

CITY OF NAPLES AIRPORT AUTHORITY

FISCAL YEAR 2018

OPERATING

AND

CAPITAL BUDGET

September 21, 2017



FISCAL YEAR 2018 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 storm water 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. Audited figures in 1973 showed the value of the Airport (assets minus liabilities) to be \$267,000 as compared to the 2016 audited value of \$81.2 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 2018 maintains the same guarded optimism of FY17 that the national and local economy will maintain the gains made in recent years. Aircraft operations (an operation is one landing or one takeoff) decreased but Jet A gallons pumped had been increasing in recent years but that growth has now leveled off.

The Authority’s Operating Income for FY 2018 is projected to be \$1.4 million. The Budget reflects a Net Loss of \$2.0 million after depreciation expense of \$3.8 million.

The Five (5) Year Capital Improvement Plan includes, in FY 2018, \$3.1 million for the design and construction for the Airport Fire Station; \$1.2 million for the Master Plan update. Each of these projects are eligible for federal and/or state funding. The Authority’s capital improvement plan for FY 2018 – FY 2022 would direct \$29 million into the local economy.

The FY 2018 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 2018 are summarized as follows:

<u>Operating Budget</u>		<u>Capital Budget</u>	
Operating Revenues	\$ 14,718,659	Capital - Participatory	\$ 5,486,000
Operating Expenses (1)	<u>\$ 13,336,600</u>	Capital - Non-Participatory	<u>\$ 6,666,300</u>
Operating Income	\$ 1,382,059	Total Capital Budget	\$ 12,152,300
Other Revenues/(Expenses)	\$ 444,400	Outside Funding	<u>\$ 4,091,976</u>
Depreciation Expense	\$ 3,800,000	NAA Funding	<u>\$ 8,060,324</u>
Net Income/(Loss) (2)	<u>\$ (473,541)</u>		

(1) Includes projected Hurricane Irma expenses of \$2.0million

(2) Includes projected proceeds related to Hurricane Irma of \$1.5million

The FY 2018 budget maintains the reserves for capital contingencies and emergency operating contingencies at \$5.0 million. This is approximately 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 1992 through projected 2018.

COMPARISON OF AIRCRAFT OPERATIONS AND FUEL SALES IN GALLONS

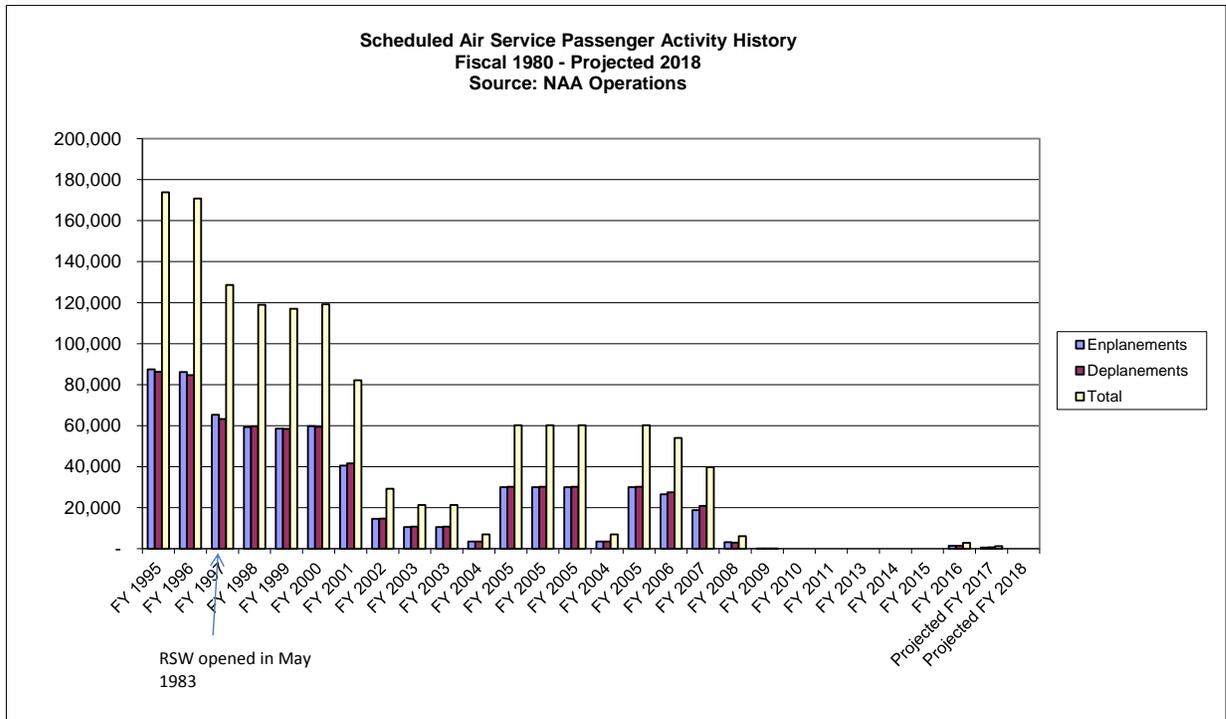
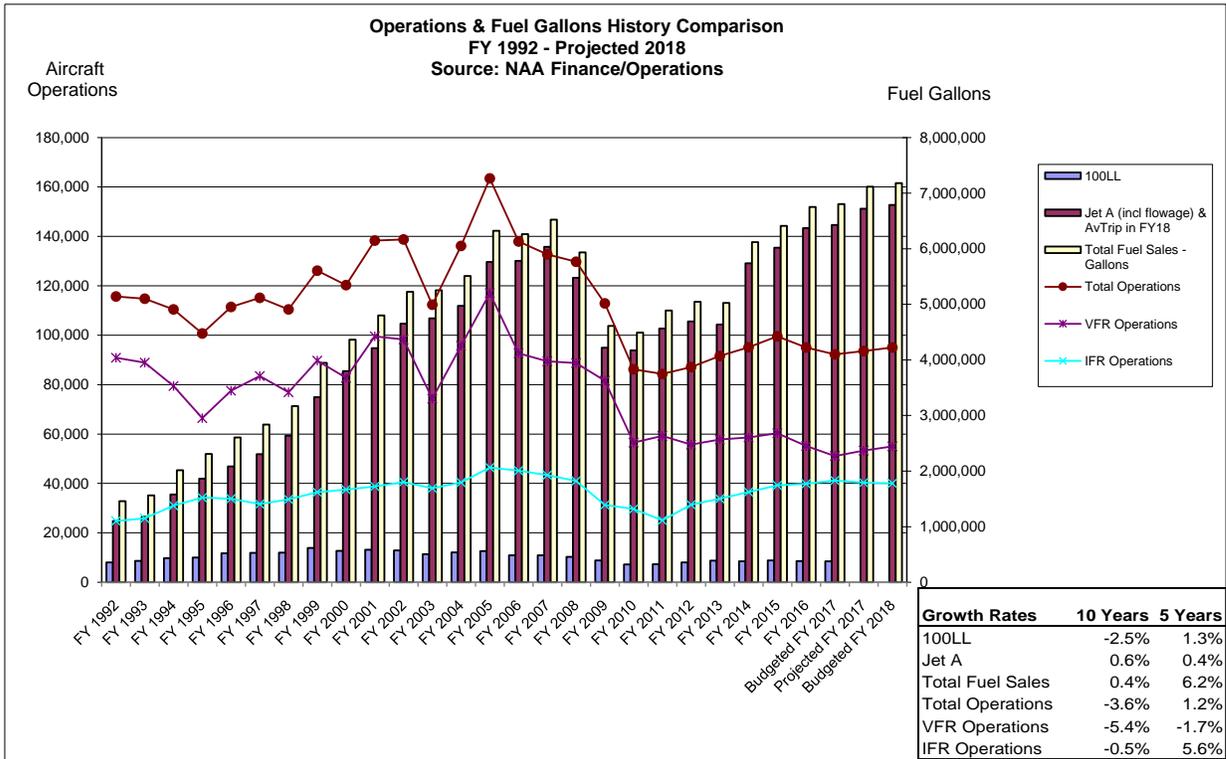
Aircraft operations during FY 2017 are expected to decrease by one and a half percent (1.5%) from the FY 2016 activity level. The estimated total operations for FY 2017 of 94,000 will be a decrease of forty-three percent (43%) from the highest level of 163,400 operations, reached at the airport in FY 2005. This will be the eighth year in a row where aircraft operations have been below 100,000. Total operations are expected to increase by one percent (1%) in FY 2018 to 95,000. VFR (Visual Flight Rules) operations account for the greatest decrease in aircraft operations, expected to be fifty-three percent (53%) 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 2017 IFR (Instrument Flight Rules) operations are expected to be fourteen percent (14%) fewer than the FY 2005 activity level and are projected to decrease by 1% to 40,000 for FY 2018.

