

CITY OF NAPLES AIRPORT AUTHORITY

FISCAL YEAR 2017

OPERATING

AND

CAPITAL BUDGET

September 15, 2016



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FISCAL YEAR 2017 BUDGET

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EXECUTIVE SUMMARY

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

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

Although financial records of the Airport do not exist for the initial years, the Authority has operated in the black since its inception. Audited figures in 1973 showed the value of the Airport (assets minus liabilities) to be \$267,000 as compared to the 2015 audited value of \$78.7 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 2017 reflects cautious optimism that the national and local economy will maintain the gains made in recent years. Aircraft operations (an operation is one landing or one takeoff) and Jet A gallons pumped had both been increasing in recent years, but operations have leveled off and Jet A sales increased unevenly throughout the winter.

The Authority’s Operating Income for FY 2017 is projected to be \$4.0 million. The Budget reflects Net Income of \$356,000 after depreciation expense of \$4.0 million.

The Five (5) Year Capital Improvement Plan includes, in FY 2017, \$50,000 for the East and West Quad detention pond engineering study; \$145,000 for the 30% design of Runway 14-32 Displaced Threshold area; \$2.61 million for Taxiway D – West Quadrant Design and Construction; \$350,000 for the Taxiway D realignment North Quad design; \$350,000 for the ARFF Station design; \$1.76 million for the Runway 5 end run-up pad; and \$1.00 million for North & South General Aviation and Commercial ramps – mill & overlay paving. Each of these projects is eligible for federal and/or state funding. The Authority’s capital improvement plan for FY 2017 – FY 2021 would direct \$55.6 million into the local economy.

The FY 2017 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 2017 are summarized as follows:

<u>Operating Budget</u>		<u>Capital Budget</u>	
Operating Revenues	\$ 14,320,000	Capital – Participatory	\$ 6,611,000
Operating Expenses	<u>(10,329,000)</u>	Capital – Non-Participatory	<u>2,963,000</u>
Operating Income	3,991,000	Total Capital Budget	9,574,000
Other Revenues (Expenses)	350,000	Total Outside Funding	<u>5,442,000</u>
Depreciation Expense	<u>(3,985,000)</u>	Authority Funds	<u>\$ 4,132,000</u>
Net Income	<u>\$ 356,000</u>		

The FY 2017 budget retains the reserves for capital contingencies and emergency operating contingencies at \$5.0 million. This is roughly one-half of the Authority’s budgeted operating expense for the year. The Authority Board and staff recognize the economic pressure on the country and the impact it has had on the aviation industry. Management will continue to monitor anticipated revenues carefully and be prepared to reduce expenses in order to operate the airport in a safe and fiscally responsible manner.

HISTORICAL COMPARISONS

The charts on page 5 depict aircraft operations, fuel sales in gallons and scheduled air service passenger activity for fiscal years 1990 through projected 2017.

COMPARISON OF AIRCRAFT OPERATIONS AND FUEL SALES IN GALLONS

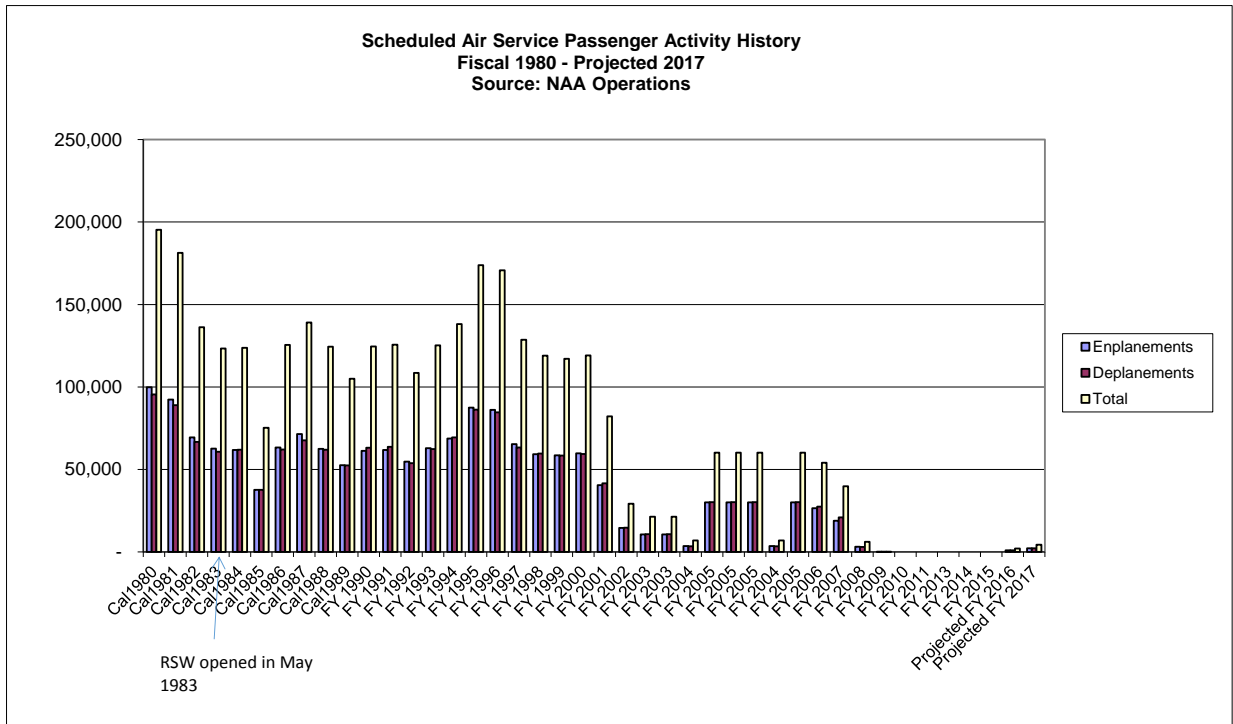
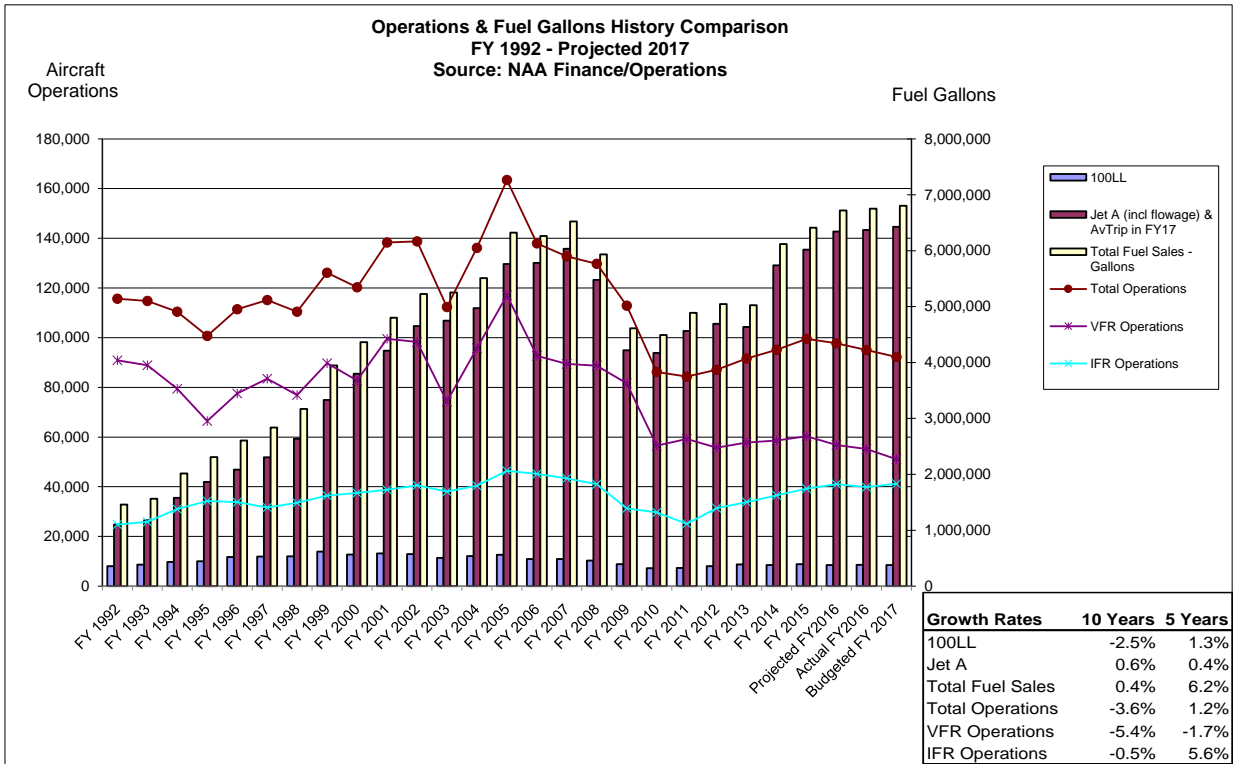
Aircraft operations during FY 2016 had been projected to surpass 100,000 for the first time since 2009, but now the projection is for approximately 96,700, a decrease of forty-one percent (41%) from the highest level of 163,400 operations, reached at the airport in FY 2005. Total operations are expected to remain steady in FY 2017 at just under 100,000. VFR (Visual Flight Rules) operations account for the greatest decrease in aircraft operations, 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 2016 IFR (Instrument Flight Rules) operations are expected to be eleven percent (11%) fewer than the FY 2005 activity level and are projected to increase by 2% to 41,000 for FY 2017.

