



City of Naples Airport Authority Operating and Capital Budget

Fiscal Year 2022



Photo: New Aircraft Rescue Fire-fighting Facility opened in FY 2021.

**City of Naples Airport Authority
Operating and Capital Budget
Fiscal Year 2022**

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Introduction

The Airport

The Naples Airport is in western Collier County, Florida, approximately one mile from the City of Naples business district and approximately one and a half miles inland of the Gulf of Mexico. The airport, which is owned by the City of Naples, was leased to the City of Naples Airport Authority (the “Authority”) in 1969 under a 99-year lease. The airport was originally constructed in 1943 and served as an Air Corps base for training gunners, bomber crews and fighter pilots for combat during World War II. Significant improvements have been made since that time.

General aviation drives activity at the Naples Airport, including flight training, emergency responders, and charter and high-performance business aircraft weighing less than 75,000 lbs. The airport generates a significant economic impact within the community and ranks among the top 20 airports nationally for business aircraft activity and customer service.

The Authority

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

The Authority’s Board of Commissioners is composed of five members appointed by Naples City Council. Commissioners are appointed for a term of four years. The Board of Commissioners retains the Executive Director, who is the chief operating officer, chief financial officer and secretary of the Authority. The Executive Director hires all other Authority employees.

Our purpose statement is “Connecting you to Naples through an exceptional airport experience.”

Our customer service vision statement is “First and lasting impressions of excellence.”

We have a five-year strategic plan with the following goals:

1. Provide a safe, modern and efficient airport.
2. Be an engaged community partner.
3. Strengthen the airport’s economic vitality.
4. Equip employees to excel today and in the future.

Financial Information

The Authority financially supports itself directly from aviation fuel sales and airport user fees. 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 utilities, police and firefighting services and built, equips and maintains City Fire Station #3, as well as several 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.

The Authority's budget and amendments, if any, are adopted by resolution of the Board of Commissioners, as required by Florida Statute 189.016(3). The adopted budget regulates the total expenses of the Authority for the fiscal year, and it is unlawful for any officer of the Authority to expend or contract for expenses that exceed the budgeted appropriations. The Authority has a fiscal year ending September 30th and, accordingly, the budget must be adopted by the Board of Commissioners before October 1st, the beginning date of the new fiscal year.

The Authority has published rates and charges for services based on a reasonable rate of return, in addition to meeting the requirements of maintenance, operating costs and capital recovery. These rates and charges, as a package, maintain and ensure the financial health of the Authority. At a minimum, the Authority's rates and charges are updated annually.

As part of the Authority's planning process, a five-year capital improvement program is also updated at least annually. These projections assist the Authority in determining the potential impact of capital projects on future budgets and future revenue requirements, enabling the Authority to develop successful plans.

The Authority maintains a \$10.0 million reserve for emergency operating contingencies and uses the remaining excess funds for future capital projects.