The peak year for total fuel sales, including flowage, was FY 2016 with over 6.7 million gallons sold. In FY 2010, Jet A fuel sales were 4.1 million gallons, thirty-one percent (31%) lower than in FY 2007. Since then, there has been a general recovery in sales of Jet A fuel each year and sales growth appears to be leveling and are expected to be flat in FY 2017 at 6.7 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 395,000 in both FY’s 2017 and 2018.

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 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

Naples Municipal Airport provided scheduled commercial air service to the community starting in the 1980s and until 2007 was classified in the National Plan of Integrated Airport Systems (NPIAS) as a primary airport (a commercial service airport which enplanes 10,000 or more passengers each year). General aviation generates the majority of aircraft activity and Naples Municipal Airport is currently classified as a national general aviation airport in the NPIAS.



**City of Naples Airport Authority
Fiscal Year 2018 Budget**

Key Assumptions

- ◆ Operations will continue at current levels
- ◆ Jet A fuel sales will increase by 1%
- ◆ Greater proportion of Jet A sales are in the Volume Discount program
- ◆ Car rental concession revenues mirror FY13 levels
- ◆ A 2% increase in building, land, hangar and other rental rates
- ◆ Major capital projects scheduled:

ARFF Station design and construction	\$3.1 M
Master Plan Update	\$1.2 M
- ◆ No debt
- ◆ Operating and capital reserves remain at \$5.0 M

FY 2018 OPERATING BUDGET INFORMATION

To develop FY 2018 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 accountability 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 2018 operating budget reflects operating income of \$1.2 million.

OPERATING REVENUES AND EXPENSES

FY 2017 revenue estimates are based on the actual revenues from October 2016 through July of 2017 and estimated activity for August through September 2017 adjusted for current rates and charges and known changes in activity. FY 2018 fuel revenue projections are based on actual FY 2016 and FY 2017 levels adjusted for anticipated changes in activity.

FY 2018 revenues from the users of the Airport (after cost of goods sold) are projected to total \$14.7million, representing a decrease of \$204,748 from FY 2017 estimated actuals.

- 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 \$92,558 from the FY 2017 forecast which equates to 1% increase. Aviation fuel programs for 100LL are projected to remain flat at the FY 2016 levels. Fuel sales from the Rental Car Wash Facility and aviation oil sales are also projected to remain at the FY 2017 levels.
- Concession revenues are projected to decrease by \$9,191 from the FY 2017 estimate.
- T-Hangar/T-shelter/Tie-down rents are projected to decrease by \$171,666 or 6.84% over the FY 2017 estimate. This is due to the impact of Hurricane Irma reducing T-Hanger revenue by 15% from \$1,070,616 to \$910,024 and the Executive 3 hangars by 90% from \$75,024 to \$7,502. This is still reflective of a 2% increase in rates.
- Building rents are projected to decrease 50% from \$193,248 to \$96,624 due to the impact of Hurricane Irma.
- Land rents are projected to increase \$12,088 based on new leases being in place for the full year and a slight rate increase. No additional new land leases are projected.
- Line Services revenues are projected to decrease by \$4,647. FY 2017 budget showed a slight decline in revenue also.
- U.S. Customs user fees are projected to decrease by \$24,765, a 7.2% decrease as a result of decreased clearings.
- Avfuel's co-op marketing revenues (reimbursement for specific marketing and uniforms costs) are projected to be \$20,000. This is the same as the FY 2017 budget, but slightly lower than the 2017 estimate.

FY 2018 operating expenses are projected at \$10.5 million, which represents an increase of \$1,164,091 from the FY 2017 estimated actuals.