The peak year for total fuel sales, including flowage, was FY 2007 with 6,523,060 million gallons sold. In FY 2010, Jet A fuel sales were 4.1 million gallons, thirty-one percent (31%) lower than in FY 2007, reflecting the impact of the economic recession on general aviation. There has been general recovery in sales of Jet A fuel each year since then. The *projected* total fuel sales for FY 2016, with September still being only an estimate, is 6,721,000 gallons.

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

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 regional general aviation airport in the NPIAS. However, we anticipate that this classification will be updated to a national general aviation airport when the FAA updates its classification in late 2016. While scheduled commercial air service has returned to Naples, passenger levels will not reach the threshold of 2,500 enplanements during FY 2016 to be classified as a nonprimary commercial service airport.



City of Naples Airport Authority
FISCAL YEAR 2017 BUDGET

Key Assumptions

- Operations will continue at current levels
- Jet A fuel sales will remain at the FY16 level
- Greater proportion of Jet A sales are in the Volume Discount program
- Elite Airlines will maintain current flight schedule until fall, then again increase number of flights next season
- Car rental concession revenues held at FY16 levels
- Slight increase in building, land, hangar and other rental rates
- Major capital projects scheduled:

Taxiway D West Quad Design & Construction	\$2.61 M
Runway 5 end run-up pad	\$1.76 M
North & South General Aviation and Commercial ramps - mill & overlay paving	\$1.00 M
Taxiway D North Quad realignment	\$0.35 M
ARFF Station design	\$0.35 M
Runway 14-32 Displaced Threshold - design	\$0.15 M
- No debt
- Operating and capital reserves remain at \$5.0 M

FY 2017 OPERATING BUDGET INFORMATION

To develop FY 2017 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 the extent practicable to accomplish the budgeted margin. The FY 2017 operating budget reflects operating income of \$4.0 million.

OPERATING REVENUES AND EXPENSES

FY 2016 revenue estimates are based on the actual revenues from October 2015 through August 2016, and actual activity for September 2015 adjusted for current rates and charges and known changes in activity. FY 2017 fuel revenue projections are based on actual FY 2015 and FY 2016 levels adjusted for anticipated changes in activity.

FY 2017 revenues from the users of the Airport (after cost of goods sold) are projected to total \$14.3 million, representing an increase of \$115,000 from FY 2016 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 \$11,000 from FY 2016. There are no projected changes to the margins, but there is a slightly larger proportion of sales in the Volume Discount Program, which is the lowest margin program. 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 2016 levels.
- Concession revenues are projected to decrease by \$8,000 from the FY 2016 estimate based on reduced car rental income during recent months.
- Hangar/T-shelter/tiedown rents are projected to increase by 2% over the FY 2016 estimate, based on nearly full occupancy of leased units and consistent short-term rents. There is a slight increase in rates.
- Building rents are projected to decrease \$1,000 from FY 2016 based on a slight rate increase but the vacating of some space in the Commercial Terminal.
- Land rents are projected to increase \$50,000 based on new leases being in place for the full year and a slight rate increase. One existing lease has been increased.
- Line Services revenues are projected to increase slightly over FY 2016 levels by \$1,000, mostly due to decreased ramp fees (a volume customer has leased a hangar from the Authority in order to provide their own ramp services, other than fuel) offsetting general increases in other services.
- U.S. Customs user fees are projected to increase by \$6,000, a 2% increase in growth as a result of increased number of clearings.
- Avfuel’s co-op marketing revenues (reimbursement for specific marketing and uniforms costs) are projected to be \$20,000. Other operating revenue is projected at \$6,000, which includes revenue received from gate cards, key and lock replacements, copies and faxes.

FY 2017 operating expenses are projected at \$10.3 million, which represents an increase of \$738,000 from the FY 2016 estimated actuals.

