

CITY OF NAPLES AIRPORT AUTHORITY

FISCAL YEAR 2011

OPERATING

AND

CAPITAL BUDGET

FISCAL YEAR 2011 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 and eliminating financial subsidies by city taxpayers.

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 \$57.6 million dollars. Audited figures in 1973 showed the value of the Airport (assets minus liabilities) to be \$267,000 as compared to the 2009 audited value of \$57.9 million.

The Naples Municipal Airport has enjoyed scheduled commercial air service since the 1950s. From FY 2000 through FY 2004, the amount of commercial passenger traffic declined dramatically due to the loss of American Eagle in 2001 and the total loss of scheduled commercial service in FY 2003. During FY 2004, only “seasonal” service was available on nine (9) passenger aircraft. After the loss of American Eagle, the Authority developed its first program designed to encourage new airline start-up service. Later, this program was expanded to include the existing carriers and the waiving of all landing, common use and rental fees. This program was further expanded to include complete ground handling support services and marketing support with the initiation of Delta Connection service in November 2004. Delta’s passenger load factors (number of passengers divided by the number of seats per flight) were over 70% which was high for new service and their revenue resulted in the \$1 million community backed revenue guarantee not being used. However, despite the high load factors, Delta terminated services from Naples as of October 1, 2007. Scheduled air service to Tampa was provided by Gulfstream (Continental Express) for a brief period in FY 2008, and scheduled air service to Key West was provided by Yellow Air Taxi from February 2007 through October 2008.

A survey conducted in November 2007 of 400 City of Naples registered voters showed that they wanted more airport service: 73% would use the airport more if a greater variety of flights were offered, 92% identified location and convenience of the airport as important when flying and a strong majority supported runway expansion if necessary to improve services. In order to support the community and provide the level of service they desire, the Authority has once again expanded the air service development program. In addition to the initial waiver of all landing, common use and rental fees, complete ground handling support services and marketing support, the program now includes complete personnel support and related equipment.

The FY 2011 Budget includes \$3.6 million for the construction of displaced thresholds at the ends of Runway 5-23. This will provide an additional 800 feet of runway available for aircraft takeoffs. The additional runway for takeoffs will provide for reduced aircraft noise to the community, increased airport safety and will make the airport more attractive for scheduled commercial airline service.

The Authority assigns a high priority to noise compatibility. Efforts to reduce the impact of aircraft noise date back to the airport's 1974 Master Plan. Since then, the Authority has remained in the forefront of aviation noise issues by instituting a ban on Stage 1 and Stage 2 jets under 75,000 pounds and a voluntary nighttime use restriction. The Federal Aviation Regulation Part 161 Noise Study and the Supplemental Study that recommended a 24 hour restriction on Stage 2 aircraft operations, was accepted by the FAA in 2001, and was the first and remains the only such restriction adopted in the nation pursuant to the Airport Noise and Capacity Act of 1990. Some users of the airport, general aviation interest groups, and the FAA challenged the Stage 2 ban. Legal victories in Federal and State courts enabled the Authority to stay the course in pursuit of the nation's most successful and aggressive noise reduction program for small airports.

With the continued development of the Naples community and the then expanding activity of the airport, the Authority's Board of Commissioners approved \$704,000 to be spent to complete an updated Part 150 Noise Study. This study requires significant community and staff effort and will be completed during FY 2011.

The Authority and the Naples Municipal Airport felt the impact of the economic recession. Net fuel revenue and gallons sold for Jet A, number of fuel sales transactions, ramp fee transactions, and aircraft operations, all revenue indicators, were down dramatically in FY 2009 as compared to FY 2008 and have not yet recovered. In response to the reduction in operating revenues, the Authority reduced its staffing levels by 9.0 FTEs in March 2009. Non-management staff were reduced from 40 hours per week to 32 hours per week and part-time seasonal positions were eliminated earlier than planned. Staff were returned to a 40 hour per week schedule in late September 2009 and some seasonal positions were rehired beginning in November 2009, however the 9 positions were not reinstated.

The FY 2011 Operating Budget reflects a one percent (1%) increase in operating revenues over the FY 2010 estimate resulting from projected revenues from user fees from a new U.S. Customs General Aviation Facility expected to be operational in November 2010. Operating expenses have been projected conservatively and are projected to increase seven percent (7%) over the FY 2010 estimate. This increase reflects the Authority borne costs for the operation of the Customs Facility. Staffing levels will include 2 line technician positions that may be hired in September 2010, to support fueling and towing of aircraft from the Customs Facility in addition to transporting customers from the Facility. One full-time customer service representative will be hired to increase customer service levels. Additional part-time seasonal positions are budgeted, however, these positions will be filled as needed, not based on anticipated activity. The Information Technology Manager position vacated during FY 2010 will not be filled and will be outsourced. An average 3.24% pay increase is anticipated for all staff and some promotions are expected. No overtime, with the exception of holiday overtime, has been budgeted for FY 2011. The Authority's Operating Income for FY 2011 is projected to be \$2.0 million. The Budget reflects a Net Loss of \$0.8 million after depreciation expense of \$2.9 million.

The Five (5) Year Capital Improvement Plan continues to address the need for airport pavement improvements and anticipates \$12 million in FY 2011 through FY 2015 for the rehabilitation of Runway 5-23, construction of the displaced threshold at the ends of Runway 5-23, rehabilitation of the Commercial Terminal Apron and rehabilitation of Runway 4-32. During FY 2009 the Authority received 6 federal grant awards totaling \$9.1 million. This enabled the Authority to complete a significant portion of the airport pavement improvements including all of the taxiways and the General Aviation Terminal Apron that was completed in FY 2010. The Authority has received an FAA grant in the amount of \$2.3 million for the Runway 5-23 Project.

The FY 2011 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 2011 are summarized as follows:

<u>Operating Budget</u>		<u>Capital Budget</u>	
<u>Operating Revenues</u>	\$ 9,399,000	<u>Capital – Participatory</u>	\$ 2,400,000
<u>Operating Expenses</u>	<u>(7,444,000)</u>	<u>Capital – Non-Participatory</u>	<u>5,562,000</u>
<u>Operating Income</u>	1,955,000	<u>Total Capital Budget</u>	<u>7,962,000</u>
<u>Other Revenues (Expenses)</u>	152,000	<u>Total Outside Funding</u>	2,365,000
<u>Depreciation Expense</u>	<u>(2,900,000)</u>	<u>Authority Funds</u>	\$ 5,597,000
<u>Net Loss</u>	<u>\$ (793,000)</u>		

The FY 2011 budget increases the reserves for capital contingencies and emergency operating contingencies FY \$0.5 million from \$3.0 million to \$3.5 million. This is roughly one-half of the Authority’s budgeted operating expense for the year, excluding any one-time expense, such as items identified as first year only costs for the General Aviation Customs Facility operations. 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.

We have allocated all funds available during FY 2011 for operating and capital expenditures, and reserves for capital and operating contingencies. 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 6 depict aircraft operations, fuel sales in gallons and scheduled air service passenger activity for fiscal years 1990 through projected 2010.

COMPARISON OF AIRCRAFT OPERATIONS AND FUEL SALES IN GALLONS

Aircraft operations during FY 2010 are expected to decrease by twenty-four percent (24%) from the FY 2009 activity level. The estimated total operations for FY 2010 of 86,000 will be a decrease of forty-seven percent (47%) from the highest level reached at the airport in FY 2005 of 163,000 operations and the first time over the last twenty (20) years that aircraft operations have dropped below 100,000. Total operations are expected to remain at the same level in FY 2011. VFR (Visual Flight Rules) operations account for the greatest decrease in aircraft operations, a fifty-three percent (53%) decrease is expected between FY 2005 and FY 2010. This decrease is attributed to a decrease in flight school operations and based piston aircraft operations at the airport. FY 2010 IFR (Instrument Flight Rules) operations are expected to decrease thirty-three percent (33%) from the FY 2005 activity level and will remain at that level (31,000 operations) for FY 2010 and FY 2011.