- Personnel costs, including salaries and wages, related taxes, employee benefits, uniforms, training, travel and employee recognition programs are projected to increase \$796,679 from the FY 2017 estimate. A pay increase is included based on a CPI increase, merit, and some promotions. This also includes some wage adjustments for some staff members based on a compensation survey that was performed under the direction of the Executive Director and the Human Resources Manager. There are (4) new positions budgeted for FY 2018.
- Professional fees, including legal fees, audit services and other professional/consulting fees are projected to decrease by \$6,100 from \$818,000 for FY 2017 to \$811,900 for FY 2018. Some legal fees for litigation are budgeted in FY 2018. Expenses related to audit services are projected to remain the same. Other professional services include consulting services for human resources, re-branding, noise abatement, finance system support, airline, and security; Computer/MIS services shows an increase of \$164,300 which includes the continued outsourcing of the IT duties, outside consulting services, software maintenance and upgrades and hardware purchases. Engineering and planning services are budgeted to have a slight increase for FY 2018.
- Communications expense, including classified advertising, is budgeted to decrease by \$44,700 from \$245,000 for FY 2017 to \$200,300 for FY 2018. This line item includes general and commercial aviation marketing and public relations consulting services, community mailings, photography and videos and bid and public meeting notices. A separate general ledger account has been established for advertising for employment and is part of the personnel costs.
- Insurance expense is projected to increase by \$51,399 in FY 2018 reflects an increase in insured property values and an increase in wages upon which Workers' Compensation insurance is based. The budget includes \$25,000 for deductibles and contingencies.
- Utilities and environmental services are expected to increase by \$10,900. This reflects a slight increase in electricity costs, based on a rate increase from FPL and increased amount and usage of space. Telephone is anticipated to slightly increase due to increased use of cell systems to monitor systems such as fire panels and the irrigation system. Water, sewer, and garbage/recycling collection rates include a small rate increase.
- Office and other operating supplies are expected to remain flat (this line item contains tools, small equipment and consumable supplies used by departments in their operations). Postage and printing expense are projected to increase \$4,800 from \$23,700 in FY 2017 to \$28,500 in FY 2018.
- ATCT (Air Traffic Control Tower), ARFF (Airport Rescue and Fire Fighting) Operations and Police Services are projected to increase by \$127,900 from \$848,700 in FY 2017 to \$976,600 for FY 2018. ATCT will show a decrease of \$1,900 and Police Services will show a decrease of \$12,000. ARFF services will show an increase of \$141,800 from FY 2017. This includes projected cost of city fire personnel, training, repair and maintenance of fire equipment and building, utility service and firefighting chemicals. Also includes estimated personnel expense of \$230k for additional 9 hours per day (24 hour per day staffing). Current staffing is 15 hours per day.
- U.S. Customs expense is budgeted at \$335,000 for FY 2018, slight increase from FY 2017. This line item includes the reimbursement of salaries for two inspectors, data processing, utilities, office supplies, and pest control.

- Dues/subscriptions/fees expense is projected to increase by \$10,100 from \$53,000 for FY 2017 to \$63,100 for FY 2018. This includes memberships in groups to develop and utilize a Geographical Information System and Safety Management System.
- Auto gas and diesel fuel expense is budgeted to decrease by \$10,000 for FY 2018 from \$80,000 to \$70,000.
- Pilot services is expected to increase by \$30,000 from \$120,000 in FY 2017 to \$150,000 in FY 2018, based on higher traffic volumes and the desire to offer top-notch services.
- No bad debt expense is budgeted for FY 2018.
- Total repair and maintenance expense is projected to increase by \$2,089,000 from \$768,000 for FY 2018. The bulk of this increase is due to the impact of Hurricane Irma's effect on the airport. There is a preliminary expense projection of \$2,000,000 in damages. Airfield maintenance is expecting an increase of \$34,000 from \$146,000 FY 2017 to \$180,000 in FY 2018, partly due to a service contract for regular inspection and maintenance of access gates/doors/badging system. Grounds maintenance is increasing \$43,000 from \$95,000 in FY 2017 to \$138,000 in FY 2018. Cleaning supplies are projected to remain flat for FY 2018.

Operating income, which represents operating revenues less operating expenses, is projected to total \$1.2 million for FY 2018, a decrease of \$3,637,587 from the FY 2017 estimate. This is due to the revenue decrease and operating expense increase caused by the impact Hurricane Irma had on the airport. This will result in an 8.71% operating margin for FY 2018.

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 2018 is anticipated to be \$212,800.
- 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 2018 is anticipated to be \$231,600 based on a higher cash balance and anticipated higher interest rates.
- 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 2018, 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. Depreciation expense for FY 2018 is budgeted to be \$3,800,000.

The FY 2018 Operating Budget forecasts a net loss of \$1,973,541. This is after non-cash depreciation expense of \$3.8 million. Net income before depreciation expense is \$1.8 million. The Authority is projecting expenses related to Hurricane Irma at \$2.0 million which has been included in the operating expenses. Proceeds are forecasted at \$1.5 million projecting a net loss of \$473,541.

City of Naples Airport Authority
Fiscal Year 2018 Budget
Operating Budget

	FY 16 Actuals	FY 17 Budget	Estimated FY 2017	Budget FY 2018	Incr/(Decr) From FY 2017	Percent
Operating Revenues						
Net Fuel Revenue	\$ 8,786,349	\$ 8,756,200	\$ 9,255,839	\$ 9,348,397	\$ 92,558	1.00%
Non-Fuel Revenues						
Concession Fees	716,305	716,000	676,291	667,100	(9,191)	-1.36%
Hangar/T-Shelter/Tiedown Rents	2,413,275	2,441,100	2,508,052	2,336,386	(171,666)	-6.84%
Building Rents	486,509	482,000	519,678	426,176	(93,502)	-17.99%
Land Rents	840,171	889,000	865,112	877,200	12,088	1.40%
Line Services	701,460	697,000	727,347	722,700	(4,647)	-0.64%
US Customs User Fees	311,250	318,000	345,165	320,400	(24,765)	-7.17%
Fuel Vendor's Cooperative Marketing	22,809	20,000	25,571	20,000	(5,571)	-21.79%
Other	1,271	1,000	352	300	(52)	-14.77%
Non-Fuel Revenues	\$ 5,493,050	\$ 5,564,100	\$ 5,667,568	\$ 5,370,262	\$ (297,306)	-5.25%
Operating Revenues	\$ 14,279,399	\$ 14,320,300	\$ 14,923,407	\$ 14,718,659	\$ (204,748)	-1.37%
Operating Expenses						
Personnel - full time equivalents	74.9	79.0	77.7	81.7	4.00	5.15%
Salaries and Wages	3,922,438	4,232,000	4,174,265	4,627,488	453,223	10.86%
Payroll Taxes	292,272	309,000	306,482	354,032	47,550	15.51%
Health Plans	744,219	774,100	799,382	863,100	63,718	7.97%
Retirement Plan	235,549	251,100	248,470	269,480	21,010	8.46%
Uniforms and Laundry	59,323	40,000	40,778	44,000	3,222	7.90%
Training	24,933	74,500	80,676	127,700	47,024	58.29%
Travel and Meetings	98,241	118,600	110,797	159,700	48,903	44.14%
Employee Recognition and Affairs	17,457	22,000	15,071	27,100	12,029	79.82%
Sub-Total - Personnel	\$ 5,394,432	\$ 5,821,300	\$ 5,775,921	\$ 6,472,600	\$ 696,679	12.06%
Legal Fees	240,705	300,000	211,068	300,000	88,932	42.13%
Audit Services	41,750	50,000	50,000	50,000	-	0.00%
Other Professional Services	230,002	468,000	372,798	461,900	89,102	23.90%
Computer/IT Services	268,102	276,000	309,010	440,300	131,290	42.49%
Engineering and Planning Services	1,962	15,000	11,340	15,000	3,660	32.28%
Classified Advertising	12,484	17,000	21,535	20,300	(1,235)	-5.73%
Communications	186,785	228,000	225,847	180,000	(45,847)	-20.30%
Insurance	460,682	480,000	450,167	457,900	7,733	1.72%
Telephone & Internet	57,491	70,000	58,953	80,700	21,747	36.89%
Utilities	207,393	275,000	223,596	275,200	51,604	23.08%
Office and Operating Supplies	99,415	101,500	96,853	101,700	4,847	5.00%
Printing	9,522	14,700	10,385	15,300	4,915	47.33%
Postage	7,176	9,000	2,785	13,200	10,415	373.97%
Air Traffic Control Tower	93,055	60,000	69,119	58,100	(11,019)	-15.94%
Airport Rescue and Fire Fighting Operations	585,329	741,700	736,010	883,500	147,490	20.04%
Police Services	36,548	47,000	64,830	35,000	(29,830)	-46.01%
U. S. Customs	295,054	334,000	376,779	335,000	(41,779)	-11.09%
Dues/Subscription/Fees	42,509	53,000	54,609	63,100	8,491	15.55%
Auto Gas and Diesel Fuel	43,913	80,000	42,623	70,000	27,377	64.23%
Pilot Services	63,835	120,000	116,098	150,000	33,902	29.20%
Bad Debt Expense	(1,584)	-	-	-	-	0.00%
Operating Expenses excluding R&M	\$ 8,376,560	\$ 9,561,200	\$ 9,280,326	\$ 10,478,800	\$ 1,198,474	12.91%
Hurricane Irma Expense	\$ -	\$ -	\$ -	\$ 2,000,000	\$ 2,000,000	100.00%
Building Maintenance	246,232	246,000	189,309	225,000	35,691	15.86%
Airfield Maintenance	401,229	146,000	169,228	180,000	10,772	5.98%
Grounds Maintenance	97,767	95,000	62,825	138,000	75,175	54.47%
Vehicle Maintenance	12,557	16,000	15,272	16,000	728	4.55%
Equipment Maintenance	246,915	156,000	171,579	188,000	16,421	8.73%
Car Wash Operation Expense	27,457	27,000	38,573	32,800	(5,773)	-17.60%
Small Tools, Equipment and Supplies	43,057	49,000	48,910	45,000	(3,910)	-8.69%
Cleaning Supplies	29,001	33,000	27,739	33,000	5,261	15.94%
Repair & Maintenance Expenses	\$ 1,104,215	\$ 768,000	\$ 723,435	\$ 2,857,800	\$ 2,134,365	295.03%
Operating Expenses	\$ 9,480,775	\$ 10,329,200	\$ 10,003,761	\$ 13,336,600	\$ 3,332,839	33.32%
Operating Income	\$ 4,798,624	\$ 3,991,100	\$ 4,919,646	\$ 1,382,059	\$ (3,537,587)	-32.85%
Customer Facility Charges	203,600	231,000	215,083	212,800	(2,283)	-1.06%
Interest Revenue	112,300	119,000	210,873	231,600	20,727	9.83%
Depreciation Expense	(3,790,400)	(3,985,100)	(3,729,559)	(3,800,000)	70,441	1.89%
Non-Operating Revenues (Expenses)	\$ (3,474,500)	\$ (3,635,100)	\$ (3,303,603)	\$ (3,355,600)	\$ 51,997	1.57%
Net Income (Loss)	\$ 1,324,124	\$ 356,000	\$ 1,616,043	\$ (1,973,541)	\$ (3,589,584)	-222.12%