- Personnel costs, including salaries and wages, related taxes, employee health insurance and other benefits, uniforms, training, travel and employee recognition programs are projected to increase \$465,000 or 9% from the FY 2016 estimate. FY 2016 includes one-time costs for relocation expenses and overlap of salaries for a new Executive Director. FY 2016's costs for employee health insurance and other benefits were less than budget due to three vacant positions during the year, which have been filled for FY 2017. A pay increase is included in the FY 2017 budget based on a CPI increase, merit, and some promotions. Some overtime and holiday worked overtime have been budgeted for FY 2017. The FY 2017 budget for Uniforms is decreased by \$17,000 as FY 2016 had one-time costs for replacing uniforms in several departments with more breathable and sun-protective fabrics. FY 2017 also includes one-time expenses to cover the costs of the retirement and replacement of the Director of Finance. The costs of services of a retirement plan fund advisor are included in the increased costs of pension in both FY 2016 and FY 2017. Significant budget is being directed towards staff training and attendance at professional meetings during FY 2017.
- Professional fees, including legal fees, audit services and other professional/consulting fees are projected to increase by \$198,000 or 21% from \$911,000 for FY 2016 (\$60,000 less than budget) to \$1,109,000 for FY 2017. Some legal fees for litigation are budgeted in FY 2017. Expenses related to Audit Services are projected to remain the same. Major special projects requiring the expertise of outside consultants will be undertaken in the areas of strategic planning, rebranding, compensation review, air services, and business automation. Ongoing consulting services are used in human resources, noise abatement, finance system support, and access control systems; Computer/IT services shows a decrease of \$8,000 due to a one-time expense in FY 2016 to move hardware and cabling. Computer/IT includes the continued outsourcing of the IT duties, outside consulting services, software maintenance and upgrades and hardware purchases of less than \$2,000 per item. Engineering and planning services budget increases by \$13,000 and includes as-needed surveying, geotechnical services, and general engineering and consulting services. Technical services related to obstruction removal are included.
- Communications expense, including classified advertising, is budgeted to increase by \$61,000 from \$184,000 for FY 2016 (\$49,000 less than budget) to \$245,000 for FY 2017. This line item includes general and commercial aviation marketing and public relations consulting services, community mailings, photography and videos and advertising for employment, bid and public meeting notices.
- Insurance expense (exclusive of employee health and other benefits) is projected to increase by \$19,000 in FY 2017 to \$480,000 and 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 \$61,000. This reflects a 10% increase in electricity costs, based on a rate increase from FPL and increased amount and usage of space. Telephone is anticipated to 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 increased by \$2,000 (this line item contains tools, small equipment and consumable supplies used by departments in their operations); For the Facilities Dept, this line item has been reclassified into the Repairs & Maintenance category and the decrease in Operating Supplies is offset by an increase in R&M Supplies of \$29,000. Printing and postage expense are projected to increase \$9,000 from \$15,000 in FY 2016 to \$24,000 in FY 2017.
- ATCT (Air Traffic Control Tower), ARFF (Airport Rescue and Fire Fighting) Operations and Police Services are projected to increase by \$174,000 from \$675,000 in FY 2016 (\$142,000 less than budget) to \$849,000 for FY 2017. ATCT had one-time expenses of \$40,000 in FY 2016 for exterior painting which are not in the budget in FY 2017. The estimated costs for ARFF in FY 2016 are \$548,000 which is below a normal year's costs. In addition to the costs of fire fighter services from the City, ARFF includes costs of training, uniforms, supplies, and building and equipment maintenance, not all of which were incurred in FY 2016. Additional hours of police services were budgeted in FY 2016 to provide coverage of commercial flights but coverage was not required during the first five months of the year, hence showing a savings against budget.
- U.S. Customs expense is budgeted at \$334,000 for FY 2017 and reflects projection of increased usage in FY 2017, as well as required updating of equipment. This line item includes the reimbursement of salaries for two inspectors, data processing, utilities, office supplies, and pest control.
- Dues/subscriptions/fees expense is projected to increase by \$9,000 from \$44,000 for FY 2016 to \$53,000 for FY 2017. 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 at \$10,000 less than in FY 2016, given the relatively inexpensive price of fuel currently but the unpredictable industry.
- Pilot services expense covers items provided to GA and corporate pilots, including satellite television service, newspapers, coffee, ice, flight crew real-time weather information, and red carpet service. These costs are budgeted to increase by \$64,000 from \$56,000 in FY 2016 to \$120,000 in FY 2017, with new marketing options and the desire to offer top-notch services.
- No bad debt expense is budgeted for FY 2017.
- Total Repair and Maintenance expense is projected to decrease by \$402,000 from \$1,170,000 for FY 2016 to \$768,000 for FY 2017. Building maintenance costs in both years includes major maintenance projects in buildings and hangars; overall, building maintenance is projected to increase by \$12,000 due to one-time expenses in FY 2016, including re-carpeting and repainting of the Commercial Terminal. Airfield maintenance is projected to decrease by \$332,000, due to FY 2016's one-time projects for the cleaning of swales and culverts and a major upgrade to the computerized badging/access system/electronics on the gates and doors. Grounds Maintenance is budgeted to decrease by \$14,000 due to one-time project in FY 2016 for removal of exotics. Vehicle maintenance is budgeted to increase by \$5,000 due to an aging fleet. Equipment maintenance is projected to decrease by \$89,000 due to several large one-time repairs during FY 2016. Equipment maintenance includes fuel truck routine maintenance, refurbishment of existing older equipment, Lektro tug maintenance and battery replacements, and preventative maintenance on the generators; also includes maintenance on the carwash facility and office equipment. Car wash operation expense includes the ongoing utilities and supplies to provide car wash and fueling

services to the car rental companies. Maintenance small tools and supplies is projected to increase by \$7,000, being reclassified from the Operating Expense category. Cleaning supplies are projected to increase by \$5,000, with the increased usage of the Commercial Terminal and increases in prices increases and fuel surcharges.

Operating income, which represents operating revenues less operating expenses, is projected to total \$4.0 million for FY 2017, a decrease of \$623,000 from the FY 2016 estimate. This will result in a twenty-eight percent (27.9%) operating margin for FY 2017. This income will contribute significantly to capital improvement projects to maintain the safety, security and aesthetics of the Airport.

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 2016 is anticipated to be \$209,000 but is budgeted for FY 2017 at \$231,000, based on historical relationship of CFCs to car rental revenue.
- 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 2016 is anticipated to be \$117,000 and \$119,000 is budgeted for FY 2017 based on a higher cash balance and anticipated higher interest rates.
- Other revenue consists of various types of income and \$296,000 is projected for FY 2016. The Authority collects minimal revenue derived from a collection allowance deduction on sales tax reporting and finance charges assessed on past due customer account balances. Finance charges are calculated at 1.5% per month (18% per annum) on account balances that are 30 days past due. This rate is allowable under the Florida Statutes. The collection allowance on sales tax, set by the State of Florida, is \$30 per month, maximum. Consistent with past years and due to the unpredictable nature of the revenues, zero is budgeted in this line item.
- Depreciation is a non-cash expense that allows the Authority to recognize the capital costs of the Airport on an annual basis over those periods expected to benefit from the

improvement. For FY 2017, 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 2017 Operating Budget forecasts a net income of \$356,000. This is after non-cash depreciation expense of \$4.0 million. Net income before depreciation expense is \$4.3 million.

**CITY OF NAPLES AIRPORT AUTHORITY
FISCAL YEAR 2017 BUDGET
OPERATING INCOME**

	ACTUAL FY 2015	BUDGET FY 2016	ESTIMATED FY 2016	BUDGET FY 2017	Increase (Decrease) from Estimated FY 2016	
OPERATING REVENUES						
Net fuel revenue	\$ 8,310,000	\$ 8,558,000	\$ 8,745,000	\$ 8,756,000	\$ 11,000	0%
Non-fuel revenue						
Concession fees	810,000	829,000	708,000	716,000	8,000	1%
Hangar/T-shelter/tiedown rents	2,439,000	2,498,000	2,402,000	2,441,000	39,000	2%
Building rents	477,700	475,000	483,000	482,000	(1,000)	0%
Land rents	778,300	796,000	839,000	889,000	50,000	6%
Line services	738,000	764,000	691,000	692,000	1,000	0%
US Customs user fees	277,000	288,000	312,000	318,000	6,000	2%
Fuel vendor's cooperative marketing	11,000	20,000	20,000	20,000	-	0%
Other	4,000	5,000	5,000	6,000	1,000	20%
Non-fuel revenues	5,535,000	5,675,000	5,460,000	5,564,000	104,000	2%
Operating revenues	13,845,000	14,233,000	14,205,000	14,320,000	115,000	1%
OPERATING EXPENSES						
<i>Personnel - full time equivalents</i>	71.6	76.3	75.0	79.0	4.0	5%
Salaries and wages	3,706,000	4,059,000	3,951,000	4,232,000	281,000	7%
Payroll taxes	271,000	305,000	288,000	309,000	21,000	7%
Health plans	639,000	719,000	699,000	774,000	75,000	11%
Pensions	225,000	216,000	232,000	251,000	19,000	8%
Uniforms and laundry	33,000	36,000	61,000	40,000	(21,000)	-34%
Training	46,000	62,000	28,000	82,000	54,000	193%
Travel and meetings	44,000	104,000	77,000	111,000	34,000	44%
Employee recognition and affairs	17,000	23,000	20,000	22,000	2,000	10%
Subtotal - Personnel	4,981,000	5,524,000	5,356,000	5,821,000	465,000	9%
Legal fees	260,000	300,000	280,000	300,000	20,000	7%
Audit services	50,000	55,000	50,000	50,000	-	0%
Other professional services	192,000	341,000	295,000	468,000	173,000	59%
Computer/IT services	186,000	255,000	284,000	276,000	(8,000)	-3%
Engineering and planning services	18,000	20,000	2,000	15,000	13,000	650%
Classified advertising	10,000	14,000	11,000	17,000	6,000	55%
Communications	111,000	219,000	173,000	228,000	55,000	32%
Insurance	464,000	499,000	461,000	480,000	19,000	4%
Telephone	44,000	58,000	56,000	70,000	14,000	25%
Utilities	208,000	248,000	214,000	275,000	61,000	29%
Office and operating supplies	116,000	98,000	99,000	101,000	2,000	2%
Printing	11,000	14,000	8,000	15,000	7,000	88%
Postage	6,000	8,000	7,000	9,000	2,000	29%
Air Traffic Control Tower	43,000	64,000	90,000	60,000	(30,000)	-33%
Airport Rescue and Fire Fighting operations	627,000	706,000	548,000	742,000	194,000	35%
Police services	31,000	47,000	37,000	47,000	10,000	27%
U. S. Customs and Border Protection	309,000	343,000	305,000	334,000	29,000	10%
Dues/subscription/fees	48,000	49,000	44,000	53,000	9,000	20%
Auto gas and diesel fuel	61,000	90,000	44,000	80,000	36,000	82%
Pilot services	68,000	60,000	56,000	120,000	64,000	114%
Bad Debt expense	39,000	-	1,000	-	(1,000)	-100%
<i>Operating Expenses excluding R&M</i>	7,883,000	9,012,000	8,421,000	9,561,000	1,140,000	14%
Building maintenance	137,000	320,000	234,000	246,000	12,000	5%
Airfield maintenance	87,000	115,000	478,000	146,000	(332,000)	-69%
Grounds maintenance	56,000	83,000	109,000	95,000	(14,000)	-13%
Vehicle maintenance	9,000	12,000	11,000	16,000	5,000	45%
Equipment maintenance	172,000	158,000	245,000	156,000	(89,000)	-36%
Car wash operation expense	29,000	38,000	23,000	27,000	4,000	17%
Small tools, equipment and supplies	12,000	34,000	42,000	49,000	7,000	17%
Cleaning supplies	30,000	28,000	28,000	33,000	5,000	18%
<i>Repair & maintenance expenses</i>	532,000	788,000	1,170,000	768,000	(402,000)	-34%
Operating expenses	8,415,000	9,800,000	9,591,000	10,329,000	738,000	8%
Operating income	\$ 5,430,000	\$ 4,433,000	\$ 4,614,000	\$ 3,991,000	\$ (623,000)	-14%