Total fuel gallon sales, including flowage, decreased twenty-nine (29%) in FY 2009 from the highest level reached at the airport in FY 2007. Total fuel gallon sales for FY 2010 are expected to decrease an additional two percent (2%) to 4.5 million gallons and will remain at that level through FY 2011. As depicted, aviation gasoline (100LL) sales continue to decrease since FY 2007 and are expected to remain at 344,000 gallons during FY 2010 and FY 2011. Jet A fuel gallon sales have decreased each year since reaching a peak in FY 2007. Jet A fuel gallon sales are expected to remain at 4.2 million gallons during FY 2010 and FY 2011, a 1.9 million gallon decrease since FY 2007.

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. High fuel prices do however, 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

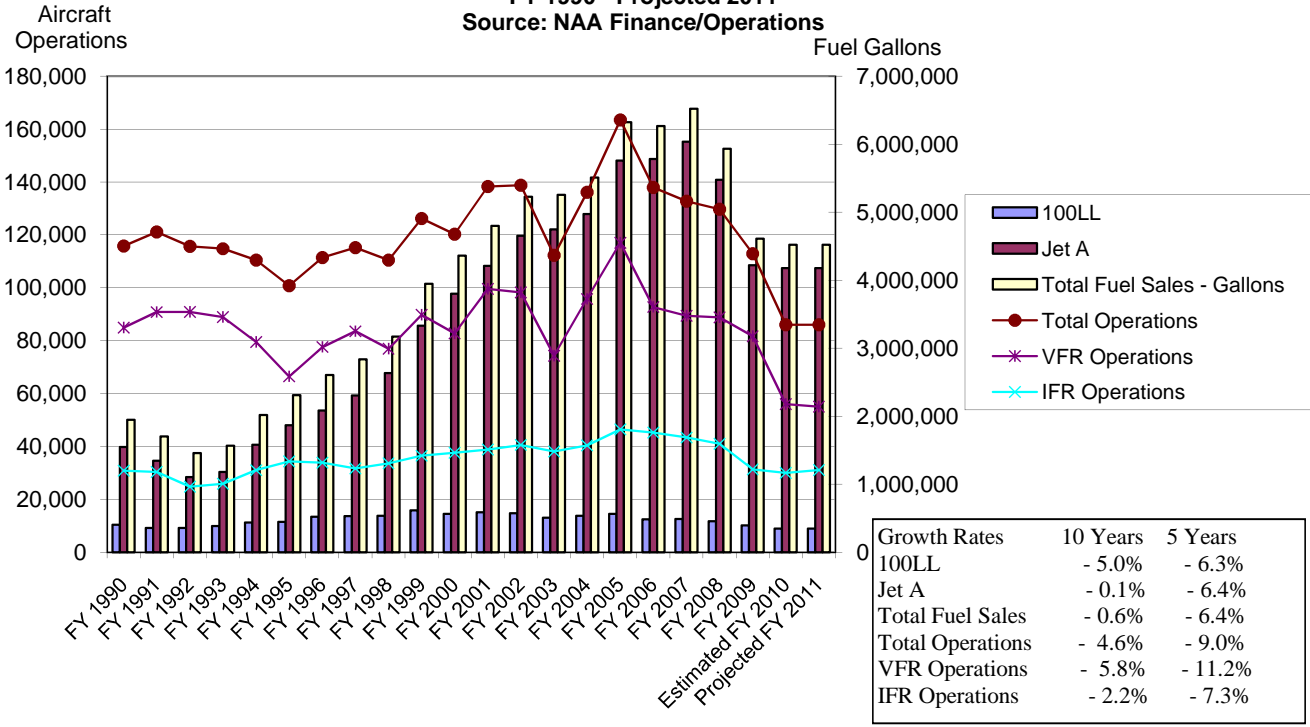
The Naples Municipal Airport is the only commercial air service airport in Collier County and has enjoyed sustained scheduled commercial air service since the 1950s. Historically, the airport functioned as a non-hub airport with direct service to Miami, Orlando, Tampa and Key West. Air carriers have always 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 has 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.

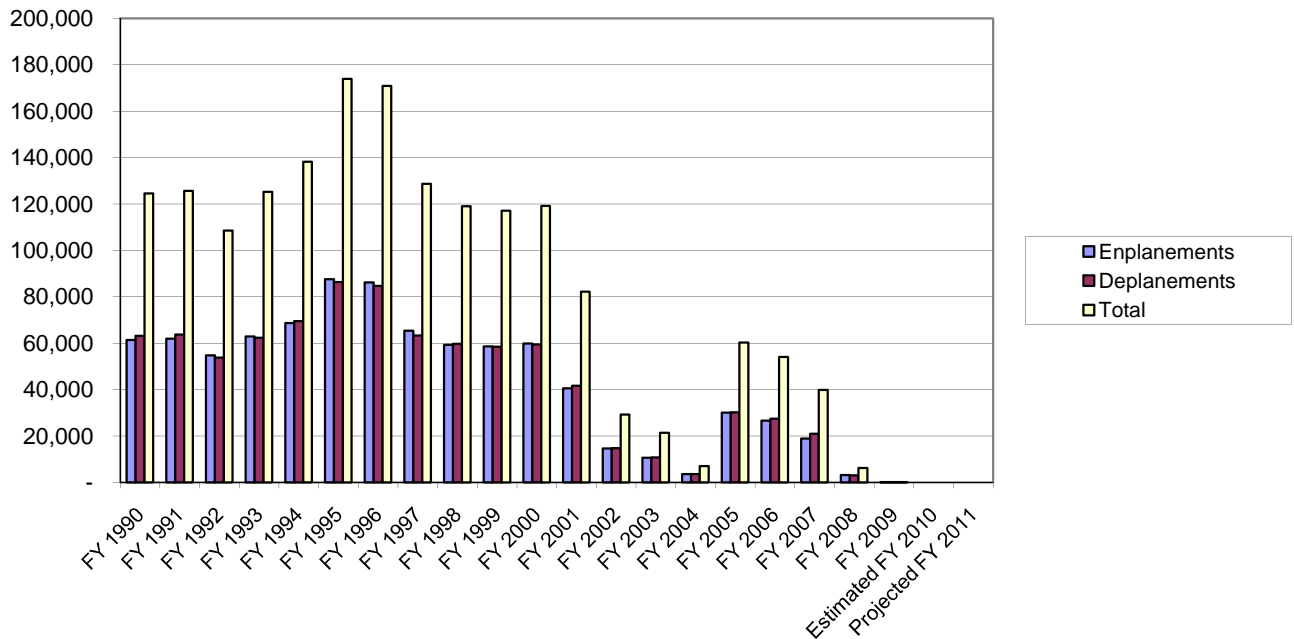
From 2000 to 2004, the airport experienced a ninety-four percent (94%) reduction of the total passengers as a result in the reduction of scheduled commercial air carriers from three carriers in 2000 down to one major carrier in 2001; and in the summer of 2003, experienced a complete loss of scheduled 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. In FY 2007, Yellow Air Taxi commenced service to Key West and in FY 2008 expanded their service to Ft. Lauderdale. Yellow Air Taxi stopped service October 2008.

The Authority continues to work to secure scheduled air service to a major hub in an effort to support the community's desire for air service from Naples. Based on the FY 2000 passenger levels, Naples Municipal Airport has the potential to serve over 120,000 passengers from our local community.

**Operations & Fuel Gallons History Comparison
FY 1990 - Projected 2011
Source: NAA Finance/Operations**



**Scheduled Air Service Passenger Activity History
Fiscal 1990 - Projected 2011
Source: NAA Operations**



**City of Naples Airport Authority
Fiscal Year 2011 Budget**

Key Assumptions

- General aviation activity stabilizes
- Operations remain at FY 2010 level
- General aviation fuel gallons remain flat
- No scheduled airline service
- U. S Customs Facility opens in mid-November
- No litigation expense
- Major capital projects completed/move forward on schedule
 - Displaced Thresholds 5-23 \$ 4.0 M
 - Rehabilitate Runway 5-23 \$ 2.4 M
 - General Aviation Customs Facility \$ 1.7 M
 - Part 150 Study Update Completed \$ 0.7 M
- No debt
- Increase operating and capital reserves to \$3.5 M

FY 2011 OPERATING BUDGET INFORMATION

To develop FY 2011 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 2011 operating budget reflects operating income of \$1.9 million.