City of Naples Airport Authority
Fiscal Year 2018 Budget
Operating Budget

	FY 16	FY 17	Estimated	Budget	Incr/(Decr)	Percent
	Actuals	Budget	FY 2017	FY 2018	From FY 2017	
Net Operating Revenues	\$ 14,279,399	\$ 14,320,300	\$ 14,923,407	\$ 14,718,659	\$ (204,748)	-1.37%
Operating Expenses	\$ 9,480,775	\$ 10,329,200	\$ 10,003,761	\$ 13,336,600	\$ 3,332,839	33.32%
Operating Income	\$ 4,798,624	\$ 3,991,100	\$ 4,919,646	\$ 1,382,059	\$ (3,537,587)	-71.9%
Customer Facility Charges	203,600	231,000	215,083	212,800	(2,283)	-1.06%
Interest Revenue	112,300	119,000	210,873	231,600	20,727	9.83%
Realized gain/(loss) on Investments	-	-	-	-	-	0.00%
Claims and Insurance Settlements	-	-	-	-	-	0.00%
Other Revenue	-	-	-	-	-	0.00%
Gain/(Loss) on Disposal of Capital Assets	-	-	-	-	-	0.00%
Interest Expense	-	-	-	-	-	0.00%
Depreciation Expense	(3,790,400)	(3,985,100)	(3,729,559)	(3,800,000)	70,441	1.89%
Non-Operating Revenues (Expenses)	\$ (3,474,500)	\$ (3,635,100)	\$ (3,303,603)	\$ (3,355,600)	\$ 51,997	1.57%
Net Income/(Loss)	<u>\$ 1,324,124</u>	<u>\$ 356,000</u>	<u>\$ 1,616,043</u>	<u>\$ (1,973,541)</u>	<u>\$ (3,589,584)</u>	-222.12%
"Projected Hurricane Irma Proceeds"				\$1,500,000		
Net Income/(Loss) after Projected Proceeds				\$ (473,541)		

FY 2018 Operating Budget Assumptions

Account Name	Descriptions or Assumptions Used for Budgeted FY 2018	Amount:
Operating Revenues		
Net Fuel Revenue	Jet A and AvGas fuel gallons are based on actual gallons pumped from October 2016 through July 2017 and estimated gallons based on FY16's actuals from July - September 2016. Jet A gallons are allocated across fuel programs using FY16's proportions. A 1% increase in gallons sold is projected for JetA and no increase in AvGas products. 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.	\$ 9,348,397
Concession Fees	Rental car concession revenues are budgeted at the FY13 actuals to reflect recent trends, resulting in a budget decrease. Catering & Other concession revenues budgets show a slight increase based on current year actuals.	\$ 667,100
T-Hangar/T-Shelter/Tiedown Rents	Projected to decrease due to the impact of Hurricane Irma; T-Hanger to be reduced by 15% and Executive 3 hangers by 90%. This is reflective of the 2% increase in rates for FY 2018.	\$ 2,336,386
Building Rents	Commercial Terminal rents are projected to decrease due to the impact of Hurricane Irma by 50%. This is reflective of the 2% increase in rates for FY 2018.	\$ 426,176
Land Rents	Based on current leases. Increased lease rates by 2% based on the the increase in the CPI.	\$ 877,200
Line Services	The number of ramp fees collected have decreased in FY's 16 and 17. In FY 18 the budget is reflecting a 2% increase. Other line services revenues have met budget in FY17 and budget has been held level or increased slightly.	\$ 722,700
U. S. Customs User Fees	Anticipate 1% increase in number of clearings and revenues over FY17 budget. Remaining conservative with estimate.	\$ 320,400
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.	\$ 300
Total Operating Revenues:		\$ 14,718,659