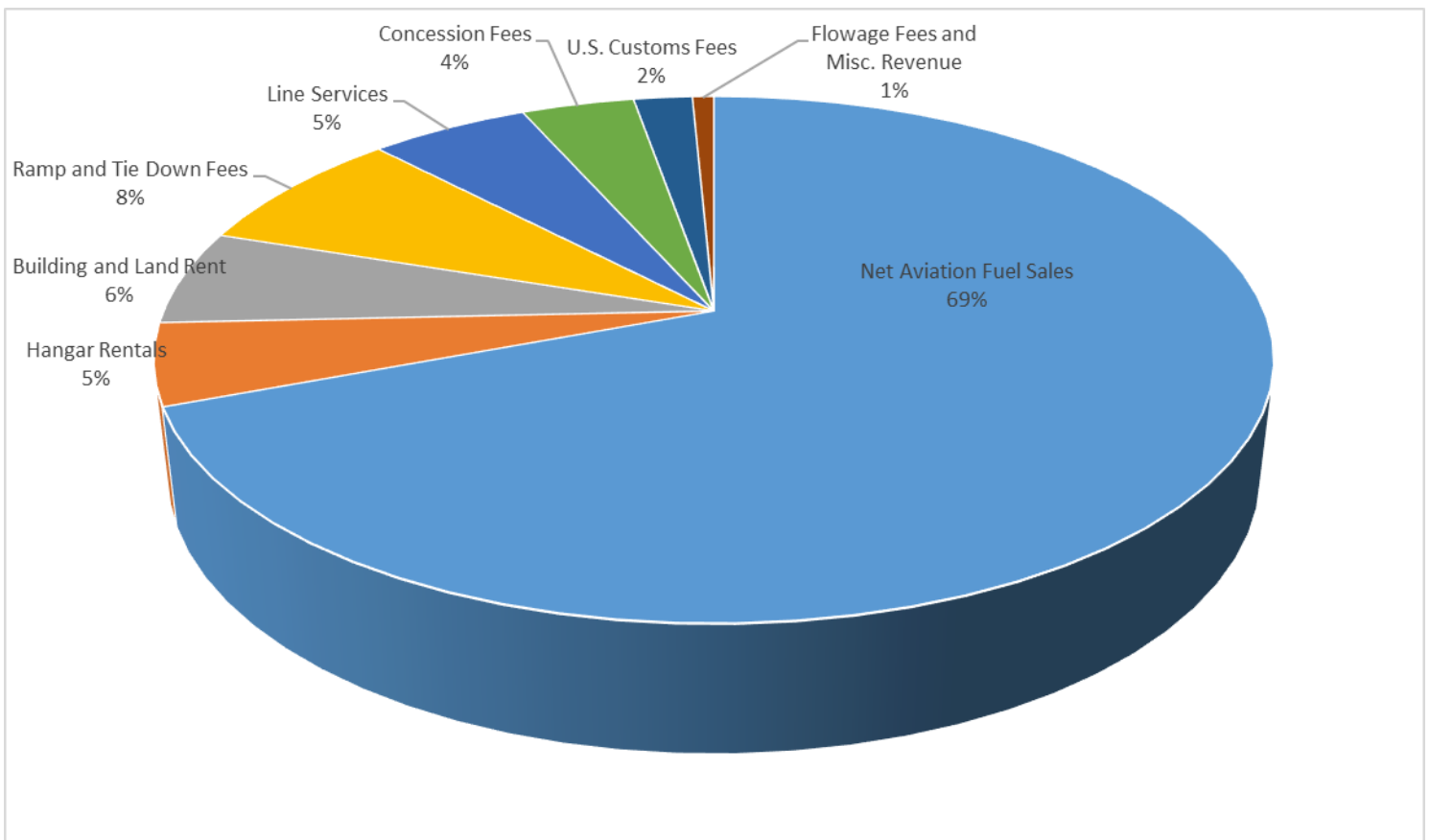
Executive Summary – Operating Budget

The revenue in the operating budget for FY 2022 was prepared using FY 2021 estimated actual revenue as a baseline and adjusted by management based on expected market trends. The operating budget expenses were prepared utilizing the zero-base budget methodology, where each department determined the actual resources needed based on expected activity to ensure a safe and efficient operation.

Our revenue is significantly dependent on fuel sales as shown in the table below. As we begin to emerge from the pandemic, there has been a shift to greater use of general aviation in the US market that is expected to continue even as the effect of the pandemic subsidies. We have budgeted a slight increase in fuel sales and ancillary revenue for FY 2022.