City of Naples Airport Authority
FISCAL YEAR 2017 BUDGET
Operating Budget

	ACTUAL FY 2015	BUDGET FY 2016	ESTIMATED FY 2016	BUDGET FY 2017	Increase (Decrease) from Estimated FY 2016
Net operating revenues	\$ 13,845,000	\$ 14,233,000	\$ 14,205,000	\$ 14,320,000	\$ 115,000
Operating expenses	<u>8,415,000</u>	<u>9,800,000</u>	<u>9,591,000</u>	<u>10,329,000</u>	<u>738,000</u>
Operating income	<u>5,430,000</u>	<u>4,433,000</u>	<u>4,614,000</u>	<u>3,991,000</u>	<u>(623,000)</u>
Customer facility charges	246,000	275,000	209,000	231,000	22,000
Interest revenue	59,000	66,000	117,000	119,000	2,000
Realized gain (loss) on investments	21,000	-	-	-	-
Claims and insurance settlements	75,000	-	-	-	-
Other revenue	-	-	296,000	-	(296,000)
Gain (loss) on disposal of capital assets	5,000	-	(16,000)	-	16,000
Interest expense	-	-	(6,000)	-	6,000
Depreciation expense	(3,619,000)	(4,050,000)	(3,795,000)	(3,985,000)	(190,000)
Non-operating revenues (expenses)	<u>(3,213,000)</u>	<u>(3,709,000)</u>	<u>(3,195,000)</u>	<u>(3,635,000)</u>	<u>(440,000)</u>
Net income (loss)	<u>\$ 2,217,000</u>	<u>\$ 724,000</u>	<u>\$ 1,419,000</u>	<u>\$ 356,000</u>	<u>\$ (1,063,000)</u>

FY 2017 OPERATING BUDGET ASSUMPTIONS

Account Name	Descriptions or Assumptions Used for Budgeted FY 2017	Amount:
OPERATING REVENUES:		
Net fuel revenue	Jet A fuel gallons based on actual gallons pumped from October 2015 through August 2016. Jet A gallons are allocated across fuel programs using FY15's proportions, adjusted slightly out of the Prepaid program and into the Volume program based on FY16 buying patterns. AvGas gallons are budgeted at the same level as sales from May 2015 through August 2016. Cost of Goods Sold includes the cost of fuel, lease costs on 4 trucks as well as depreciation costs of owning 2 fuel trucks, and credit cards fees.	\$ 8,756,000
Concession fees	Rental car concession revenues and Catering & Other concession revenues are budgeted at the FY16 estimated actual with no increase.	716,000
Hangar/T-shelter/tiedown rents	Based on actual & estimated FY 16 activity. Slight increase in rates.	2,441,000
Building rents	Based on current and anticipated leases and full occupancy of the Airport Office Building. Increased lease rates by 1%.	482,000
Land rents	Based on current leases. Increased lease rates by 1%.	889,000
Line services	Ramp fees have decreased in FY16 and FY17 budget reflects this decrease. Other line services revenues have met budget in FY16 and budget has been held level.	692,000
U. S. Customs user fees	Anticipate 5% increase in number of clearings and revenues.	318,000
Fuel vendor's cooperative marketing	Specific expenses for marketing and uniforms (up to a maximum of \$40,000) may be submitted to the fuel vendor's co-op program for 50% reimbursement.	20,000
Other	Includes charges for copies, outgoing faxes, gate cards and hangar keys.	6,000
OPERATING REVENUES:		
		\$ 14,320,000

FY 2017 OPERATING BUDGET ASSUMPTIONS

Account Name	Descriptions or Assumptions Used for Budgeted FY 2017	Amount:
OPERATING EXPENSES:		
Salaries and wages	Based on existing positions and full staffing to support traffic, customers and administrative needs. Budgeted an overall increase of 5% which includes anticipated CPI, merit, and promotions. Hours budgeted at 1.5 times average rate for holidays worked and projected overtime. Special adjustments included in budget for anticipated retirement/replacement/reorganization.	\$ 4,232,000
Payroll taxes	Salaries and wages @ 7.65%.	309,000
Health, dental, life, and long-term disability plans	Employer cost of current plans based on full staffing of eligible positions (projected cost per employee is \$10,133). Anticipates 10% increase in rates for the May 1, 2017 renewal (5 months in FY17).	774,000
Retirement contributions	Eligible employees @ 6% of annual salaries and wages, and Executive Director per contract. \$23,000 is available in the ICMA Forfeiture account and has been used to offset the FY17 budgeted costs. The annual cost of services of a retirement plan fund advisor is included.	251,000
Uniforms and laundry	Standard uniforms for non-administrative personnel. Includes summer uniform program for all employees.	40,000
Training	Includes in-house management, customer service and HR training, tuition reimbursement, professional seminars and conferences, and safety program.	82,000
Travel and meetings	Business/conference/seminar travel and sponsorship of airport related events, including sponsorship of the selected airport-related conferences	111,000
Employee recognition and affairs	Employee recognition awards, plaques, certificates and pins. Also to include two NAA employee events. Quarterly Safety Awards are budgeted in this line.	22,000
Legal fees	Based on FY 2016 activity and anticipated costs.	300,000
Audit services	Based on current contract plus audit fees for other special assignments.	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, compensation study, human resources, and DBE program.	468,000
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.	276,000
Engineering and planning services	Small engineering projects, surveying and geotechnical, and obstruction removal.	15,000
Classified advertising	Employment, RFPs, purchases, and public meeting notifications.	17,000
Communications	Marketing and public relations consulting services, various pamphlets and brochures, graphic design services, special events and promotions and related communications.	228,000