FY 2018 Operating Budget Assumptions

Account Name	Descriptions or Assumptions Used for Budgeted FY 2018	Amount:
Operating Expenses:		
Salaries and Wages	Based on existing positions as well as four new anticipated positions and full staffing to support traffic, customers and administrative needs. Budgeted an overall increase of 6% which includes 2% CPI, merit, promotions and adjustments to various positions to market based on a compensation study performed by an outside consulting firm. Hours budgeted at 1.5 times average pay rate for holidays worked and projected overtime. Adjustments included in budget for anticipated retirement/replacement/reorganization.	\$ 4,627,488
Payroll Taxes	Salaries and wages @ 7.65%.	\$ 354,032
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 \$943). Anticipates 10% increase in rates for the May 1, 2018 renewal (5 months in FY18).	\$ 863,100
Retirement Contributions	Eligible employees @ 6% of annual salaries and wages, and Executive Director per contract. \$46,360 is available in the ICMA Forfeiture account and can be used to offset the FY18 budgeted costs. The annual cost of services of a retirement plan fund advisor is included.	\$ 269,480
Uniforms and Laundry	Standard summer and winter uniforms for non-administrative personnel. NAA shirts for Commissioners and Administrative Staff.	\$ 44,000
Training	Includes leadership development programs, customer service and HR training, tuition reimbursement, professional seminars and conferences and safety-related programs.	\$ 127,700
Travel and Meetings	Business/conference/seminar travel and sponsorship of airport related events, including sponsorship of selected airport-related conferences	\$ 159,700
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.	\$ 27,100
Legal Fees	Based on FY 2017 activity and anticipated costs.	\$ 300,000
Audit Services	Based on estimated contract plus audit fees for other special assignments and required single audit.	\$ 50,000
Other Professional Services	Various outside services including photography and graphics, and criminal history background checks. Also includes consulting services for noise abatement programs, airline service consultant, financial software, records management, human resources, ADP payroll processing and DBE program.	\$ 461,900
Computer/IT Services	IT services contracted with a consulting firm; outside consulting and training services; equipment/software upgrades and maintenance. Includes \$25k for contingency expenses.	\$ 440,300
Engineering and Planning Services	Small engineering projects, surveying and geotechnical, and obstruction removal.	\$ 15,000
Classified Advertising	Employment, RFPs, purchases and public meeting notifications.	\$ 20,300
Communications	Public relations and marketing consulting services, digital and print messaging, graphic design, special events, community outreach and related communications.	\$ 180,000
Insurance (excluding EE Health Insurance)	Based on cost of insurance renewals, contingencies, deductibles. Includes insurance on 4 leased fuel trucks, 2 owned fuel trucks. Includes Workers' Compensation Insurance premium.	\$ 457,900
Telephone & Internet	Based on current activity of local telephone service, long-distance service, internet connection, cellular service and equipment replacement. Includes VoIP system and monitoring/cell notification of fire panels, irrigation system, etc.	\$ 80,700

FY 2018 Operating Budget Assumptions

Account Name	Descriptions or Assumptions Used for Budgeted FY 2018	Amount:
Utilities	Electricity costs based on FPL costs, including projection of 10% rate increase; water, sewer and garbage/recycling pickups. Includes \$3,000 for environmental services including disposal of waste oil and filters, water analysis samples and other services as needed.	\$ 275,200
Office and Operating Supplies	General office & operating supplies for all departments.	\$ 101,700
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.	\$ 15,300
Postage	Postage, Fed-Ex and courier service.	\$ 13,200
Air Traffic Control Tower	General repair and maintenance of building and equipment, plus utility and telephone service and cleaning service.	\$ 58,100
Airport Rescue and Fire Fighting Operations	Includes projected cost of city fire personnel, training, repair and maintenance of fire equipment and building, utility service and fire fighting chemicals. Also includes estimated personnel expense of \$230,000 for additional 9 hours per day (24 hour per day staffing). Current staffing is 15 hours per day.	\$ 883,500
Police Service	Service provided by the Naples Police per contract. Includes presence at monthly board meetings as well as patrols in the vicinity	\$ 35,000
U. S. Customs	Includes costs for the salaries for 2 inspectors, data processing, utilities, office supplies, and pest control and other building maintenance.	\$ 335,000
Dues/Subscription/Fees	Organizations and memberships, licenses, permits, fees, dues, subscriptions and publications.	\$ 63,100
Auto Gas and Diesel Fuel	Auto gas and diesel fuel for NAA vehicles.	\$ 70,000
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. New in FY17 are the fees in providing AvTrip points with fuel purchase to participating pilots.	\$ 150,000
Operating Expenses (excluding Repair & Maintenance)		\$ 10,478,800

FY 2018 Operating Budget Assumptions

Account Name	Descriptions or Assumptions Used for Budgeted FY 2018	Amount:
Repair and Maintenance		
Hurricane Irma Expense	Projected expenses related to Hurricane Irma.	\$ 2,000,000
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.	\$ 225,000
Airfield Maintenance	Routine repair and maintenance, including signage, tree service, paint, fence repair, runway lighting, security gates, and ramp lighting repair. Includes costs of swale and culvert cleaning and maintenance "within the fence". Includes \$30,000 for the obstruction removal project. Also includes \$20,000 for extraordinary maintenance. Includes additional \$25,000 of non-routine maintenance for conversion to LED fixtures at various locations. Includes costs for maintenance and upgrades to the badging system and readers for airport gates and door access.	\$ 180,000
Grounds Maintenance	Routine maintenance, including flowers, fertilizer, weed killer, mulch, sprinkler maintenance, plant maintenance, palm/hedge trimming and inoculation of palms. Annual drainage maintenance in the West Quadrant. Also includes \$30,000 to replant Florida friendly plants.	\$ 138,000
Vehicle Maintenance	General repair and maintenance of NAA street (licensed) vehicles.	\$ 16,000
Equipment Maintenance	General repair and maintenance of tractors and mowers, fuel farm and fueling equipment, radios, telephone system, and office equipment maintenance contracts.	\$ 188,000
Car Wash Operations Expense	Utilities, maintenance and supplies to operate the car wash and fueling facility for the car rental companies	\$ 32,800
Small Tools, Equipment and Supplies	Maintenance Department's small equipment and supplies and miscellaneous signage.	\$ 45,000
Cleaning Supplies	Custodial cleaning and paper goods.	\$ 33,000
Repair & Maintenance Expenses		\$ 2,857,800
Operating Expenses		\$ 13,336,600
Operating Income		\$ 1,382,059

**CITY OF NAPLES AIRPORT AUTHORITY
BUDGET SENSITIVITY ANALYSIS
FISCAL YEAR 2018**

<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.	
<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 2018 in October 2017 and August - September 2018.	
<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 past 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 2018 CAPITAL BUDGET INFORMATION

The FY 2018 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 9/30/16” 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 2018 through FY 2022. 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 2018, the Authority's Capital Improvement Plan anticipates seven projects equaling \$5.4 million in participatory projects.

