adjustment for Working Capital	50,000	(3,000)	(10,000)	(10,000)	(10,000)	(10,000)
Cash Flow from Operating Activities	4,585,000	4,414,000	4,442,000	4,490,000	4,519,000	4,545,000
Operating Grants Received	-	-	-	-	-	-
Cash Flows from Non-capital Financing Activities	-	-	-	-	-	-
Acquisition, Construction of Capital Assets	(9,838,000)	(10,410,000)	(19,777,000)	(802,000)	(540,000)	(640,000)
Capital Contributions	2,844,000	2,557,000	8,685,000	-	-	-
Proceeds from Sale of Capital Assets	5,000	-	-	-	-	-
Customer Facility Charge Revenue	267,000	275,000	275,000	275,000	275,000	275,000
<i>NAA Portion of Acquisition & Construction</i>	<i>(6,722,000)</i>	<i>(7,578,000)</i>	<i>(10,817,000)</i>	<i>(527,000)</i>	<i>(265,000)</i>	<i>(365,000)</i>
Interest Earned from Capital & Related Activities	-	-	-	-	-	-
Cash Flow from Capital & Related Activities	(6,722,000)	(7,578,000)	(10,817,000)	(527,000)	(265,000)	(365,000)
Interest Revenue	57,000	66,000	79,000	64,000	32,000	53,000
Cash transferred from SBA Fund B Investments	21,000	-	-	-	-	-
Other Revenue	1,045,000	-	-	-	-	-
Cash Flow from Investing Activities	1,123,000	66,000	79,000	64,000	32,000	53,000
Increase (Decrease) in Cash and Equivalents:	(1,014,000)	(3,098,000)	(6,296,000)	4,027,000	4,286,000	4,233,000
Cash and Equivalents at Beginning of Period	18,398,000	17,384,000	14,286,000	7,990,000	12,017,000	16,303,000
Cash and Equivalents at End of Period	\$ 17,384,000	\$ 14,286,000	\$ 7,990,000	\$ 12,017,000	\$ 16,303,000	\$ 20,536,000
CASH ALLOCATION						
Compensating Balance - Services	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
CFC Account Balance	1,174,000	1,349,000	1,224,000	1,499,000	1,774,000	2,049,000
Restricted Cash	2,674,000	2,849,000	2,724,000	2,999,000	3,274,000	3,549,000
Unrestricted Cash	14,710,000	11,437,000	5,266,000	9,018,000	13,029,000	16,987,000
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
Unallocated Cash	\$ 10,710,000	\$ 7,437,000	\$ 1,266,000	\$ 5,018,000	\$ 9,029,000	\$ 12,987,000

FY 2016 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 25 and 26 is used to clarify the Authority's intent as to setting the "total of appropriation for expenditures and reserves" for FY 2016. 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 2016, total available resources, revenues and receipts is projected to be \$38,697,000 and total expenses and expenditures is projected to be \$20,210,000. Total available resources at year-end is \$18,487,000, a decrease of \$3.1 million from estimated FY 2015. 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 26.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

This statement showing comparison information for FY 2014 – FY 2016 may be found on page 27.