FY 2017 OPERATING BUDGET ASSUMPTIONS

Account Name	Descriptions or Assumptions Used for Budgeted FY 2017	Amount:
Insurance (excluding employee 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.	480,000
Telephone	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.	70,000
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.	275,000
Office and operating supplies	General office & operating supplies for all departments.	101,000
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.	15,000
Postage	Postage, Fed-Ex, and courier service.	9,000
Air Traffic Control Tower	General repair and maintenance of building and equipment, plus utility and telephone service and cleaning service.	60,000
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.	742,000
Police service	Service provided by the Naples Police per contract. Includes mandatory law enforcement presence at Commercial Terminal for each commercial inbound and/or outbound flight.	47,000
U. S. Customs	Includes costs for the salaries for 2 inspectors, data processing, utilities, office supplies, and pest control and other building maintenance.	334,000
Dues/subscriptions/fees	Organizations and memberships, licenses, permits, fees, dues, subscriptions and publications.	53,000
Auto gas and diesel fuel	Auto gas and diesel fuel for NAA vehicles.	80,000
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.	120,000
OPERATING EXPENSES EXCLUDING REPAIR & MAINTENANCE		9,561,000

FY 2017 OPERATING BUDGET ASSUMPTIONS

Account Name	Descriptions or Assumptions Used for Budgeted FY 2017	Amount:
Building maintenance	Routine repair and maintenance of NAA owned buildings, including carpet, furniture, and window cleaning, pressure cleaning of Authority buildings, fire alarm monitoring and inspections, elevator and indoor plant maintenance. Includes \$150,000 for maintenance of hangar roofs, hardware and metal skeleton and \$30,000 for major maintenance on the 1000 and 2000 hangars. Includes additional \$15,000 of non-routine maintenance for conversion to LED fixtures at various locations. Building maintenance costs for Tower, ARFF or Customs are expensed in those specific line items.	246,000
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". 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.	146,000
Grounds maintenance	Routine maintenance, including fertilizer, weed killer, mulch, sprinkler maintenance, plant maintenance, palm/hedge trimming and inoculation of palms. Annual drainage maintenance in the West Quadrant.	95,000
Vehicle maintenance	General repair and maintenance of NAA 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.	156,000
Car wash operations expense	Utilities and supplies to operate the car wash and fueling facility for the car rental companies	27,000
Small tools, equipment and supplies	Maintenance Department's small equipment and supplies and miscellaneous signage.	49,000
Cleaning supplies	Custodial cleaning and paper goods.	33,000
REPAIR & MAINTENANCE EXPENSES		768,000
OPERATING EXPENSES		10,329,000
OPERATING INCOME		\$ 3,991,000

**CITY OF NAPLES AIRPORT AUTHORITY
BUDGET SENSITIVITY ANALYSIS
FISCAL YEAR 2017**

<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 2017 in October 2016 and August - September 2017.	
<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 2017 CAPITAL BUDGET INFORMATION

The FY 2017 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 9/30/15" 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 2017 through FY 2021. 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 2017, the Authority's Capital Improvement Plan anticipates \$6.6 million in participatory projects. FAA grant award eligibility totals \$1.6 million and State assistance awards total \$3.8 million. Potentially, eighty-two percent (82%) could come from federal and state assistance with eighteen percent (18%) or \$1.2 million being funded by the Authority.

The Five Year Capital Improvement Plan (FY 2017 – Unallocated) anticipates \$37.1 million in participatory projects. The FAA and FDOT funding amounts shown for FY 2017 through FY 2020 are not guaranteed and do not reflect standard Authority match requirements. Anticipated participatory projects with a breakout of potential outside funding assistance are listed on the following pages.

Non-participatory Projects

In FY 2017, the Authority's Capital Improvement Plan anticipates \$3.0 million in non-participatory projects. The Five Year Capital Improvement Plan (FY 2017 – Unallocated) anticipates \$18.5 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 2017 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 2017 - 2021 Capital Improvement Plan
FISCAL YEAR 2017 BUDGET**

Project	Expenditures as of 9/30/15	Estimated/Actual Expenditures 2016	2017	2018	2019	2020	2021	Unallocated	Project Total
East Quad and West Quad detention pond-engineering study	FAA Funding \$ -	\$ -	\$ 45,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,000
	FDOT Funding	-	2,000	-	-	-	-	-	2,000
	Other Funding	-	-	-	-	-	-	-	-
	NAA Share	-	3,000	-	-	-	-	-	3,000
Project Total		-	50,000	-	-	-	-	-	50,000
Runway 14-32 Displaced Threshold	FAA Funding	-	-	-	-	-	-	-	-
	FDOT Funding	-	-	4,000,000	-	-	-	-	4,000,000
	Other Funding	-	-	-	-	-	-	-	-
	NAA Share	-	145,000	1,000,000	-	-	-	-	1,145,000
Project Total		-	145,000	5,000,000	-	-	-	-	5,145,000
Taxiway D - West Quad Design & Construction	FAA Funding	-	-	-	-	-	-	-	-
	FDOT Funding	120,000	2,088,000	-	-	-	-	-	2,208,000
	Other Funding (CFC)	-	-	-	-	-	-	-	-
	NAA Share	30,000	522,000	-	-	-	-	-	552,000
Project Total		150,000	2,610,000	-	-	-	-	-	2,760,000
Taxiway D - Realignment North Quad design & construction	FAA Funding	-	-	-	-	-	-	-	-
	FDOT Funding	-	280,000	2,000,000	-	-	-	-	2,280,000
	Other Funding (CFC)	-	-	-	-	-	-	-	-
	NAA Share	-	71,000	500,000	-	-	-	-	571,000
Project Total		-	350,000	2,500,000	-	-	-	-	2,851,000
Airport Fire Station Replacement - design & construction	FAA Funding	-	-	-	-	-	-	-	-
	FDOT Funding	-	280,000	2,000,000	-	-	-	-	2,280,000
	Other Funding (CFC)	-	-	-	-	-	-	-	-
	NAA Share	1,000	70,000	500,000	-	-	-	-	571,000
Project Total		1,000	350,000	2,500,000	-	-	-	-	2,851,000
Runway 5 end run-up pad	FAA Funding	-	1,580,000	-	-	-	-	-	1,580,000
	FDOT Funding	-	87,000	-	-	-	-	-	87,000
	Other Funding	-	-	-	-	-	-	-	-
	NAA Share	-	87,000	-	-	-	-	-	87,000
Project Total		-	1,756,000	-	-	-	-	-	1,756,000
East Quad Apron expansion, Aviation Drive S and utility realignment	FAA Funding	-	-	-	-	-	-	-	-
	FDOT Funding	-	400,000	3,440,000	-	-	-	-	3,840,000
	Other Funding	-	-	-	-	-	-	-	-
	NAA Share	-	100,000	860,000	-	-	-	-	960,000
Project Total		-	500,000	4,300,000	-	-	-	-	4,800,000
CAT Upgrades and CAT Parking lot - Phase I	FAA Funding	-	-	5,890,000	-	-	-	-	5,890,000
	FDOT Funding	-	-	-	-	-	-	-	-
	Other Funding	-	-	100,000	-	-	-	-	100,000
	NAA Share	-	-	210,000	-	-	-	-	210,000
Project Total		-	-	6,200,000	-	-	-	-	6,200,000