OPERATING REVENUES AND EXPENSES

FY 2010 revenue estimates are based on the actual revenues from October 2009 through July 2010, and actual activity from August and September 2009 adjusted for current rates and charges and known changes in activity. FY 2011 revenue projections are based on the estimated FY 2010 activity adjusted for projected rates and charges and anticipated changes in activity.

FY 2011 revenues from the users of the Airport (after cost of goods sold) are projected to total \$9.4 million representing an \$90,000 increase over FY 2010.

- 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. No increase in net fuel revenue is projected for FY 2011. Aviation fuel programs are projected to remain unchanged. Fuel flowage fees will remain at \$0.30 per gallon throughout the year, and no increase in flowage gallons are projected during FY 2011. Fuel sales from the Rental Car Facility, aviation oil sales, and fuel truck rental are projected to remain at the FY 2010 levels. Any shifts in the fuel sales mix are anticipated to be minimal.
- Concession fees are projected to remain at the same level as the FY 2010 estimate.
- Hangar/T-shelter/tiedown rents are projected to remain at the same level as the FY 2010 estimate. No increase in rental rates or occupancy are anticipated.
- Building rents are projected to increase by \$1,000 over the FY 2010 estimate reflecting full occupancy of the Airport Office Building and continued rents from GulfCoast Airways and the rental car companies at the Commercial Airline Terminal. No increase in rental rates are anticipated.
- Land rent is projected to decrease \$6,000 from the FY 2010 level, reflecting the termination of a land lease in the South Quadrant. Additional revenue for new land leases is not projected.
- Line Services is projected to remain at the same level as the FY 2010 estimate.
- U.S. Customs user fees are projected conservatively and are based on 750 clearings during the first year of operation.
- Other operating revenue is projected at \$10,000 for FY 2011 and includes revenue received from gate cards, key and lock replacements, copies and faxes and reimbursement for specific marketing and uniforms through the Authority fuel vendor’s co-op program.

FY 2011 operating expenses are projected at \$7.4 million, which represents an increase of \$0.5 million from the FY 2010 estimate and includes costs associated with the new U.S. Customs Facility, scheduled to open in November 2010.

- Personnel costs, including salaries and wages, related taxes, employee benefits, uniforms, training, travel and employee recognition programs are projected to increase \$277,000 from the FY 2010 estimate. This increase reflects the addition of staff to accommodate the U.S. Customs Facility and to provide enhanced customer service. An average 3.24% pay increase is included for all staff. No overtime, with the exception of holiday overtime, has been budgeted for FY 2011. The Information Technology Manager position that was vacated in FY 2010 will be outsourced.
- Professional fees, including legal fees, audit services and other professional/consulting fees are projected to increase by \$71,000 from \$578,000 for FY 2010 to \$649,000 FY 2011. Legal fees are expected to remain at the FY 2010 level and do not include any fees for litigation. Expenses related to Audit Services are projected to remain at the FY 2010 estimated level based on the engagement letter for the FY 2010 audit, the addition of comprehensive audits related to contract and lease compliance, and other special projects that may be assigned to our audit firm during the year. Other professional services are projected to remain at the FY 2010 estimated level and include consulting services for human resources, noise abatement and security. Computer/MIS services are projected to increase by \$90,000 and includes the outsourcing of the previous IT Manager's duties, outside consulting services, software maintenance and upgrades and hardware purchases of less than \$2,000 per item. Engineering and planning services are projected to decrease by \$19,000 with the completion of the obstruction survey in FY 2010. Engineering and planning services include general engineering consulting services, surveying, and geotechnical services.
- Communications expense, including classified advertising, is projected to increase by \$1,000 from \$105,000 for FY 2010 to \$106,000 for FY 2011. 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.
- Insurance expense is projected to increase by \$9,000 from \$473,000 in FY 2010 to \$482,000 for FY 2011 and reflects an increase in insured property values with the completion of the U. S. Customs General Aviation Facility in November 2010 and an increase in premiums for workers' compensation insurance. Increases in other premiums are anticipated to be minimal.
- Utilities and environmental services is expected to increase by \$17,000 from \$316,000 in FY 2010 to \$333,000 for FY 2011. The FY 2011 amount reflects a full year's utilities for the General Aviation Terminal that was opened in late December 2009 and a slight increase in utility rates.
- Office supplies, postage and printing expense is projected to increase \$2,000 from \$51,000 in FY 2010 to \$53,000 in FY 2011.
- ATCT (Air Traffic Control Tower), ARFF (Airport Rescue and Fire Fighting) Operations and Police Services are projected to increase by \$4,000 from \$700,000 in FY 2010 to \$704,000 for FY 2011. The ATCT expense is anticipated to increase by \$1,000 for FY 2011. ARFF Operations expense is projected to increase \$3,000 and is based on the contract with the City of Naples for staffing, and additional Authority

provided training costs. Police Services, also contracted with the City of Naples, are projected to remain at the same level as FY 2010.

- U.S. Customs expense is projected at \$432,000 for FY 2011. This is a new line item, and includes the relocation costs and reimbursement of salaries for two (2) inspectors, data processing, international garbage disposal, utilities, office supplies, and pest control.
- Dues/subscriptions/fees expense is projected to increase by \$4,000 from \$34,000 for FY 2010 to \$38,000 for FY 2011.
- Auto gas and diesel fuel expense is projected to remain at the same level as FY 2010.
- Pilot services are projected to remain at the same level as FY 2010.
- No Miscellaneous expense is projected for FY 2011.
- Total Repair and maintenance expense is projected to decrease \$352,000 from \$830,000 for FY 2010 to \$478,000 for FY 2011. Building maintenance is projected to increase by \$7,000 and includes a non-routine maintenance item of elastomeric roof coating for a T-hangar. The General Aviation Terminal Expansion was completed in FY 2010 with operating expenses of \$216,000. This item included furniture and equipment purchases not meeting the Authority capitalization limit of \$2,000 per item, temporary office rental and moving costs. These costs were also part of the \$3.5 million General Aviation Terminal Project that was approved by the Board. Airfield maintenance is projected to decrease by \$161,000 as a result of the airfield painting and ditch clearing that was completed in FY 2010. Grounds maintenance is projected to increase by \$10,000 for landscaping and improvements to North Road. Vehicle maintenance is projected to remain at the FY 2010 level. Equipment maintenance is projected to decrease by \$4,000. Small tools and supplies are projected to increase by \$12,000 and includes the replacement of various tow bars and tow bar heads and the purchase of additional equipment to remove disabled aircraft from the airfield. This line item also includes the purchase of gate cards and replacement of equipment, radios, and furniture costing less than \$2,000 per item. Cleaning supplies are projected to remain at the same level as FY 2010.

Operating income, which represents operating revenues less operating expenses, is projected to total \$2.0 million for FY 2011, a decrease of \$0.4 million from the FY 2010 estimate. This will result in a twenty-one percent (21%) operating margin for FY 2011. 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) - A Rental Car Facility was completed in April 2002. This project eliminated the multiple wash and fueling sites and created a single facility for the rental car companies, therefore reducing exposure to environmental liabilities. This project included a vehicular staging area. The Authority's cost to build this facility is being repaid through a CFC collected by the rental car companies. General Aviation Terminal rental car service improvements completed in FY 2006 and FY 2009 were also repaid to the Authority through CFCs. The Authority will continue to collect CFCs to pay for the refurbishment of the existing Rental Car Washrack plus an additional wash bay scheduled in FY 2011 and FY 2012. CFC revenue for FY 2011 is anticipated to be \$137,000.
- ➔ Interest revenue - The Authority maintains an operating account and a money market account at two (2) different banks in the area. Both are qualified public depositories. Interest revenue for FY 2011 is anticipated to be \$40,000.
- ➔ 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 2011.
- ➔ The Authority collects minimal revenue derived from finance charges assessed on past due customer account balances and a collection allowance deduction on sales tax reporting. 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 2011 “Other revenue” derived from finance charges and collection allowance is projected to be \$4,000.
- ➔ The Authority currently has one “Braniff Plan” lease. 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 will be \$29,000 in FY 2011.
- ➔ 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 2011, fifty-three percent (53%) of the depreciation expense is attributed to expenditures made with contributed capital (largely FAA and FDOT grants). The other forty-seven percent (47%) of the depreciation expense is directly related to capital expenditures with the Authority's own funds.