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

	ACTUAL FY 2014	BUDGET FY 2015	ESTIMATED FY 2015	BUDGET FY 2016	Increase (Decrease) from Estimated FY 2015	
AVAILABLE RESOURCES, REVENUES AND RECEIPTS						
AVAILABLE RESOURCES AT BEGINNING OF YEAR						
Restricted	\$ 692,000	\$ 880,000	\$ 928,000	\$ 1,174,000	\$ 246,000	27%
Operating & capital reserves	4,000,000	4,000,000	4,000,000	4,000,000	-	0%
Unrestricted	14,893,000	16,082,000	17,696,000	16,392,000	(1,304,000)	-7%
Total available resources at beginning of year	19,585,000	20,962,000	22,624,000	21,566,000	(1,058,000)	-5%
OPERATING REVENUES						
Fuel sales (net)	7,905,000	7,596,000	8,214,000	8,558,000	344,000	4%
Concession fees	732,000	749,000	801,000	829,000	28,000	3%
Hangar/T-shelter/tiedown rents	2,268,000	2,406,000	2,429,000	2,498,000	69,000	3%
Building and land rents	1,221,000	1,245,000	1,222,000	1,271,000	49,000	4%
Line services	639,000	667,000	735,000	764,000	29,000	4%
U.S. Customs user fees	251,000	264,000	274,000	288,000	14,000	5%
Fuel vendor's cooperative marketing	19,000	20,000	10,000	20,000	10,000	100%
Other	(14,000)	5,000	2,000	5,000	3,000	150%
Net operating revenues	13,021,000	12,952,000	13,687,000	14,233,000	546,000	4%
NON-OPERATING REVENUES						
Customer facility charges	237,000	232,000	267,000	275,000	8,000	3%
Other income/net insurance proceeds	26,000	-	1,040,000	-	-	-
Investment earnings	55,000	70,000	78,000	66,000	(12,000)	-15%
Federal grant	-	-	-	-	-	-
Total non-operating revenues	318,000	302,000	1,385,000	341,000	(1,044,000)	-75%
RECEIPTS						
Principal repayment - note receivable	-	-	-	-	-	0%
Capital contributions	4,308,000	5,384,000	2,844,000	2,557,000	(287,000)	-10%
Total receipts	4,308,000	5,384,000	2,844,000	2,557,000	(287,000)	-10%
TOTAL REVENUES AND RECEIPTS	17,647,000	18,638,000	17,916,000	17,131,000	(785,000)	-4%
TOTAL AVAILABLE RESOURCES, REVENUES AND RECEIPTS	\$ 37,232,000	\$ 39,600,000	\$ 40,540,000	\$ 38,697,000	\$ (1,843,000)	-5%

(Continued)

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

	ACTUAL FY 2014	BUDGET FY 2015	ESTIMATED FY 2015	BUDGET FY 2016	Increase (Decrease) from Estimated FY 2015	
TOTAL AVAILABLE RESOURCES, REVENUES AND RECEIPTS	\$ 37,232,000	\$ 39,600,000	\$ 40,540,000	\$ 38,697,000	\$ (1,843,000)	-5%
EXPENSES AND EXPENDITURES						
OPERATING EXPENSES						
Personnel	4,556,000	5,045,000	4,987,000	5,524,000	537,000	11%
Professional fees	628,000	954,000	959,000	971,000	12,000	1%
Communications	185,000	183,000	178,000	233,000	55,000	31%
Insurance	447,000	506,000	474,000	499,000	25,000	5%
Utilities and environmental	277,000	321,000	306,000	306,000	-	0%
Office/postage/printing	126,000	127,000	117,000	120,000	3,000	3%
ATCT, ARFF and police service	664,000	755,000	729,000	817,000	88,000	12%
U. S. Customs	317,000	323,000	314,000	343,000	29,000	9%
Dues/subscriptions/fees	39,000	50,000	45,000	49,000	4,000	9%
Auto gas and diesel fuel	73,000	90,000	90,000	90,000	-	0%
Pilot services	59,000	60,000	59,000	60,000	1,000	2%
Bad debt expense	0	0	39,000	0	(39,000)	-100%
Maintenance and repair	610,000	637,000	839,000	788,000	(51,000)	-6%
Operating expenses	7,981,000	9,051,000	9,136,000	9,800,000	664,000	7%
CAPITAL EXPENDITURES	6,627,000	17,788,000	9,838,000	10,410,000	572,000	6%
TOTAL EXPENSES AND EXPENDITURES	14,608,000	26,839,000	18,974,000	20,210,000	1,236,000	7%
AVAILABLE RESOURCES AT YEAR END						
Restricted	928,000	1,112,000	1,174,000	1,349,000	175,000	15%
Operating and capital reserves	4,000,000	4,000,000	4,000,000	4,000,000	-	0%
Unrestricted	14,782,000	7,649,000	16,392,000	13,138,000	(3,254,000)	-20%
TOTAL AVAILABLE RESOURCES AT YEAR END	22,624,000	12,761,000	21,566,000	18,487,000	(3,079,000)	-14%
NET CHANGE IN AVAILABLE RESOURCES BALANCE	\$ 3,039,000	\$ (8,201,000)	\$ (1,058,000)	\$ (3,079,000)	\$ (2,021,000)	191%
RECONCILIATION OF BUDGETARY BASIS TO GAAP						
CHANGE IN NET ASSETS - BUDGETARY BASIS	\$ 3,039,000	\$ (8,201,000)	\$ (1,058,000)	\$ (3,079,000)		
Add: Capital expenditures	6,627,000	17,788,000	9,838,000	10,410,000		
Principal payments	-	-	-	-		
Less: Depreciation expense	(3,432,000)	(3,700,000)	(3,785,000)	(4,050,000)		
Gain (Loss) on disposal of capital assets	4,000	-	5,000	-		
CHANGE IN NET ASSETS - GAAP	\$ 6,238,000	\$ 5,887,000	\$ 5,000,000	\$ 3,281,000		