**FY 2017 - 2021 Capital Improvement Plan
FISCAL YEAR 2017 BUDGET**

Project	Expenditures as of 9/30/15	Estimated/Actual Expenditures 2016	2017	2018	2019	2020	2021	Unallocated	Project Total
CAT Upgrades and CAT Parking lot - Phase II									
FAA Funding	-	-	-	-	-	6,175,000	-	-	6,175,000
FDOT Funding	-	-	-	-	-	-	-	-	-
Other Funding	-	-	-	-	-	100,000	-	-	100,000
NAA Share	-	-	-	-	-	225,000	-	-	225,000
Project Total	-	-	-	-	-	6,500,000	-	-	6,500,000
General Aviation Traffic Improvements: Radio Rd to GA parking									
FAA Funding	-	-	-	-	-	-	-	-	-
FDOT Funding	-	-	280,000	1,120,000	-	-	-	-	1,400,000
Other Funding	-	-	-	-	-	-	-	-	-
NAA Share	-	-	71,000	280,000	-	-	-	-	351,000
Project Total	-	-	350,000	1,400,000	-	-	-	-	1,751,000
Pavement Rehab- S Ramp, N Ramp, and CAT Ramp									
FAA Funding	-	82.3%	-	-	-	-	-	-	-
FDOT Funding	42,000	68,000	800,000	-	1,250,000	-	-	-	2,160,000
Other Funding	-	-	-	-	-	-	-	-	-
NAA Share	10,000	17,000	200,000	-	312,000	-	-	-	539,000
Project Total	53,000	85,000	1,000,000	-	1,562,000	-	-	-	2,700,000
Total Participatory Projects									
FAA Funding	-	-	1,625,000	-	5,890,000	6,175,000	-	-	13,690,000
FDOT Funding	42,000	188,000	3,817,000	9,520,000	4,690,000	-	-	-	18,257,000
Other Funding	-	-	-	-	100,000	100,000	-	-	200,000
NAA Share	10,000	48,000	1,169,000	2,380,000	1,382,000	225,000	-	-	5,214,000
Project Total	53,000	236,000	6,611,000	11,900,000	12,062,000	6,500,000	-	-	37,364,000
Total Participatory Projects									
Purchase/development of airport facilities	-	-	2,500,000	-	-	-	-	-	2,500,000
GA Long Term Parking Deck Design and Construction	-	-	-	500,000	10,000,000	-	-	-	10,500,000
Aircraft Canopy (rampside) - Feasibility study and construction	-	-	30,000	2,500,000	-	-	-	-	2,530,000
Replace Bi-Fold Hangar Doors (bldgs 2300 - 2600 and 1600)	-	271,000	275,000	280,000	285,000	285,000	-	-	1,396,000
Refurbish hangar roofs, hardware, and metal skeletons	150,000	150,000	150,000	150,000	150,000	150,000	-	-	900,000
Permit, design, and install drainage realignment for Tower Dr lot	5,000	666,000	175,000	225,000	-	-	-	-	1,071,000
Development - add fuel tank to Fuel Farm	-	-	50,000	300,000	-	-	-	-	350,000
Replace North self-fueler piping/pump	-	-	280,000	-	-	-	-	-	280,000
Obstruction Removal	-	30,000	40,000	40,000	40,000	40,000	-	-	190,000
Development - install canopy at Fuel Farm	-	-	-	200,000	-	-	-	-	200,000
Facilities replace trucks @ \$35,000 per if justified	-	-	-	70,000	70,000	35,000	-	-	175,000
Commercial Terminal add restrooms to TSA sterile area	-	-	200,000	-	-	-	-	-	200,000
Replace air conditioning system at GA	-	-	250,000	-	-	-	-	-	250,000
Operations - replace lobby furniture	-	-	100,000	-	-	-	-	-	100,000
Development - South Self fueler	-	-	130,000	-	-	-	-	-	130,000
Landfill site - Land Clearing	-	-	100,000	-	-	-	-	-	100,000
Development - Fuel Farm Road Road - refurbish & 1" mill & overlay & repair	-	-	120,000	-	-	-	-	-	120,000
Facilities - replace Ford Tractor with Ford loader/backhoe	-	-	120,000	-	-	-	-	-	120,000
Operations - replace Lektro tug #6	-	-	110,000	-	-	-	-	-	110,000
ARFF - repair fire truck shaft cover & clutch & Labor	-	54,000	35,000	-	-	-	-	-	89,000
Operations - 139 Inspections Software	-	-	100,000	-	-	-	-	-	100,000
Operations - fuel data software	-	-	-	100,000	-	-	-	-	100,000
IT - purchase & implement document mgt system for electronic records	-	-	80,000	-	-	-	-	-	80,000
IT - upgrade network security hardware (replace Cisco with Palo Alto appliances)	-	-	72,000	-	-	-	-	-	72,000
IT - Implement Ctrix network management system	-	-	87,000	-	-	-	-	-	87,000
Development - assessment for SMS (Safety Management System Consultant)	-	-	50,000	-	-	-	-	-	50,000
Finance - enhance NAV Financial system with Navigator Nonprofit & HR	-	-	50,000	-	-	-	-	-	50,000
Facilities - purchase Forklift	-	-	40,000	-	-	-	-	-	40,000
Operations - replace GPU	-	-	40,000	-	-	-	-	-	40,000

**FY 2017 - 2021 Capital Improvement Plan
FISCAL YEAR 2017 BUDGET**

Project	Expenditures as of 9/30/15	Estimated/Actual Expenditures					Unallocated	Project Total
		2016	2017	2018	2019	2020		
Operations - replace OPS1 vehicle (2008)	-	-	40,000	-	-	-	40,000	
IT - replace two (2) servers, upgrading to MS HyperV technology	-	38,000	-	-	-	-	38,000	
Development - replace gate 2-S operator & 80' of 7' fence	-	35,000	-	-	-	-	35,000	
Operations - additional SUV / Ops2)	-	35,000	-	-	-	-	35,000	
Operations - replace van # 4	-	-	30,000	-	-	-	30,000	
Operations - purchase diesel trailer	-	20,000	-	-	-	-	20,000	
Admin - replace color copier in GAT	-	19,000	-	-	-	-	19,000	
Development - upgrade firepanel - ATCT	-	16,000	-	-	-	-	16,000	
Facilities - replace Custodial golf cart	-	15,000	-	-	-	-	15,000	
Facilities - replace Landscape ATV	-	15,000	-	-	-	-	15,000	
Operations - replace (6) 800 mhz radios	-	15,000	15,000	15,000	15,000	15,000	75,000	
Development - upgrade firepanel - AOB	-	12,000	-	-	-	-	12,000	
Operations - add or replace limo passenger cart	-	14,000	11,000	12,000	-	-	37,000	
IT - replace camera server, incl labor - Customs Bldg	-	11,000	-	-	-	-	11,000	
Operations - replace baggage carts (2) chocks/cones	-	10,000	-	-	-	-	10,000	
IT - purchase projection equipment (65" TV) - GAT Training Room	-	8,000	-	-	-	-	8,000	
Operations - purchase FOD Boss	-	8,000	-	-	-	-	8,000	
Operations - purchase electronic hydrometer	-	4,000	-	-	-	-	4,000	
GA - purchase office furniture	-	4,000	-	-	-	-	4,000	
Operations - purchase boarding ramp	-	34,000	-	-	-	-	34,000	
IT - replace Tricaster camera	-	20,000	-	-	-	-	20,000	
Development - replace GAT fence and gate	-	57,000	-	-	-	-	57,000	
Development - remove old & install new Distance Remaining Signs	-	40,000	-	-	-	-	40,000	
Development - Demolish Exec Hangar 4 (CAS)	1,000	40,000	-	-	-	-	41,000	
Development - install fiber connection to FAC, CAT, Carwash, ATCT	5,000	143,000	-	-	-	-	148,000	
IT - Replace telephone system	-	158,000	-	-	-	-	158,000	
Information Technology	-	-	-	-	-	-	-	
Development - upgrade irrigation system- upgrade '15, replace '18	-	70,000	-	-	-	-	70,000	
Development - Taxilane F - Design and Construction	81,000	595,000	-	-	-	-	676,000	
Development - refurbish to TSA recommendations - Commercial Terminal	-	39,000	-	-	-	-	39,000	
Facilities - purchase 4 Wheel Drive 1/2-ton truck	-	35,000	-	-	-	-	35,000	
Individual expenditures of \$25,000 or less	-	622,000	-	-	-	-	622,000	
Total Non-Participatory Projects	242,000	3,024,000	2,963,000	4,461,000	10,557,000	525,000	21,802,000	
Grand Total	\$ 295,000	\$ 3,260,000	\$ 9,574,000	\$ 16,361,000	\$ 22,619,000	\$ 7,025,000	\$ 59,166,000	
Capital Improvement Plan Summary								
Total Participatory Projects	\$ 53,000	\$ 236,000	\$ 6,611,000	\$ 11,900,000	\$ 12,062,000	\$ 6,500,000	\$ 37,364,000	
Total Non-Participatory Projects	242,000	3,024,000	2,963,000	4,461,000	10,557,000	525,000	21,802,000	
Total All Projects	\$ 295,000	\$ 3,260,000	\$ 9,574,000	\$ 16,361,000	\$ 22,619,000	\$ 7,025,000	\$ 59,166,000	
Funding Sources								
FAA Funding	-	-	1,625,000	-	5,890,000	6,175,000	-	
FDOT Funding	42,000	188,000	3,817,000	9,520,000	4,690,000	-	-	
Other Funding	-	-	-	100,000	100,000	-	-	
NAA Share	252,000	3,072,000	4,132,000	6,841,000	11,939,000	750,000	27,016,000	
	\$ 294,000	\$ 3,260,000	\$ 9,574,000	\$ 16,361,000	\$ 22,619,000	\$ 7,025,000	\$ 59,166,000	