The FY 2011 Operating Budget forecasts a net loss of \$0.8 million. This is after non-cash depreciation expense of \$2.9 million. Net income before depreciation expense is \$2.1 million.

A detailed comparison of operating revenues, operating expenses, and other revenues and expenses is provided on the following two pages.

**CITY OF NAPLES AIRPORT AUTHORITY
OPERATING INCOME
FISCAL YEAR 2011**

	ACTUAL	ORIGINAL		BUDGET	Increase (Decrease)		
		FY 2009	FY 2010		ESTIMATED	FY 2010	from Estimated
OPERATING REVENUES							
Net fuel revenue	5,813,000	6,105,000	5,865,000	5,865,000	-	0%	
Non-fuel revenue							
Concession fees	573,000	570,000	542,000	542,000	-	0%	
Hangar/T-shelter/tiedown rents	1,618,000	1,679,000	1,540,000	1,540,000	-	0%	
Building rents	219,000	226,000	205,000	206,000	1,000	0%	
Land rents	770,000	773,000	755,000	749,000	(6,000)	-1%	
Line services	301,000	307,000	374,000	374,000	-	0%	
US Customs user fees	-	-	-	113,000	113,000	NMF	
Other	8,000	124,000	28,000	10,000	(18,000)	-64%	
Non-fuel revenues	3,489,000	3,679,000	3,444,000	3,534,000	90,000	3%	
Operating revenues	9,302,000	9,784,000	9,309,000	9,399,000	90,000	1%	
OPERATING EXPENSES							
<i>Personnel - full time equivalents</i>	73.0	78.8	63.1	66.2	3.1	5%	
Salaries and wages	3,011,000	3,318,000	2,843,000	3,018,000	175,000	6%	
Payroll taxes	223,000	256,000	216,000	230,000	14,000	6%	
Health plan	481,000	579,000	423,000	459,000	36,000	9%	
Pensions	168,000	216,000	186,000	195,000	9,000	5%	
Uniforms and laundry	19,000	22,000	26,000	26,000	-	0%	
Training	19,000	50,000	35,000	67,000	32,000	91%	
Travel and meetings	36,000	60,000	55,000	66,000	11,000	20%	
Employee recognition and affairs	10,000	10,000	10,000	10,000	-	0%	
Legal fees	217,000	310,000	250,000	250,000	-	0%	
Audit services	56,000	55,000	55,000	55,000	-	0%	
Other professional services	22,000	44,000	39,000	39,000	-	0%	
Computer/MIS services	38,000	122,000	132,000	222,000	90,000	68%	
Engineering and planning services	22,000	94,000	102,000	83,000	(19,000)	-19%	
Classified advertising	2,000	11,000	5,000	6,000	1,000	20%	
Communications	100,000	225,000	100,000	100,000	-	0%	
Insurance	512,000	627,000	473,000	482,000	9,000	2%	
Telephone	59,000	67,000	61,000	61,000	-	0%	
Utilities	278,000	337,000	250,000	267,000	17,000	7%	
Environmental services	5,000	9,000	5,000	5,000	-	0%	
Office supplies	18,000	25,000	25,000	25,000	-	0%	
Printing	6,000	16,000	16,000	18,000	2,000	13%	
Postage	8,000	6,000	10,000	10,000	-	0%	
Tower	58,000	63,000	61,000	62,000	1,000	2%	
ARFF operations	607,000	607,000	608,000	611,000	3,000	0%	
Police services	30,000	218,000	31,000	31,000	-	0%	
U. S. Customs	-	-	-	432,000	432,000	NMF	
Dues/subscription/fees	32,000	44,000	34,000	38,000	4,000	12%	
Auto gas and diesel fuel	67,000	70,000	50,000	50,000	-	0%	
Pilot services	27,000	35,000	48,000	48,000	-	0%	
Miscellaneous	20,000	20,000	-	-	-	0%	
<i>Operating Expenses excluding R&M</i>	6,151,000	7,516,000	6,149,000	6,966,000	817,000	13%	
Building maintenance	85,000	145,000	104,000	111,000	7,000	7%	
General Aviation Terminal expansion	52,000	251,000	216,000	-	(216,000)	-100%	
Airfield maintenance	39,000	34,000	221,000	60,000	(161,000)	-73%	
Grounds maintenance	49,000	116,000	61,000	71,000	10,000	16%	
Vehicle maintenance	13,000	17,000	17,000	17,000	-	0%	
Equipment maintenance	98,000	139,000	139,000	135,000	(4,000)	-3%	
Small tools, equipment and supplies	40,000	51,000	47,000	59,000	12,000	26%	
Cleaning supplies	17,000	25,000	25,000	25,000	-	0%	
<i>Repair & maintenance expenses</i>	393,000	778,000	830,000	478,000	(352,000)	-42%	
Operating expenses	6,544,000	8,294,000	6,979,000	7,444,000	465,000	7%	
Operating income	\$ 2,758,000	\$ 1,490,000	\$ 2,330,000	\$ 1,955,000	\$ (375,000)	-16%	

**City of Naples Airport Authority
Fiscal Year 2011 Operating Budget**

	Actual FY 2009	Original Budget FY 2010	Estimated FY 2010	Budget FY 2011	Increase (Decrease) from Estimated FY 2010
Net operating revenues	\$ 9,302,000	\$ 9,784,000	\$ 9,309,000	\$ 9,399,000	\$ 90,000
Operating expenses	<u>6,544,000</u>	<u>8,294,000</u>	<u>6,979,000</u>	<u>7,444,000</u>	<u>465,000</u>
Operating income	<u>2,758,000</u>	<u>1,490,000</u>	<u>2,330,000</u>	<u>1,955,000</u>	<u>(375,000)</u>
Customer facility charges	170,000	163,000	137,000	137,000	-
Interest revenue	103,000	90,000	46,000	40,000	(6,000)
Unrealized gain (loss) on investments	(85,000)	-	80,000	-	(80,000)
Other revenue	1,000	4,000	4,000	4,000	-
Rental credit expense	(31,000)	(30,000)	(30,000)	(29,000)	1,000
Gain on disposal of capital assets	9,000	-	7,000	-	(7,000)
Depreciation expense	(2,105,000)	(2,760,000)	(2,500,000)	(2,900,000)	(400,000)
Non-operating revenues (expenses)	<u>(1,938,000)</u>	<u>(2,533,000)</u>	<u>(2,256,000)</u>	<u>(2,748,000)</u>	<u>(492,000)</u>
Net income (loss)	<u>\$ 820,000</u>	<u>\$ (1,043,000)</u>	<u>\$ 74,000</u>	<u>\$ (793,000)</u>	<u>\$ (867,000)</u>

FY 2011 OPERATING BUDGET ASSUMPTIONS

Account Name	Descriptions or Assumptions Used for Budgeted FY 2011	FY 2011
OPERATING REVENUES:		
Net fuel revenue	Fuel gallons based on actual gallons pumped from October 2009 through August 2010 and actual gallons pumped in September 2009. No anticipated changes in fuel programs or rates.	\$ 5,865,000
Concession fees	Rental car concession fees based on estimated FY 2010 activity and no minimum annual guarantee. Other fees based on estimated FY 2010 activity. Includes concession fees from restaurant, rental car facility, advertising and catering.	542,000
Hangar/T-shelter/tiedown rents	Based on 90% occupancy of hangars and T-shelters with no rate adjustments. No increase in rates for transient aircraft storage (hangar and tie-down).	1,540,000
Building rents	Based on current leases and full occupancy of the Airport Office Building. No rental rate adjustments.	206,000
Land rents	Based on current leases with no rental rates adjustments.	749,000
Line services	No anticipated increase in activity or increase in rate for lavatory and ground power unit services.	374,000
U. S. Customs user fees	Based on anticipated start date in mid-November with 750 clearings during FY 2011.	113,000
Other	Includes charges for copies, outgoing faxes, gate cards and hangar keys and reimbursement for specific marketing and uniforms through fuel vendor's co-op program.	10,000
OPERATING REVENUES:		\$ 9,399,000