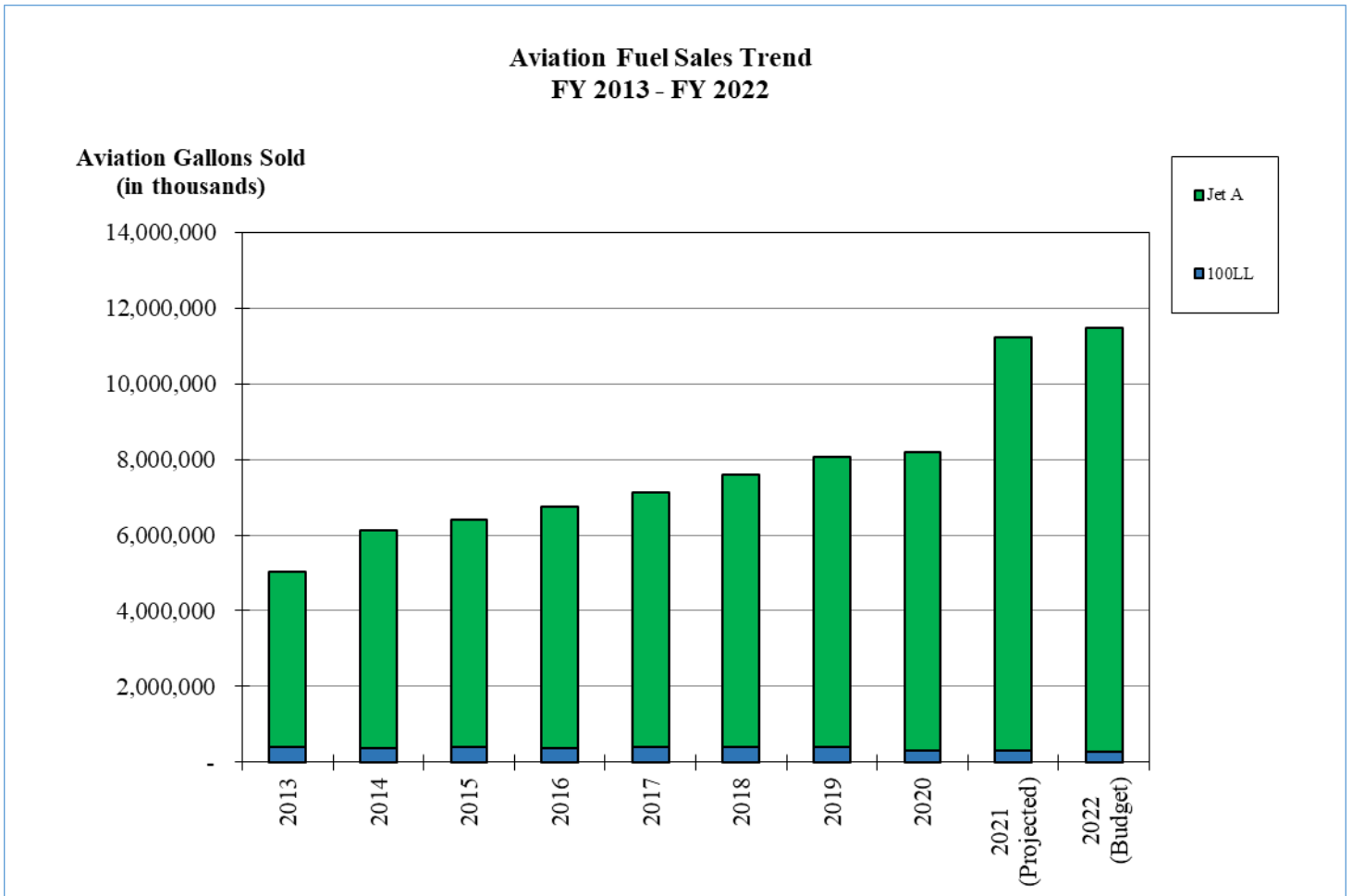
Our expense increases are primarily due to wage increases and additional positions as a result of the continued increase in business and to ensure we continue to provide customer service excellence. The ongoing noise study and community outreach programs will also be significant initiatives in FY 2022.

Breakdown of Operating Revenue – FY 2022



Executive Summary – Operating Budget (continued)

We currently have no debt and have prepared the budget that assumes no debt in FY 2022. We continue to maintain a strong balance sheet with \$54.9 million in current assets and \$2.9 million of current liabilities as of August 31, 2021.