The Five Year Capital Improvement Plan (FY 2018 – 2022) anticipates \$17.5 million in participatory projects with \$13.7 million in assistance from Federal (FAA) and State (FDOT) agencies and \$3.8 million funded by the Authority. The FAA and FDOT funding amounts shown for FY 2018 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 2018, the Authority’s Capital Improvement Plan anticipates \$6.6 million in non-participatory projects. The Five Year Capital Improvement Plan (FY 2018 – 2022) anticipates \$11.2 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 2018 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 2018 - 2022 Capital Improvement Plan
Fiscal Year 2018

Project		Expenditures as of 9/30/16	Estimated/Actual Expenditures					Unallocated	Project Total
			2017	2018	2019	2020	2021		
Taxiway A Improvements & Holding Bay									
	FAA Funding	\$ 111,000	\$ 1,333,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,444,000
	FDOT Funding	\$ 6,000	\$ 74,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,000
	Other Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	NAA Share	\$ 6,000	\$ 74,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 80,000
Project Total		\$ 124,000	\$ 1,481,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,605,000
Taxiway D - West Quad Design & Construction									
	FAA Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	FDOT Funding	\$ 137,000	\$ 1,662,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,799,000
	Other Funding (CFC)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	NAA Share	\$ 34,000	\$ 415,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 449,000
Project Total		\$ 171,000	\$ 2,078,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,248,000
Taxiway D - Realignment North Quad design & Construction									
	FAA Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	FDOT Funding	\$ -	\$ 60,000	\$ 428,800	\$ 2,160,000	\$ -	\$ -	\$ -	\$ 2,648,800
	Other Funding (CFC)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	NAA Share	\$ -	\$ 15,000	\$ 107,200	\$ 540,000	\$ -	\$ -	\$ -	\$ 662,200
Project Total		\$ -	\$ 75,000	\$ 536,000	\$ 2,700,000	\$ -	\$ -	\$ -	\$ 3,311,000
Airport Fire Station Replacement - Design & Construction									
	FAA Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	FDOT Funding	\$ -	\$ -	\$ 2,480,000	\$ 2,000,000	\$ -	\$ -	\$ -	\$ 4,480,000
	Other Funding (CFC)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	NAA Share	\$ -	\$ 82,000	\$ 620,000	\$ 500,000	\$ -	\$ -	\$ -	\$ 1,202,000
Project Total		\$ -	\$ 82,000	\$ 3,100,000	\$ 2,500,000	\$ -	\$ -	\$ -	\$ 5,682,000
Master Plan Update									
	FAA Funding	\$ -	\$ -	\$ 628,272	\$ -	\$ -	\$ -	\$ -	\$ 628,272
	FDOT Funding	\$ -	\$ -	\$ 34,904	\$ -	\$ -	\$ -	\$ -	\$ 34,904
	Other Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	NAA Share	\$ -	\$ -	\$ 536,824	\$ -	\$ -	\$ -	\$ -	\$ 536,824
Project Total		\$ -	\$ -	\$ 1,200,000	\$ -	\$ -	\$ -	\$ -	\$ 1,200,000
T-Hangar & Box-Hangar Development South Quad Layout & Cost Estimate									
	FAA Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	FDOT Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Other Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	NAA Share	\$ -	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000
Project Total		\$ -	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000
T-Hangar & Box-Hangar Development South Quad									
	FAA Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	FDOT Funding	\$ -	\$ -	\$ 520,000	\$ 5,480,000	\$ -	\$ -	\$ -	\$ 6,000,000
	Other Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	NAA Share	\$ -	\$ -	\$ 130,000	\$ 1,370,000	\$ -	\$ -	\$ -	\$ 1,500,000
Project Total		\$ -	\$ -	\$ 650,000	\$ 6,850,000	\$ -	\$ -	\$ -	\$ 7,500,000
Total Participatory Projects									
	FAA Funding	\$ 111,000	\$ 1,333,000	\$ 628,272	\$ -	\$ -	\$ -	\$ -	\$ 2,072,272
	FDOT Funding	\$ 143,000	\$ 1,796,000	\$ 3,463,704	\$ 9,640,000	\$ -	\$ -	\$ -	\$ 15,042,704
	Other Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	NAA Share	\$ 40,000	\$ 596,000	\$ 1,394,024	\$ 2,410,000	\$ -	\$ -	\$ -	\$ 4,440,024
Total Participatory Projects		\$ 295,000	\$ 3,726,000	\$ 5,486,000	\$ 12,050,000	\$ -	\$ -	\$ -	\$ 21,556,000