FY 2011 OPERATING BUDGET ASSUMPTIONS

Account Name	Descriptions or Assumptions Used for Budgeted FY 2011	FY 2011
OPERATING EXPENSES:		
Salaries and wages	Based on current staffing with the addition of 2 line techs, 1 customer service representative, and additional part-time seasonal positions, if needed based on activity. IT Manager position to be outsourced. Average pay increase (CPI and merit) of 3.24% . Some promotions anticipated. No overtime budgeted except for holidays.	\$ 3,018,000
Payroll taxes	Salaries and wages @ .0765.	230,000
Health plan	Current plan based on full staffing of eligible positions. No significant increase in cost anticipated for the May 1 renewal.	459,000
Pensions	Eligible employees @ 6% of annual salaries and wages, and Executive Director per contract.	195,000
Uniforms and laundry	Standard uniforms for non-administrative personnel. Includes summer uniform program for all employees.	26,000
Training	Includes in-house management, customer service and HR training, tuition, professional seminars and conferences, and safety program.	67,000
Travel and meetings	Business/conference/seminar travel and sponsorship of airport related events.	66,000
Employee recognition and affairs	Employee recognition awards, plaques, certificates and pins. Also to include two NAA employee events.	10,000
Legal fees	Based on FY 2010 estimated activity and no activity for litigation.	250,000
Audit services	Based on current contract plus audit fees for concession agreements and other special assignments.	55,000
Other professional services	Various outside services including, photography and graphics, criminal history background checks, and pension plan administration. Also includes consulting services for human resources,, and DBE program.	39,000
Computer/MIS services	IT Manager services contracted through a consulting firm, outside consulting and training services, equipment/software upgrades and maintenance.	222,000
Engineering and planning services	Small engineering projects, surveying and geotechnical.	83,000
Classified advertising	Employment, RFPs, purchases, and public meeting notifications.	6,000
Communications	Marketing and public relations consulting services, various pamphlets and brochures, annual report, graphic design services, special events and promotions and related mailings.	100,000
Insurance	Based on estimated cost of insurance renewals, contingencies, deductibles and employee drug testing.	482,000
Telephone	Based on current activity of local telephone service, long-distance service, Nextel service and equipment replacement. Includes VoIP system.	61,000
Utilities	Based on current activity.	267,000
Environmental services	Disposal of waste oil and filters, water analysis samples and other environmental services as needed.	5,000

FY 2011 OPERATING BUDGET ASSUMPTIONS

Account Name	Descriptions or Assumptions Used for Budgeted FY 2011	FY 2011
Office supplies	General office supplies for all departments.	25,000
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.	18,000
Postage	Postage, Fed-Ex, and courier service.	10,000
Tower	General repair and maintenance of building and equipment, plus utility and telephone service and cleaning service.	62,000
ARFF operations	Includes cost of contracted City fire personnel, repair and maintenance of fire equipment and building, utility service and fire fighting chemicals.	611,000
Police service	Service provided from the Naples Police per contract.	31,000
U. S. Customs	Includes costs for the relocation and salaries for 2 inspectors, data processing, international garbage disposal, utilities, office supplies, and pest control.	432,000
Dues/subscription/fees	Organizations and memberships, licenses, permits, fees, dues, subscriptions and publications.	38,000
Auto gas and diesel fuel	Auto gas and diesel fuel for NAA vehicles.	50,000
Pilot services	Various services made available to GA and corporate pilots, including satellite service, newspapers, coffee, ice, flight crew real-time weather information, and red carpet service.	48,000
Miscellaneous	None budgeted for FY 2011	-
OPERATING EXPENSES EXCLUDING REPAIR & MAINTENANCE		6,966,000

FY 2011 OPERATING BUDGET ASSUMPTIONS

Account Name	Descriptions or Assumptions Used for Budgeted FY 2011	FY 2011
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 \$10,000 of non-routine maintenance for elastomeric roof coating for T-hangar.	111,000
Airfield maintenance	Routine repair and maintenance, including signage, tree service, paint, fence repair, runway lighting, security gates, and ramp lighting repair. Includes rent for off-airport ODAL property.	60,000
Grounds maintenance	Routine maintenance, including fertilizer, weed killer, mulch, sprinkler maintenance, plant maintenance, and palm/hedge trimming. Includes an additional \$10,000 for landscaping/improvements for North Road.	71,000
Vehicle maintenance	General repair and maintenance of NAA vehicles.	17,000
Equipment maintenance	General repair and maintenance of tractors and mowers, fuel farm and fueling equipment, radios, telephone system, and office equipment maintenance contracts.	135,000
Small tools, equipment and supplies	Small equipment and supplies for all departments, and miscellaneous signage. Includes costs for badging and gate cards.	59,000
Cleaning supplies	Custodial cleaning and paper goods.	25,000
REPAIR & MAINTENANCE EXPENSES		478,000
OPERATING EXPENSES		7,444,000
OPERATING INCOME		\$ 1,955,000

**CITY OF NAPLES AIRPORT AUTHORITY
BUDGET SENSITIVITY ANALYSIS
FISCAL YEAR 2011**

<u>SENSITIVITY: UPSIDE (OPPORTUNITY)</u>	<u>Revenue Increase or Expense Decrease</u>
Fuel Revenue Increase	\$ minimal to \$ 290,000
<u>Amount:</u> Increase in aircraft operations could increase Net Fuel Revenue.	
<u>Timing:</u> Could occur throughout the year, but must occur during the January through March time frame to have any significant impact.	
Hangar Rent Revenue Increase	\$ minimal to \$ 100,000
<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>
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 2011 in October 2010 and August - September 2011.	
<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 2010 CAPITAL BUDGET INFORMATION

The Authority's Capital Improvement Plan (CIP) is organized into two categories of capital projects for FY 2011 through FY 2015. 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 2011, the Authority's Capital Improvement Plan anticipates \$2.4 million in participatory projects. Ninety-nine percent (99%) is anticipated in federal and state assistance and Customer Facility Charges and one percent (1%) or \$0.1 million will be funded by the Authority.

The Five Year Capital Improvement Plan (FY 2011 – Unallocated) anticipates \$36.5 million in participatory projects with \$21.3 million in assistance from Federal (FAA) and State (FDOT) agencies, and Customer Facility Charges, and \$15.2 million funded by the Authority. Of the \$21.3 million in anticipated outside funding assistance, only \$1.8 has been obligated by the funding agency. The FAA and FDOT funding amounts shown for FY 2012 through FY 2015 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 2011, The Authority's Capital Improvement Plan anticipates \$5.6 million in non-participatory projects. The Five Year Capital Improvement Plan (FY 2011 – Unallocated) anticipates \$9.9 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 2011 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 2011 - 2015 Capital Improvement Plan