**City of Naples Airport Authority
Fiscal Year 2022 Operating Budget
Assumptions**

Revenue Assumptions:

Aviation Fuel - Jet A gallons budgeted to increase 2% from FY 2021 projected actual as business and international travel begins to recover from the pandemic. AvGas gallons are budgeted to continue to decrease 5% as has been the trend the last few years. There have been no changes to pricing.

Hangar, Building and Land Rents - budget based on resumed increase to market rents as per appraisal done in FY 2019 - average 8% increase.

Ramp, Tie Down Fees and Line Services - 3% increase from FY 2021 estimated actual due to return of business and international travel.

Concession fees – 10% increase from FY 2021 estimated actual as car rental companies recover from COVID-19 decline.

US Customs User Fees – increase of 5% due to anticipated recovery of international travel as COVID-19 restrictions are lifted.

Expense Assumptions:

Personnel - 36 additional FTEs are needed to help maintain business continuity, as we have experienced 32% growth in business over the past year and expect to continue stabilized growth in the future. Most of the additional FTES (25) are in the FBO and are needed to continue to improve customer service and limit service delays, primarily related to fueling, in season. CPI increase of 5.4% and average merit increase of 2.5%.

Professional Fees – continuation of the noise study and additional outreach in FY 2022.

Contracted Services – 5% increases for annual contract increases.

Building Maintenance – paint the inside of 15 additional hangars in FY 2022.

Communications – continuation of increased community education and public outreach in FY 2022.

Travel and Training – limited travel and offsite training to reduce COVID exposure.

Non-Operating Revenues (Expenses) Assumptions:

Investment Income – cash balances to decrease evenly throughout the year to fund capital projects. Interest rates to remain at stable and continued roll out of investment policy to earn higher rate of return.

City of Naples Airport Authority
Statements of Revenues, Expenses and Changes in Net Position
Estimated Actual FY 2021 to FY 2022 Proposed Budget

	Estimated FY 2021 *	Proposed Budget FY 2022	Increase (Decrease)	%	Variance Explanations (\$50,000 and 20%)
Operating Revenue					
Gallons	11,230,000	11,480,000	250,000	2 %	
Aviation Fuel Sales	\$ 43,410,000	\$ 48,640,000	\$ 5,230,000	\$ 12 %	
Cost of Aviation Fuel Sales	(22,700,000)	(27,100,000)	(4,400,000)	(19)	
Net Aviation Fuel Sales	\$ 20,710,000	\$ 21,540,000	\$ 830,000	4	
Hangar Rentals	\$ 1,450,000	\$ 1,560,000	\$ 110,000	8	
Building & Land Rent	1,680,000	1,810,000	130,000	8	
Ramp and Tie Down Fees	2,330,000	2,410,000	80,000	3	
Line Services	1,640,000	1,710,000	70,000	4	
Concession Fees	1,100,000	1,210,000	110,000	10	
U.S. Customs User Fees	600,000	630,000	30,000	5	
Flowage Fees and Misc. Revenue	220,000	230,000	10,000	5	
Total Operating Revenue	\$ 29,730,000	\$ 31,100,000	\$ 1,370,000	5 %	
Operating Expenses					
Personnel Expenses:					
Salaries and Wages	\$ 6,300,000	\$ 9,460,000	\$ 3,160,000	50 %	36 new FTE's (\$1.9M), budgeted unfilled positions (\$600K) and annual compensation changes (\$800K)
Payroll Taxes	460,000	750,000	290,000	63	New positons and wage increases
Benefits	1,550,000	2,290,000	740,000	48	New positions and insurance increases
Total Personnel Expenses	\$ 8,310,000	\$ 12,500,000	\$ 4,190,000	50 %	
Professional Services	\$ 960,000	\$ 2,220,000	\$ 1,260,000	131 %	Noise study and additional outreach
Contracted Services	1,280,000	1,330,000	50,000	4	
Insurance	750,000	870,000	120,000	16	
Airfield and Grounds Maintenance	250,000	520,000	270,000	108	GA ramp maintenance
Building Maintenance	230,000	270,000	40,000	17	Painting more T- hangars in FY 2022
Vehicle and Equipment Maintenance	350,000	260,000	(90,000)	(26)	Reduced maintenance with new equipment
Utilities	340,000	390,000	50,000	15	
Credit Card Fees	370,000	380,000	10,000	3	
Software Licenses and Support	380,000	470,000	90,000	24	Implementation of new software
Legal Services	360,000	370,000	10,000	3	
Communications	210,000	410,000	200,000	95	Increased community outreach
Conferences and Travel	30,000	90,000	60,000	200	Return to limited travel in FY 2022
Minor Equipment	220,000	230,000	10,000	5	
Pilot Services	130,000	340,000	210,000	162	Enhanced customer service
Training & Education	20,000	80,000	60,000	300	ARFF Training
Operating Supplies	170,000	210,000	40,000	24	
Leased Equipment	130,000	140,000	10,000	8	
Employee Recognition	30,000	110,000	80,000	267	New Wellness program
Dues & Subscriptions	60,000	40,000	(20,000)	(33)	
Uniforms	60,000	100,000	40,000	67	
Miscellaneous	-	10,000	10,000	100	
Total Operating Expenses	\$ 14,640,000	\$ 21,340,000	\$ 6,700,000	46 %	
Income from Operations	\$ 15,090,000	\$ 9,760,000	\$ (5,330,000)	(35) %	
Non- Operating Revenue/(Expenses)					
Customer Facility Charges	\$ 230,000	\$ 250,000	\$ 20,000	9 %	
Depreciation and Amortization	(4,350,000)	(5,600,000)	(1,250,000)	29	Depreciation on new projects
Investment Income	190,000	190,000	-	-	
Other Income (Expense)	-	-	-	-	
Total Non- Operating Revenue/(Expenses)	\$ (3,890,000)	\$ (5,160,000)	\$ (1,270,000)	33 %	
Income Before Capital Contributions	\$ 11,200,000	\$ 4,600,000	\$ (6,600,000)	(59) %	