CASH FLOW AND CASH ALLOCATION: FY 2017 FORECAST

The following Cash Flow and Cash Allocation: FY 2017 Forecast displays the Authority's anticipated cash balances from FY 2016 through FY 2021. This information shows the effect on cash resulting from projected operating revenues and expenses and the Authority's Capital Improvement Plan. FY 2016 Cash and Equivalents are projected to increase by \$1,931,000 as a result of the cash flow from operations being almost double the Authority-funded capital improvement spending. Cash and Equivalents are projected to increase in FY 2017 by \$242,000 because of anticipated major capital investments. In all years, the majority of the cost of capital projects is anticipated to be paid from Authority funds, with FY 2019 showing the largest outflow of Authority funds.

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 \$15,000 in capital improvement projects listed as "Unallocated" on pages 20 through 23 are not included in the forecast.

The Forecast also shows the continuation of CFCs throughout FY 2021. 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 2017 BUDGET
CASH FLOW AND CASH ALLOCATION: FY 2017 FORECAST**

	FORECAST					
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
CASH FLOW						
Operating Revenue	\$ 14,205,000	\$ 14,320,000	\$ 14,750,000	\$ 15,193,000	\$ 15,649,000	\$ 16,118,000
Operating Expense	(9,591,000)	(10,329,000)	(10,742,000)	(11,172,000)	(11,619,000)	(12,084,000)
Operating Income	4,614,000	3,991,000	4,008,000	4,021,000	4,030,000	4,034,000
Adjustment for Non-Cash Items	20,000	42,000	42,000	42,000	42,000	42,000
Adjustment for Working Capital	50,000	(3,000)	(10,000)	(10,000)	(10,000)	(10,000)
Cash Flow from Operating Activities	4,684,000	4,030,000	4,040,000	4,053,000	4,062,000	4,066,000
Acquisition, Construction of Capital Assets	(3,260,000)	(9,574,000)	(16,361,000)	(22,619,000)	(7,025,000)	(15,000)
Capital Contributions	188,000	5,442,000	9,520,000	10,680,000	6,275,000	-
Proceeds from Sale of Capital Assets	6,000	-	-	-	-	-
Customer Facility Charge Revenue	196,000	225,000	230,000	230,000	230,000	230,000
<i>NAA Portion of Acquisition & Construction</i>	<i>(2,870,000)</i>	<i>(3,907,000)</i>	<i>(6,611,000)</i>	<i>(11,709,000)</i>	<i>(520,000)</i>	<i>215,000</i>
Interest Earned from Capital & Related Activities	-	-	-	-	-	-
Cash Flow from Capital & Related Activities	(2,870,000)	(3,907,000)	(6,611,000)	(11,709,000)	(520,000)	215,000
Interest Revenue	117,000	119,000	103,000	105,000	92,000	55,000
Other Revenue	-	-	-	-	-	-
Cash Flow from Investing Activities	117,000	119,000	103,000	105,000	92,000	55,000
Increase (Decrease) in Cash and Equivalents:	1,931,000	242,000	(2,468,000)	(7,551,000)	3,634,000	4,336,000
Cash and Equivalents at Beginning of Period	20,252,000	22,183,000	22,425,000	19,957,000	12,406,000	16,040,000
Cash and Equivalents at End of Period	\$ 22,183,000	\$ 22,425,000	\$ 19,957,000	\$ 12,406,000	\$ 16,040,000	\$ 20,376,000
CASH ALLOCATION						
Compensating Balance - Services	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
CFC Account Balance	1,354,000	1,579,000	1,809,000	1,939,000	2,069,000	2,299,000
Restricted Cash	2,854,000	3,079,000	3,309,000	3,439,000	3,569,000	3,799,000
Unrestricted Cash	19,329,000	19,346,000	16,648,000	8,967,000	12,471,000	16,577,000
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	\$ 14,329,000	\$ 14,346,000	\$ 11,648,000	\$ 3,967,000	\$ 7,471,000	\$ 11,577,000

FY 2017 APPROPRIATION FOR EXPENDITURES AND RESERVES

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

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

The schedule on pages 25 and 26 is used to clarify the Authority's intent as to setting the "total of appropriation for expenditures and reserves" for FY 2017. 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 2017, total available resources, revenues and receipts is projected to be \$40,206,000 and total expenses and expenditures is projected to be \$19,903,000. Total available resources at year-end is \$20,303,000, an increase of \$209,000 from estimated FY 2016. This minor increase is attributable to the Authority's operating income and significant capital contributions offsetting the use of their own funds for capital projects.

The Schedule of Available Resources, Revenues, Receipts, Expenses and Expenditures is consistent with Generally Accepted Accounting Principles (GAAP) except that in order to clarify the Authority's intent for total expenses and expenditures, capital projects and principal payments on notes payable are included as expenditures and depreciation and amortization are excluded. When there is a difference between the budgetary basis of accounting and GAAP, a reconciliation must be provided. The reconciliation between Budgetary and GAAP Change in Net Assets is provided at the bottom of page 26.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

This statement showing comparison information for FY 2015 – FY 2017 may be found on page 28.

**CITY OF NAPLES AIRPORT AUTHORITY
FISCAL YEAR 2017 BUDGET
SCHEDULE OF AVAILABLE RESOURCES, REVENUES, RECEIPTS, EXPENSES AND EXPENDITURES**

	ACTUAL FY 2015	BUDGET FY 2016	ESTIMATED FY 2016	BUDGET FY 2017	Increase (Decrease) from Estimated FY 2016	
AVAILABLE RESOURCES, REVENUES AND RECEIPTS						
AVAILABLE RESOURCES AT BEGINNING OF YEAR						
Restricted	\$ 928,000	\$ 1,174,000	\$ 928,000	\$ 1,354,000	\$ 426,000	46%
Operating & capital reserves	4,000,000	4,000,000	4,000,000	5,000,000	1,000,000	25%
Unrestricted	13,608,000	16,392,000	13,008,000	13,740,000	732,000	6%
Total available resources at beginning of year	18,536,000	21,566,000	17,936,000	20,094,000	2,158,000	12%
OPERATING REVENUES						
Fuel sales (net)	8,310,000	8,558,000	8,745,000	8,756,000	11,000	0%
Concession fees	810,000	829,000	708,000	716,000	8,000	1%
Hangar/T-shelter/tiedown rents	2,439,000	2,498,000	2,402,000	2,441,000	39,000	2%
Building and land rents	1,256,000	1,271,000	1,322,000	1,371,000	49,000	4%
Line services	738,000	764,000	691,000	692,000	1,000	0%
U.S. Customs user fees	277,000	288,000	312,000	318,000	6,000	2%
Fuel vendor's cooperative marketing	11,000	20,000	20,000	20,000	-	0%
Other	4,000	5,000	5,000	6,000	1,000	20%
Net operating revenues	13,845,000	14,233,000	14,205,000	14,320,000	115,000	1%
NON-OPERATING REVENUES						
Customer facility charges	246,000	275,000	209,000	231,000	22,000	11%
Other income/net insurance proceeds	75,000	-	290,000	-	-	-
Investment earnings	80,000	66,000	117,000	119,000	2,000	2%
Total non-operating revenues	401,000	341,000	616,000	350,000	(266,000)	-43%
RECEIPTS						
Capital contributions	2,470,000	2,557,000	188,000	5,442,000	5,254,000	2795%
Total receipts	2,470,000	2,557,000	188,000	5,442,000	5,254,000	2795%
TOTAL REVENUES AND RECEIPTS	16,716,000	17,131,000	15,009,000	20,112,000	5,103,000	34%
TOTAL AVAILABLE RESOURCES, REVENUES AND RECEIPTS	\$ 35,252,000	\$ 38,697,000	\$ 32,945,000	\$ 40,206,000	\$ 7,261,000	22%