Project	Estimated/Actual					2015	2014	2013	2012	2011	Unallocated	Project Total
	Expenditures as of 9/30/09	Expenditures 2010	Expenditures 2011	Expenditures 2012	Expenditures 2013							
Taxiway B South - Construction												
FAA Funding	3,493,000	200,000										3,693,000
FDOT Funding	92,000	5,000										97,000
Other Funding												0
NAA Share	92,000	5,000										97,000
Project Total	3,677,000	210,000										3,887,000
Airfield Pavement General Aviation Terminal Apron												
FAA Funding	316,000	2,338,000										2,654,000
FDOT Funding	8,000	62,000										70,000
Other Funding (CFC)												0
NAA Share	9,000	61,000										70,000
Project Total	333,000	2,461,000										2,794,000
South Quadrant T-Hangars Phase II Site Work and Paving												
FAA Funding												0
FDOT Funding	1,026,000	45,000										1,071,000
Other Funding												0
NAA Share	1,077,000	380,000										1,457,000
Project Total	2,103,000	425,000										2,528,000
General Aviation Rental Car Lot Lighting												
FAA Funding												0
FDOT Funding												0
Other Funding (CFC)	8,000	39,000										47,000
NAA Share												0
Project Total	8,000	39,000										47,000
Airfield Pavement Runway 5-23												
FAA Funding		475,000	1,805,000									2,280,000
FDOT Funding			60,000									60,000
Other Funding												0
NAA Share		25,000	35,000									60,000
Project Total		500,000	1,900,000									2,400,000
Expand and Rehabilitate Rental Car Wash Facility												
FAA Funding												0
FDOT Funding												0
Other Funding (CFC)			500,000	1,000,000								1,500,000
NAA Share												0
Project Total			500,000	1,000,000								1,500,000

FY 2011 - 2015 Capital Improvement Plan

Estimated/Actual

Project	Expenditures as of 9/30/09					Expenditures					Project Total	
	2010	2011	2012	2013	2014	2015	Unallocated					
Airfield Pavement Commercial Airline Terminal Apron												
FAA Funding				2,000,000								2,000,000
FDOT Funding				250,000								250,000
Other Funding												0
NAA Share				250,000								250,000
Project Total				2,500,000								2,500,000
Revise/Update Environmental Resource Permit												
FAA Funding				125,000								125,000
FDOT Funding												0
Other Funding (PFC)												0
NAA Share				125,000								125,000
Project Total				250,000								250,000
Airfield Pavement Runway 14-32												
FAA Funding					3,800,000							3,800,000
FDOT Funding					100,000							100,000
Other Funding												0
NAA Share					100,000							100,000
Project Total					4,000,000							4,000,000
West Quadrant Fill and Detention Basin												
FAA Funding							500,000					500,000
FDOT Funding												0
Other Funding												0
NAA Share							2,000,000					2,000,000
Project Total							2,500,000					2,500,000
Commercial Terminal Expansion - Phase I												
FAA Funding									1,000,000			1,000,000
FDOT Funding									1,000,000			1,000,000
Other Funding												0
NAA Share									4,200,000			4,200,000
Project Total									6,200,000			6,200,000
Commercial Terminal Expansion - Phase II												
FAA Funding									2,000,000			2,000,000
FDOT Funding									500,000			500,000
Other Funding												0
NAA Share									4,000,000			4,000,000
Project Total									6,500,000			6,500,000

FY 2011 - 2015 Capital Improvement Plan

Project	Estimated/Actual					Unallocated	Project Total
	Expenditures as of 9/30/09	2010	2011	2012	2013		
Relocate and Extend Taxiway D							
FAA Funding						2,000,000	2,000,000
FDOT Funding						1,000,000	1,000,000
Other Funding						0	0
NAA Share						2,500,000	2,500,000
Project Total						5,500,000	5,500,000
Ground Based Navigational Aid							
FAA Funding						0	0
FDOT Funding						750,000	750,000
Other Funding						0	0
NAA Share						750,000	750,000
Project Total						1,500,000	1,500,000
Update Airport Master Plan							
FAA Funding						380,000	380,000
FDOT Funding						10,000	10,000
Other Funding						0	0
NAA Share						10,000	10,000
Project Total						400,000	400,000
Exhibit "A" Property Map							
FAA Funding						190,000	190,000
FDOT Funding						5,000	5,000
Other Funding						0	0
NAA Share						5,000	5,000
Project Total						200,000	200,000
Total Participatory Projects							
FAA Funding	3,809,000	3,013,000	1,805,000	0	2,125,000	3,800,000	500,000
FDOT Funding	1,126,000	112,000	60,000	0	250,000	100,000	0
Other Funding	8,000	39,000	500,000	1,000,000	0	0	0
NAA Share	1,178,000	471,000	35,000	0	375,000	100,000	2,000,000
Project Total	6,121,000	3,635,000	2,400,000	1,000,000	2,750,000	4,000,000	2,500,000
Total Participatory Projects							
FAA Funding						6,070,000	21,122,000
FDOT Funding						3,265,000	4,913,000
Other Funding						0	1,547,000
NAA Share						14,465,000	18,624,000
Project Total						23,800,000	46,206,000

FY 2011 - 2015 Capital Improvement Plan

Project	Expenditures		2011	2012	2013	2014	2015	Unallocated	Project Total
	as of 9/30/09	Estimated/Actual Expenditures 2010							
Non-Participatory Projects									
GA Terminal Modification*	2,549,000	612,000							3,161,000
Part 150 Study Update	229,000	200,000	275,000						704,000
North Quadrant Drainage Permit	19,000	11,000							30,000
Runway 5-23 Displaced Threshold		425,000	3,575,000						4,000,000
General Aviation Customs Facility		700,000	960,000						1,660,000
Replace Gas Tug with Lektro (Green Plan)		91,000							91,000
ARFF Crash Phone Replacement		75,000							75,000
Public Observation Area		70,000							70,000
Cable Access at General Aviation Terminal		40,000							40,000
Upgrade Lektro 3 to 500 Amp System		26,000							26,000
Rampside Aircraft Canopy		400,000							400,000
Extend Facilities Workshop Bay 20'		250,000							250,000
Replace Miscellaneous Aircraft Equipment		75,000							75,000
Replace North Self Fueler Piping/Pump		60,000							60,000
Hurricane Shutters for CAT - Phase I		50,000							50,000
Hurricane Shutters for Airport Office Building		50,000							50,000
Equipment Shade Cover at Facilities		50,000							50,000
Replace Gas Tug with Electric Tug (Green Plan)		43,000							43,000
Replace Flat Bed Dump Truck		30,000							30,000
Replace Miscellaneous Line Equipment				75,000					75,000
Hurricane Shutters for CAT - Phase II				50,000					50,000
Replace Miscellaneous Line Equipment						75,000			75,000
Replace Emergency Response Vehicle						32,000			32,000
Replace Security Vehicle						30,000			30,000
Replace Gas Tug with Lektro (Green Plan)							91,000		91,000
ARFF Crash Phone Replacement							75,000		75,000
Rehabilitate ARFF Station								1,000,000	1,000,000
General Aviation Terminal - Expand Restrooms								250,000	250,000
Accounting Software - Replace/Upgrade								200,000	200,000
Replace Pavement Sweeper								100,000	100,000
Portable Ramp Control Tower								75,000	75,000
Design/Build Communication Center								54,000	54,000
Additional Equipment Canopy								50,000	50,000
Noise Monitor Replacement Kits								50,000	50,000
ATCT Equipment Replacement								40,000	40,000
Information Technology		138,000	293,000	185,000	230,000	230,000	133,000	105,000	1,314,000
Individual Expenditures of \$25,000 or less		29,000	157,000	88,000	31,000	33,000	21,000	29,000	388,000
Total Non-Participatory Projects	2,797,000	2,115,000	5,562,000	1,281,000	386,000	400,000	320,000	1,953,000	14,814,000

FY 2011 - 2015 Capital Improvement Plan

Project	Expenditures as of 9/30/09	Estimated/Actual					2015	Unallocated	Project Total
		Expenditures 2010	2011	2012	2013	2014			
Capital Improvement Plan Summary									
Total Participatory Projects	6,121,000	3,635,000	2,400,000	1,000,000	2,750,000	4,000,000	2,500,000	23,800,000	46,206,000
Total Non-Participatory Projects	2,797,000	2,115,000	5,562,000	1,281,000	386,000	400,000	320,000	1,953,000	14,814,000
Total All Projects	8,918,000	5,750,000	7,962,000	2,281,000	3,136,000	4,400,000	2,820,000	25,753,000	61,020,000
Funding Sources									
FAA Funding	3,809,000	3,013,000	1,805,000	0	2,125,000	3,800,000	500,000	6,070,000	21,122,000
FDOT Funding	1,126,000	112,000	60,000	0	250,000	100,000	0	3,265,000	4,913,000
Other Funding	8,000	39,000	500,000	1,000,000	0	0	0	0	1,547,000
NAA Share	3,975,000	2,586,000	5,597,000	1,281,000	761,000	500,000	2,320,000	16,418,000	33,438,000

GA Terminal Modification* - total approved budget is \$3.517 million. \$299,000 of the budgeted amount is included in the FY 2009 and FY 2010 Operating Budget.