FY 2018 - 2022 Capital Improvement Plan
Fiscal Year 2018

Project	Expenditures as of 9/30/16	Estimated/Actual					Unallocated	Project Total
		Expenditures 2017	2018	2019	2020	2021		
Obstruction Action Plan	\$ -	\$ 18,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,000
Falcon Lane - Design	\$ -	\$ 33,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,000
Falcon Lane - construction	\$ -	\$ 650,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 650,000
Facilities Generator	\$ -	\$ 55,000	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ 130,000
Camera for Tower visibility	\$ -	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000
GA Terminal HVAC - design & replacement	\$ -	\$ 150,000	\$ 350,000	\$ -	\$ -	\$ -	\$ -	\$ 500,000
FS 333 revisions (city and county)	\$ -	\$ 37,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,000
GA Terminal Office realignment	\$ -	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,000
GA ramp lighting evaluation for upgrade	\$ -	\$ 6,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,000
Purchase/development of airport facilities	\$ -	\$ -	\$ 2,500,000	\$ -	\$ -	\$ -	\$ -	\$ 2,500,000
Hangar door replacement	\$ -	\$ -	\$ 275,000	\$ 285,000	\$ 285,000	\$ 285,000	\$ -	\$ 1,130,000
ATCT cabinet & equip upgrade-design & construction	\$ -	\$ -	\$ 175,000	\$ -	\$ -	\$ -	\$ -	\$ 175,000
Fuel Farm rehab	\$ -	\$ -	\$ 200,000	\$ -	\$ -	\$ -	\$ -	\$ 200,000
Fuel Farm canopy feasibility study & construction	\$ -	\$ -	\$ 15,000	\$ 200,000	\$ -	\$ -	\$ -	\$ 215,000
Fuel Farm shed/restroom	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ 50,000
Fuel Farm tank addition - design	\$ -	\$ -	\$ 40,000	\$ -	\$ -	\$ -	\$ -	\$ 40,000
Fuel Farm tank addition - construction	\$ -	\$ -	\$ -	\$ 400,000	\$ -	\$ -	\$ -	\$ 400,000
Remove middle berm; landscape small berm; grade Car Wash field	\$ -	\$ -	\$ 175,000	\$ -	\$ -	\$ -	\$ -	\$ 175,000
GA Terminal office expansion	\$ -	\$ -	\$ 250,000	\$ 750,000	\$ -	\$ -	\$ -	\$ 1,000,000
GA Terminal parking garage feasibility & preliminary design/layout	\$ -	\$ -	\$ 175,000	\$ 75,000	\$ -	\$ -	\$ -	\$ 250,000
GA ramp canopy feasibility study	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ 50,000
Self-fueler rehab (2)	\$ -	\$ -	\$ 260,000	\$ -	\$ -	\$ -	\$ -	\$ 260,000
Development - West Quad Mangrove Clearing incl. Permit	\$ -	\$ -	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ 150,000
Development - Fuel Farm Road- Mill & Overlay	\$ -	\$ -	\$ -	\$ 170,000	\$ -	\$ -	\$ -	\$ 170,000
Development - N Quad Landfill Site Clearing- wildlife habitat	\$ -	\$ -	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ 150,000
Facilitites - replace Trucks (\$35,000 ea)	\$ -	\$ -	\$ 70,000	\$ 70,000	\$ 35,000	\$ -	\$ -	\$ 175,000
Facilitites - purchase forklift	\$ -	\$ -	\$ -	\$ 40,000	\$ -	\$ -	\$ -	\$ 40,000
Facilities - upgrade ATCT fire panel	\$ -	\$ -	\$ 18,000	\$ -	\$ -	\$ -	\$ -	\$ 18,000
Facilities - upgrade GA fire panel	\$ -	\$ -	\$ 14,000	\$ -	\$ -	\$ -	\$ -	\$ 14,000
Facilities - replace Custodial golf cart	\$ -	\$ -	\$ 15,000	\$ -	\$ 15,000	\$ -	\$ -	\$ 30,000
Facilities - replace landscape mower	\$ -	\$ -	\$ 14,000	\$ 14,000	\$ -	\$ -	\$ -	\$ 28,000
Facilities - new mower	\$ -	\$ -	\$ 40,000	\$ -	\$ -	\$ -	\$ -	\$ 40,000
IT - Larson Room video conferencing hardware	\$ -	\$ 8,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,000
IT - purchase & implement document mgt system for electronic records	\$ -	\$ -	\$ 80,000	\$ -	\$ -	\$ -	\$ -	\$ 80,000
IT - replace network switches (CAT, Pilots Lounge, CAP)	\$ -	\$ -	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ 15,000
IT - Purchase local and remote console for Naples Server Room	\$ -	\$ -	\$ 4,000	\$ -	\$ -	\$ -	\$ -	\$ 4,000
IT - AOB microphone system & recorder closet reconfigure	\$ -	\$ -	\$ 40,000	\$ -	\$ -	\$ -	\$ -	\$ 40,000
IT - Backup storage	\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ 25,000
IT - Replace WiFi at GAT, CAT, and USC (8 yrs old; business & guest)	\$ -	\$ -	\$ -	\$ 60,000	\$ -	\$ -	\$ -	\$ 60,000
IT - Replace WiFi , outdoor other areas (8yrs old)	\$ -	\$ -	\$ -	\$ 45,000	\$ -	\$ -	\$ -	\$ 45,000
IT - replace two (2) ancillary (non-Citrix) servers	\$ -	\$ -	\$ -	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000
IT - Upgrade MSOffice (75 licenses) to current system of choice	\$ -	\$ -	\$ -	\$ -	\$ 36,000	\$ -	\$ -	\$ 36,000
IT - Replace core switches	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,000	\$ -	\$ 30,000
IT - Replace firewalls	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,000	\$ 90,000
IT - Replace Citrix server	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 120,000	\$ 120,000
IT - Second Tier Network Server - replace network server	\$ -	\$ -	\$ 20,800	\$ -	\$ -	\$ -	\$ -	\$ 20,800
Admin - replace color copier in GAT	\$ -	\$ -	\$ 19,000	\$ -	\$ -	\$ -	\$ -	\$ 19,000
Admin - replace b&w copier in GAT	\$ -	\$ -	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ 15,000
Admin - Navigator data migration & reporting; stabilize; user training	\$ -	\$ -	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ 3,000
Admin/IT - e-bill pay and chip/pin compliance	\$ -	\$ -	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ 10,000
Admin - Implementation of C (Corporate) cards	\$ -	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ 5,000
Admin - Creation of user DB w/BI Query & automate Fin. Stmtnts (On Hold)	\$ -	\$ -	\$ 13,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ -	\$ 21,000
Noise - Aircraft ops counting system	\$ -	\$ -	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ 250,000
Operations - replace Fuel Data software system (TFBO?)	\$ -	\$ -	\$ 150,000	\$ -	\$ -	\$ -	\$ -	\$ 150,000
Operations - 139 Inspections Software	\$ -	\$ -	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
Operations - replace Limo golf cart	\$ -	\$ -	\$ 15,000	\$ 15,000	\$ 13,000	\$ -	\$ -	\$ 43,000
Operations - replace (6 @\$3k ea) 800 mhz radios	\$ -	\$ -	\$ 18,000	\$ 18,000	\$ -	\$ -	\$ -	\$ 36,000
Operations - replace GPU	\$ -	\$ -	\$ 40,000	\$ -	\$ -	\$ -	\$ -	\$ 40,000
Operations - replace Ops SUV	\$ -	\$ -	\$ 40,000	\$ -	\$ -	\$ -	\$ -	\$ 40,000