(Continued)

**CITY OF NAPLES AIRPORT AUTHORITY
FISCAL YEAR 2017 BUDGET
SCHEDULE OF AVAILABLE RESOURCES, REVENUES, RECEIPTS, EXPENSES AND EXPENDITURES**

	ACTUAL FY 2015	BUDGET FY 2016	ESTIMATED FY 2016	BUDGET FY 2017	Increase (Decrease) from Estimated FY 2016	
TOTAL AVAILABLE RESOURCES, REVENUES AND RECEIPTS	\$ 35,252,000	\$ 38,697,000	\$ 32,945,000	\$ 40,206,000	\$ 7,261,000	22%
EXPENSES AND EXPENDITURES						
OPERATING EXPENSES						
Personnel	4,981,000	5,524,000	5,356,000	5,821,000	465,000	9%
Professional fees	706,000	971,000	911,000	1,109,000	198,000	22%
Communications	121,000	233,000	184,000	245,000	61,000	33%
Insurance	464,000	499,000	461,000	480,000	19,000	4%
Utilities and environmental	252,000	306,000	270,000	345,000	75,000	28%
Office/postage/printing	133,000	120,000	114,000	125,000	11,000	10%
ATCT, ARFF and police service	701,000	817,000	675,000	849,000	174,000	26%
U. S. Customs	309,000	343,000	305,000	334,000	29,000	10%
Dues/subscriptions/fees	48,000	49,000	44,000	53,000	9,000	20%
Auto gas and diesel fuel	61,000	90,000	44,000	80,000	36,000	82%
Pilot services	68,000	60,000	56,000	120,000	64,000	114%
Bad debt expense	39,000	-	1,000	-	(1,000)	-100%
Maintenance and repair	532,000	788,000	1,170,000	768,000	(402,000)	-34%
Operating expenses	8,415,000	9,800,000	9,591,000	10,329,000	738,000	8%
CAPITAL EXPENDITURES	8,901,000	10,410,000	3,260,000	9,574,000	6,314,000	194%
TOTAL EXPENSES AND EXPENDITURES	17,316,000	20,210,000	12,851,000	19,903,000	7,052,000	55%
AVAILABLE RESOURCES AT YEAR END						
Restricted	928,000	1,112,000	1,354,000	1,579,000	225,000	17%
Operating and capital reserves	4,000,000	4,000,000	5,000,000	5,000,000	-	0%
Unrestricted	14,782,000	7,649,000	13,740,000	13,724,000	(16,000)	0%
TOTAL AVAILABLE RESOURCES AT YEAR END	17,936,000	18,487,000	20,094,000	20,303,000	209,000	1%
NET CHANGE IN AVAILABLE RESOURCES BALANCE	\$ (600,000)	\$ (3,079,000)	\$ 2,158,000	\$ 209,000	\$ (1,949,000)	-90%
RECONCILIATION OF BUDGETARY BASIS TO GAAP						
CHANGE IN NET ASSETS - BUDGETARY BASIS	\$ (600,000)	\$ (3,079,000)	\$ 2,158,000	\$ 209,000		
Add: Capital expenditures	8,901,000	10,410,000	3,260,000	9,574,000		
Less: Depreciation expense	(3,619,000)	(4,050,000)	(3,795,000)	(3,985,000)		
Gain (Loss) on disposal of capital assets	5,000	-	(16,000)	-		
CHANGE IN NET ASSETS - GAAP	\$ 4,687,000	\$ 3,281,000	\$ 1,607,000	\$ 5,798,000		

CITY OF NAPLES AIRPORT AUTHORITY
FISCAL YEAR 2017 BUDGET
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	ACTUAL FY 2015	BUDGET FY 2016	ESTIMATED FY 2016	BUDGET FY 2017
OPERATING REVENUES				
Fuel sales (net)	\$ 8,310,000	\$ 8,558,000	\$ 8,745,000	\$ 8,756,000
Concession fees	810,000	829,000	708,000	716,000
Hangar/T-shelter/tiedown rents	2,439,000	2,498,000	2,402,000	2,441,000
Building and land rents	1,256,000	1,271,000	1,322,000	1,371,000
Line services	738,000	764,000	691,000	692,000
U. S. Customs user fees	277,000	288,000	312,000	318,000
Fuel vendor's cooperative marketing	11,000	20,000	20,000	20,000
Other	4,000	5,000	5,000	6,000
Net operating revenues	<u>13,845,000</u>	<u>14,233,000</u>	<u>14,205,000</u>	<u>14,320,000</u>
OPERATING EXPENSES				
Personnel	4,981,000	5,524,000	5,356,000	5,821,000
Professional fees	706,000	971,000	911,000	1,109,000
Communications	121,000	233,000	184,000	245,000
Insurance	464,000	499,000	461,000	480,000
Utilities and environmental	252,000	306,000	270,000	345,000
Office/postage/printing	133,000	120,000	114,000	125,000
ATCT, ARFF and police service	701,000	817,000	675,000	849,000
U. S. Customs	309,000	343,000	305,000	334,000
Dues/subscriptions/fees	48,000	49,000	44,000	53,000
Auto gas and diesel fuel	61,000	90,000	44,000	80,000
Pilot services	68,000	60,000	56,000	120,000
Bad debt expense	39,000	-	1,000	-
Maintenance and repair	532,000	788,000	1,170,000	768,000
Depreciation and amortization	3,619,000	4,050,000	3,795,000	3,985,000
Total operating expenses	<u>12,034,000</u>	<u>13,850,000</u>	<u>13,386,000</u>	<u>14,314,000</u>
Operating income (loss)	<u>1,811,000</u>	<u>383,000</u>	<u>819,000</u>	<u>6,000</u>
NON-OPERATING REVENUES (EXPENSES)				
Customer facility charges	246,000	275,000	209,000	231,000
Interest revenue	59,000	66,000	117,000	119,000
Realized gain (loss) on investments	21,000	-	-	-
Interest expense	-	-	(6,000)	-
Other income	75,000	-	296,000	-
Gain (loss) on disposal of capital assets	5,000	-	(16,000)	-
Total non-operating revenues (expenses)	<u>406,000</u>	<u>341,000</u>	<u>600,000</u>	<u>350,000</u>
Income before capital contributions	2,217,000	724,000	1,419,000	356,000
Capital contributions	<u>2,470,000</u>	<u>2,557,000</u>	<u>188,000</u>	<u>5,442,000</u>
Change in net position	4,687,000	3,281,000	1,607,000	5,798,000
Total net position - beginning	<u>74,014,000</u>	<u>79,014,000</u>	<u>78,701,000</u>	<u>80,308,000</u>
Total net position - ending	<u>\$ 78,701,000</u>	<u>\$ 82,295,000</u>	<u>\$ 80,308,000</u>	<u>\$ 86,106,000</u>