CASH FLOW AND CASH ALLOCATION: FY 2011 FORECAST

The following Cash Flow and Cash Allocation: FY 2011 Forecast displays the Authority's anticipated cash balances from FY 2010 through FY 2015. This information shows the effect on cash resulting from projected operating revenues and expenses and the Authority's Capital Improvement Plan. Cash and Equivalents in FY 2010 increased by \$0.3 million over the year. Cash and Equivalents are projected to decrease in FY 2011 with the construction of the Displaced Thresholds at the ends of Runway 5-23 estimated at \$3.6 million. During FY 2012 – 2014, cash and equivalents begin to increase by \$1.0 million per year, reflecting reduced capital improvement projects and increased funding levels. Cash and Equivalents for FY 2015 decrease by \$0.8 million reflecting a significant reduction in outside funding for capital improvement projects.

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 \$16.4 million in capital improvement projects listed as "Unallocated" on pages 20 through 24 are not included in the forecast.

The Forecast also shows the continuation of CFCs throughout FY 2015. The CFCs collected by the Authority, in excess of those used to reimburse the Authority for the construction of the Rental Car Facility and General Aviation rental car service improvements, will be used for future improvements to the Rental Car Facility. The FY 2011 and FY 2012 Capital Improvement Plan includes \$1.5 million for the refurbishment of the existing Rental Car Washrack plus an additional wash bay. It is estimated that the Authority will only collect the \$0.5 million in CFC's necessary to complete the improvements in FY 2011 prior to project implementation. The Authority will need to consider whether to move forward with the FY 2012 improvements to be reimbursed through CFC's received in later years, borrow the funds needed in excess of the CFC collected and repay the loan with future CFC's as received, or to delay the project until sufficient CFC funds are received to cover the costs.

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 are anticipated to increase by \$0.5 million from \$3.0 million to \$3.5 million to provide for yet to be identified or unexpected (emergency/disaster) operating and capital expenditures. All of the Authority's unallocated cash balance for FY 2010 through FY 2015 is reserved for the Capital Improvement Plan.

**CITY OF NAPLES AIRPORT AUTHORITY
CASH FLOW AND CASH ALLOCATION: FY 2011 FORECAST**

	FORECAST					
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
CASH FLOW						
Operating Revenue	\$ 9,309,000	\$ 9,399,000	\$ 9,485,000	\$ 9,563,000	\$ 9,642,000	\$ 9,723,000
Operating Expense	(6,979,000)	(7,444,000)	(7,529,000)	(7,755,000)	(7,988,000)	(8,228,000)
Operating Income	2,330,000	1,955,000	1,956,000	1,808,000	1,654,000	1,495,000
Adjustment for Non-Cash Items	(99,000)	(99,000)	(99,000)	(99,000)	(99,000)	(99,000)
Adjustment for Working Capital	454,000	(155,000)	(62,000)	(62,000)	(62,000)	(62,000)
Cash Flow from Operating Activities	2,685,000	1,701,000	1,795,000	1,647,000	1,493,000	1,334,000
Operating Grants Received	-	-	-	-	-	-
Cash Flows from Non-capital Financing Activities	-	-	-	-	-	-
Acquisition, Construction of Capital Assets	(7,533,000)	(7,962,000)	(2,281,000)	(3,136,000)	(4,400,000)	(2,820,000)
Capital Contributions	4,982,000	2,365,000	1,000,000	2,375,000	3,900,000	500,000
Proceeds from Sale of Capital Assets	7,000	-	-	-	-	-
Customer Facility Charge Revenue	137,000	137,000	137,000	137,000	137,000	137,000
<i>NAA Portion of Acquisition & Construction</i>	<i>(2,407,000)</i>	<i>(5,460,000)</i>	<i>(1,144,000)</i>	<i>(624,000)</i>	<i>(363,000)</i>	<i>(2,183,000)</i>
Interest Earned from Capital & Related Activities	1,000	1,000	-	-	-	-
Cash Flow from Capital & Related Activities	(2,406,000)	(5,459,000)	(1,144,000)	(624,000)	(363,000)	(2,183,000)
Interest Revenue	45,000	38,000	32,000	36,000	39,000	40,000
Other Revenue	4,000	4,000	4,000	4,000	4,000	4,000
Cash Flow from Investing Activities	49,000	42,000	36,000	40,000	43,000	44,000
Increase (Decrease) in Cash and Equivalents:	328,000	(3,716,000)	687,000	1,063,000	1,173,000	(805,000)
Cash and Equivalents at Beginning of Period	13,667,000	13,995,000	10,279,000	10,966,000	12,029,000	13,202,000
Cash and Equivalents at End of Period	13,995,000	10,279,000	10,966,000	12,029,000	13,202,000	12,397,000
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	284,000	-	-	-	-	-
State Board of Administration - Pool B Balance	317,000	245,000	173,000	101,000	29,000	-
Restricted Cash	2,101,000	1,745,000	1,673,000	1,601,000	1,529,000	1,500,000
Unrestricted Cash	11,894,000	8,534,000	9,293,000	10,428,000	11,673,000	10,897,000
Operating and Capita Reserves at End of Period	3,000,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
Reserves	3,000,000	3,500,000	3,500,000	3,500,000	3,500,000	3,500,000
Unallocated Cash	8,894,000	5,034,000	5,793,000	6,928,000	8,173,000	7,397,000
Reserved for Capital Improvement Program	(8,894,000)	(5,034,000)	(5,793,000)	(6,928,000)	(8,173,000)	(7,397,000)
Unallocated Cash after CIP Reserves	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

FY 2011 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 28 and 29 is used to clarify the Authority's intent as to setting the "total of appropriation for expenditures and reserves" for FY 2011. 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 2011, total available resources, revenues and receipts is \$23,828,000 and total expenses and expenditures is \$15,435,000. The total available resources at year-end is \$8,393,000, a decrease of \$3,990,000 from FY 2010. This decrease is contributed to the Authority's support of the U.S. Customs General Aviation Facility and the increase in capital expenditures.

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 29.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

For the FY 2002 year-end audited financial statements, the Authority elected to early implement Governmental Accounting Standards Board (GASB) Statement Number 34. One of the changes required by GASB 34 was the inclusion of a Statement of Revenues, Expenses and Changes in Net Assets. In addition to the information provided in the previously required Statement of Revenues and Expenses (revenues and expenses operating revenues, operating expenses and non-operating revenues and expenses), this format includes capital contributions (previously shown as equity on the balance sheet). This statement showing comparison information for FY 2009 – FY 2011 may be found on page 30.