CITY OF NAPLES AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FISCAL YEAR 2016

	ACTUAL FY 2014	BUDGET FY 2015	ESTIMATED FY 2015	BUDGET FY 2016
OPERATING REVENUES				
Fuel sales (net)	\$ 7,905,000	\$ 7,596,000	\$ 8,214,000	\$ 8,558,000
Concession fees	732,000	749,000	801,000	829,000
Hangar/T-shelter/tiedown rents	2,268,000	2,406,000	2,429,000	2,498,000
Building and land rents	1,221,000	1,245,000	1,222,000	1,271,000
Line services	639,000	667,000	735,000	764,000
U. S. Customs user fees	251,000	264,000	274,000	288,000
Fuel vendor's cooperative marketing	19,000	20,000	10,000	20,000
Other	(14,000)	5,000	2,000	5,000
Net operating revenues	<u>13,021,000</u>	<u>12,952,000</u>	<u>13,687,000</u>	<u>14,233,000</u>
OPERATING EXPENSES				
Personnel	4,556,000	5,045,000	4,987,000	5,524,000
Professional fees	628,000	954,000	959,000	971,000
Communications	185,000	183,000	178,000	233,000
Insurance	447,000	506,000	474,000	499,000
Utilities and environmental	277,000	321,000	306,000	306,000
Office/postage/printing	126,000	127,000	117,000	120,000
ATCT, ARFF and police service	664,000	755,000	729,000	817,000
U. S. Customs	317,000	323,000	314,000	343,000
Dues/subscriptions/fees	39,000	50,000	45,000	49,000
Auto gas and diesel fuel	73,000	90,000	90,000	90,000
Pilot services	59,000	60,000	59,000	60,000
Bad debt expense	-	-	39,000	-
Maintenance and repair	610,000	637,000	839,000	788,000
Miscellaneous expense	-	-	-	-
Depreciation and amortization	3,432,000	3,700,000	3,785,000	4,050,000
Total operating expenses	<u>11,413,000</u>	<u>12,751,000</u>	<u>12,921,000</u>	<u>13,850,000</u>
Operating income (loss)	<u>1,608,000</u>	<u>201,000</u>	<u>766,000</u>	<u>383,000</u>
NON-OPERATING REVENUES (EXPENSES)				
Customer facility charges	237,000	232,000	267,000	275,000
Interest revenue	68,000	70,000	57,000	66,000
Realized gain (loss) on investments	(13,000)	-	21,000	-
Interest expense				
Other income	26,000	-	1,040,000	-
Gain on disposal of capital assets	4,000	-	5,000	-
Total non-operating revenues (expenses)	<u>322,000</u>	<u>302,000</u>	<u>1,390,000</u>	<u>341,000</u>
Income before capital contributions	1,930,000	503,000	2,156,000	724,000
Capital contributions	4,308,000	5,384,000	2,844,000	2,557,000
Change in net assets	6,238,000	5,887,000	5,000,000	3,281,000
Total net assets - beginning	<u>67,776,000</u>	<u>74,531,200</u>	<u>74,014,000</u>	<u>79,014,000</u>
Total net assets - ending	<u>\$ 74,014,000</u>	<u>\$ 80,418,200</u>	<u>\$ 79,014,000</u>	<u>\$ 82,295,000</u>