FY 2018 - 2022 Capital Improvement Plan
Fiscal Year 2018

Project	Expenditures as of 9/30/16	Estimated/Actual Expenditures					Unallocated	Project Total	
		2017	2018	2019	2020	2021			2022
Operations - Wireless fuel truck transfer	\$ -	\$ -	\$ 120,000	\$ -	\$ -	\$ -	\$ -	\$ 120,000	
Operations - replace Lektro #6	\$ -	\$ -	\$ 110,000	\$ -	\$ -	\$ -	\$ -	\$ 110,000	
Operations - additional tow dolly (flat tire dolly)	\$ -	\$ -	\$ 30,000	\$ -	\$ -	\$ -	\$ -	\$ 30,000	
Operations - replace baggage carts (2) chocks/cones	\$ -	\$ -	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ 10,000	
Operations - copier for CSR	\$ -	\$ -	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ 10,000	
Operations - purchase Ramp One carts (2)	\$ -	\$ -	\$ 23,000	\$ -	\$ -	\$ -	\$ -	\$ 23,000	
Operations - purchase electronic hydrometer	\$ -	\$ -	\$ 4,000	\$ -	\$ -	\$ -	\$ -	\$ 4,000	
Operations - replace CR3 (small fire truck 2008)	\$ -	\$ -	\$ -	\$ 150,000	\$ -	\$ -	\$ -	\$ 150,000	
Operations - CCTV/fiber connection	\$ -	\$ -	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ 500,000	
Operations - replace Crash Phone system	\$ -	\$ -	\$ -	\$ 75,000	\$ -	\$ -	\$ -	\$ 75,000	
Operations - upgrade Self-fuelers to wireless connectivity	\$ -	\$ -	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ 35,000	
Operations - replace Ops van #4	\$ -	\$ -	\$ -	\$ 35,000	\$ -	\$ -	\$ -	\$ 35,000	
Operations - replace Ops3	\$ -	\$ -	\$ -	\$ 40,000	\$ -	\$ -	\$ -	\$ 40,000	
Operations - replace CF3 (large fire truck 2006)	\$ -	\$ -	\$ -	\$ 800,000	\$ -	\$ -	\$ -	\$ 800,000	
Operations - purchase/implement wireless Veeder-Root	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000	
Operations - replace Lektro #9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,000	\$ -	\$ 110,000	
Operations - replace Lektro #8	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 110,000	\$ 110,000	
Total Non-Participatory Projects	\$ -	\$ 1,110,000	\$ 6,666,300	\$ 3,414,500	\$ 386,500	\$ 427,500	\$ 320,000	\$ -	\$ 12,324,800
Grand Total	\$ 295,000	\$ 4,836,000	\$ 12,152,300	\$ 15,464,500	\$ 386,500	\$ 427,500	\$ 320,000	\$ -	\$ 33,880,800
Capital Improvement Plan Summary									
Total Participatory Projects	\$ 295,000	\$ 3,726,000	\$ 5,486,000	\$ 12,050,000	\$ -	\$ -	\$ -	\$ -	\$ 21,556,000
Total Non-Participatory Projects	\$ -	\$ 1,110,000	\$ 6,666,300	\$ 3,414,500	\$ 386,500	\$ 427,500	\$ 320,000	\$ -	\$ 12,324,800
Total All Projects	\$ 295,000	\$ 4,836,000	\$ 12,152,300	\$ 15,464,500	\$ 386,500	\$ 427,500	\$ 320,000	\$ -	\$ 33,880,800
Funding Sources									
FAA Funding	\$ 111,000	\$ 1,333,000	\$ 628,272	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,072,272
FDOT Funding	\$ 143,000	\$ 1,796,000	\$ 3,463,704	\$ 9,640,000	\$ -	\$ -	\$ -	\$ -	\$ 15,042,704
Other Funding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
NAA Share	\$ 40,000	\$ 1,706,000	\$ 8,060,324	\$ 5,824,500	\$ 386,500	\$ 427,500	\$ 320,000	\$ -	\$ 16,764,824
	\$ 294,000	\$ 4,835,000	\$ 12,152,300	\$ 15,464,500	\$ 386,500	\$ 427,500	\$ 320,000	\$ -	\$ 33,879,800
FY16 ACTUAL PER CAFR	\$ 8,901,000								

CASH FLOW AND CASH ALLOCATION: FY 2018 FORECAST

The following Cash Flow and Cash Allocation: FY 2018 Forecast displays the Authority's anticipated cash balances from FY 2017 through FY 2022. This information shows the effect on cash resulting from projected operating revenues and expenses and the Authority's Capital Improvement Plan. FY 2017 Cash and Equivalents increase by \$3.6 million as a result of a delay in the purchase or construction of capital assets. Cash and Equivalents are projected to decrease in FY 2018 by \$6.3 million because of an increase in both Authority-funded capital improvement projects and repair expenses related to the recent hurricane Irma. In FY 2017, the majority of the cost of capital projects was matched by capital contributions, however in FY's 18-19 capital spending will exceed anticipated contributions. During FY 2020 – 2022, 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.

The Forecast also shows the continuation of CFCs throughout FY 2022. 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 \$5.0 million to provide for yet to be identified or unexpected (emergency/disaster) operating and capital expenditures.

**CITY OF NAPLES AIRPORT AUTHORITY
FISCAL YEAR 2018 BUDGET
CASH FLOW AND CASH ALLOCATION: FY 2018 FORECAST**

	FORECAST					
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
CASH FLOW						
Operating Revenue	\$ 14,923,000	\$ 14,719,000	\$ 15,161,000	\$ 15,616,000	\$ 16,084,000	\$ 16,567,000
Operating Expense	(10,004,000)	(13,337,000)	(13,870,000)	(14,425,000)	(15,002,000)	(15,602,000)
Operating Income	4,919,000	1,382,000	1,291,000	1,191,000	1,082,000	965,000
Adjustment for Non-Cash Items	42,000	42,000	42,000	42,000	42,000	42,000
Adjustment for Working Capital	(3,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Cash Flow from Operating Activities	4,958,000	1,414,000	1,323,000	1,223,000	1,114,000	997,000
Acquisition, Construction of Capital Assets	(4,836,000)	(12,152,300)	(15,464,500)	(386,500)	(427,500)	(320,000)
Capital Contributions	3,129,000	4,091,976	9,640,000	-	-	-
Proceeds from Sale of Capital Assets	(16,000)	-	-	-	-	-
Customer Facility Charge Revenue	215,000	215,000	215,000	215,000	215,000	215,000
<i>NAA Portion of Acquisition & Construction</i>	<i>(1,508,000)</i>	<i>(7,845,324)</i>	<i>(5,609,500)</i>	<i>(171,500)</i>	<i>(212,500)</i>	<i>(105,000)</i>
Interest Earned from Capital & Related Activities	-	-	-	-	-	-
Cash Flow from Capital & Related Activities	(1,508,000)	(7,845,324)	(5,609,500)	(171,500)	(212,500)	(105,000)
Interest Revenue	119,000	121,000	139,000	107,000	86,000	92,000
Other Revenue	-	-	-	-	-	-
Cash Flow from Investing Activities	119,000	121,000	139,000	107,000	86,000	92,000
Increase (Decrease) in Cash and Equivalents:	3,569,000	(6,310,324)	(4,147,500)	1,158,500	987,500	984,000
Cash and Equivalents at Beginning of Period	25,670,000	29,239,000	22,928,676	18,781,176	19,939,676	20,927,176
Cash and Equivalents at End of Period	\$ 29,239,000	\$ 22,928,676	\$ 18,781,176	\$ 19,939,676	\$ 20,927,176	\$ 21,911,176
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	1,596,000	1,811,000	1,926,000	2,041,000	2,256,000	2,471,000
Restricted Cash	3,096,000	3,311,000	3,426,000	3,541,000	3,756,000	3,971,000
Unrestricted Cash	26,143,000	19,617,676	15,355,176	16,398,676	17,171,176	17,940,176
Capital Reserves at End of Period						
Reserves	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Unallocated Cash	\$ 21,143,000	\$ 14,617,676	\$ 10,355,176	\$ 11,398,676	\$ 12,171,176	\$ 12,940,176

FY 2018 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 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 at year-end are not representative of the Authority's actual cash on hand, since the Authority reports revenues and receipts when earned, not when received from the customers, and reports expenses and expenditures when incurred, not when paid to the vendor.

For FY 2018, total available resources, revenues and receipts is projected to be \$39,349,000 and total expenses and expenditures is projected to be \$25,489,000. Total available resources at year-end is \$13,860,000 a decrease of \$7.7 million from estimated FY 2017. 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.