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

	ACTUAL	BUDGET	ESTIMATED	BUDGET	Increase (Decrease) from Estimated FY 2010	
	FY 2009	FY 2010	FY 2010	FY 2011		
AVAILABLE RESOURCES, REVENUES AND RECEIPTS						
AVAILABLE RESOURCES AT BEGINNING OF YEAR						
Restricted	\$ 500,000	\$ 420,000	\$ 413,000	\$ 317,000	\$ (96,000)	-23%
Operating & capital reserves	2,500,000	3,000,000	3,000,000	3,500,000	500,000	17%
Unrestricted	8,661,000	8,486,000	8,246,000	8,566,000	320,000	4%
Total available resources at beginning of year	11,661,000	11,906,000	11,659,000	12,383,000	724,000	6%
OPERATING REVENUES						
Fuel sales (net)	5,813,000	6,105,000	5,865,000	5,865,000	-	0%
Concession fees	573,000	570,000	542,000	542,000	-	0%
Hangar/T-shelter/tiedown rents	1,618,000	1,679,000	1,540,000	1,540,000	-	0%
Building and land rents	989,000	999,000	960,000	955,000	(5,000)	-1%
Line services	301,000	307,000	374,000	374,000	-	0%
U.S. Customs user fees	-	-	-	113,000	113,000	NMF
Other	8,000	124,000	28,000	10,000	(18,000)	-64%
Net operating revenues	9,302,000	9,784,000	9,309,000	9,399,000	90,000	1%
NON-OPERATING REVENUES						
Customer facility charges	170,000	163,000	137,000	137,000	-	0%
Investment earnings	19,000	94,000	130,000	44,000	(86,000)	-66%
Total non-operating revenues	189,000	257,000	267,000	181,000	(86,000)	-32%
RECEIPTS						
Capital contributions	7,354,000	6,338,000	3,907,000	1,865,000	(2,042,000)	-52%
Total receipts	7,354,000	6,338,000	3,907,000	1,865,000	(2,042,000)	-52%
TOTAL REVENUES AND RECEIPTS	16,845,000	16,379,000	13,483,000	11,445,000	(2,038,000)	-15%
TOTAL AVAILABLE RESOURCES, REVENUES AND RECEIPTS	\$ 28,506,000	\$ 28,285,000	\$ 25,142,000	\$ 23,828,000	\$ (1,314,000)	-5%

(Continued)

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

	ACTUAL	BUDGET	ESTIMATED	BUDGET	Increase (Decrease)	
					FY 2009	FY 2010
TOTAL AVAILABLE RESOURCES, REVENUES AND RECEIPTS	\$ 28,506,000	\$ 28,285,000	\$ 25,142,000	\$ 23,828,000	\$ (1,314,000)	-5%
EXPENSES AND EXPENDITURES						
OPERATING EXPENSES						
Personnel	3,967,000	4,511,000	3,794,000	4,071,000	277,000	7%
Professional fees	355,000	625,000	578,000	649,000	71,000	12%
Communications	102,000	236,000	105,000	106,000	1,000	1%
Insurance	512,000	627,000	473,000	482,000	9,000	2%
Utilities and environmental	342,000	413,000	316,000	333,000	17,000	5%
Office/postage/printing	32,000	47,000	51,000	53,000	2,000	4%
ATCT, ARFF and police service	695,000	888,000	700,000	704,000	4,000	1%
U. S. Customs	-	-	-	432,000	432,000	NMF
Dues/subscriptions/fees	32,000	44,000	34,000	38,000	4,000	12%
Auto gas and diesel fuel	67,000	70,000	50,000	50,000	-	0%
Pilot services	27,000	35,000	48,000	48,000	-	0%
Maintenance and repair	393,000	778,000	830,000	478,000	(352,000)	-42%
Miscellaneous expense	20,000	20,000	-	-	-	0%
Operating expenses	6,544,000	8,294,000	6,979,000	7,444,000	465,000	7%
CAPITAL EXPENDITURES	10,272,000	9,433,000	5,750,000	7,962,000	2,212,000	38%
NON-OPERATING EXPENSES	-	-	-	-	-	0%
DEBT SERVICE EXPENSES AND EXPENDITURES						
Rental credit expense	31,000	30,000	30,000	29,000	(1,000)	-3%
Total debt service expenses and expenditures	31,000	30,000	30,000	29,000	(1,000)	-3%
TOTAL EXPENSES AND EXPENDITURES	16,847,000	17,757,000	12,759,000	15,435,000	2,676,000	21%
AVAILABLE RESOURCES AT YEAR END						
Restricted	413,000	-	317,000	245,000	(72,000)	0%
Operating and capital reserves	3,000,000	3,000,000	3,000,000	3,500,000	500,000	17%
Unrestricted	8,246,000	7,528,000	9,066,000	4,648,000	(4,418,000)	-49%
TOTAL AVAILABLE RESOURCES AT YEAR END	11,659,000	10,528,000	12,383,000	8,393,000	(3,990,000)	-32%
NET CHANGE IN AVAILABLE RESOURCES BALANCE	\$ (2,000)	\$ (1,378,000)	\$ 724,000	\$ (3,990,000)	\$ (4,714,000)	-651%
RECONCILIATION OF BUDGETARY BASIS TO GAAP						
CHANGE IN NET ASSETS - BUDGETARY BASIS	\$ (2,000)	\$ (1,378,000)	\$ 724,000	\$ (3,990,000)		
Add: Capital expenditures	10,272,000	9,433,000	5,750,000	7,962,000		
Less: Depreciation expense	(2,105,000)	(2,760,000)	(2,500,000)	(2,900,000)		
Gain (Loss) on disposal of capital assets	9,000	-	7,000	-		
CHANGE IN NET ASSETS - GAAP	\$ 8,174,000	\$ 5,295,000	\$ 3,981,000	\$ 1,072,000		

CITY OF NAPLES AIRPORT AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FISCAL YEAR 2011

	ACTUAL FY 2009	BUDGET FY 2010	ESTIMATED FY 2010	BUDGET FY 2011
OPERATING REVENUES				
Fuel sales (net)	\$ 5,813,000	\$ 6,105,000	\$ 5,865,000	\$ 5,865,000
Concession fees	573,000	570,000	542,000	542,000
Hangar/T-shelter/tiedown rents	1,618,000	1,679,000	1,540,000	1,540,000
Building and land rents	989,000	999,000	960,000	955,000
Line services	301,000	307,000	374,000	374,000
U. S. Customs user fees	-	-	-	113,000
Other	8,000	124,000	28,000	10,000
Net operating revenues	<u>9,302,000</u>	<u>9,784,000</u>	<u>9,309,000</u>	<u>9,399,000</u>
OPERATING EXPENSES				
Personnel	3,967,000	4,511,000	3,794,000	4,071,000
Professional fees	355,000	625,000	578,000	649,000
Communications	102,000	236,000	105,000	106,000
Insurance	512,000	627,000	473,000	482,000
Utilities and environmental	342,000	413,000	316,000	333,000
Office/postage/printing	32,000	47,000	51,000	53,000
ATCT, ARFF and police service	695,000	888,000	700,000	704,000
U. S. Customs	-	-	-	432,000
Dues/subscriptions/fees	32,000	44,000	34,000	38,000
Auto gas and diesel fuel	67,000	70,000	50,000	50,000
Pilot services	27,000	35,000	48,000	48,000
Maintenance and repair	341,000	527,000	614,000	478,000
General Aviation Terminal Expansion	52,000	251,000	216,000	-
Miscellaneous expense	20,000	20,000	-	-
Depreciation and amortization	2,105,000	2,760,000	2,500,000	2,900,000
Total operating expenses	<u>8,649,000</u>	<u>11,054,000</u>	<u>9,479,000</u>	<u>10,344,000</u>
Operating income (loss)	<u>653,000</u>	<u>(1,270,000)</u>	<u>(170,000)</u>	<u>(945,000)</u>
NON-OPERATING REVENUES (EXPENSES)				
Customer facility charges	170,000	163,000	137,000	137,000
Interest revenue	104,000	94,000	50,000	44,000
Unrealized gain (loss) on investments	(85,000)	-	80,000	-
Interest expense	(31,000)	(30,000)	(30,000)	(29,000)
Gain on disposal of capital assets	9,000	-	7,000	-
Total non-operating revenues (expenses)	<u>167,000</u>	<u>227,000</u>	<u>244,000</u>	<u>152,000</u>
Income before capital contributions	820,000	(1,043,000)	74,000	(793,000)
Capital contributions	<u>7,354,000</u>	<u>6,338,000</u>	<u>3,907,000</u>	<u>1,865,000</u>
Change in net assets	8,174,000	5,295,000	3,981,000	1,072,000
Total net assets - beginning	<u>49,695,000</u>	<u>59,650,000</u>	<u>57,869,000</u>	<u>61,850,000</u>
Total net assets - ending	<u>\$ 57,869,000</u>	<u>\$ 64,945,000</u>	<u>\$ 61,850,000</u>	<u>\$ 62,922,000</u>