* 11 months actual, 1 month estimated

City of Naples Airport Authority
Statements of Revenues, Expenses and Changes in Net Position
Current Year Budget to Prior Year Budget

	Adopted Budget FY 2021	Proposed Budget FY 2022	Increase (Decrease)	%
Operating Revenue				
Gallons	7,972,596	11,480,000	3,507,404	44
Aviation Fuel Sales	\$ 24,669,453	\$ 48,640,000	\$ 23,970,547	97 %
Cost of Aviation Fuel Sales	(11,317,983)	(27,100,000)	(15,782,017)	(139)
Net Aviation Fuel Sales	\$ 13,351,471	\$ 21,540,000	\$ 8,188,529	61 %
Hangar Rentals	\$ 1,452,125	\$ 1,560,000	\$ 107,875	7 %
Building & Land Rent	1,603,233	1,810,000	206,767	13
Ramp and Tie Down Fees	1,492,061	2,410,000	917,939	62
Line Services	1,150,719	1,710,000	559,281	49
Concession Fees	757,114	1,210,000	452,886	60
U.S. Customs User Fees	110,642	630,000	519,358	469
Flowage Fees and Misc. Revenue	146,294	230,000	83,706	57
Total Operating Revenue	\$ 20,063,659	\$ 31,100,000	\$ 11,036,341	55 %
Operating Expenses				
Personnel Expenses:				
Salaries and Wages	\$ 6,821,928	\$ 9,460,000	\$ 2,638,072	39 %
Payroll Taxes	543,310	750,000	206,690	38
Benefits	1,769,389	2,290,000	520,611	29
Total Personnel Expenses	\$ 9,134,627	\$ 12,500,000	\$ 3,365,373	37 %
Professional Services	\$ 1,092,558	\$ 2,220,000	\$ 1,127,442	103 %
Contracted Services	1,393,000	1,330,000	(63,000)	(5)
Insurance	687,404	870,000	182,596	27
Airfield and Grounds Maintenance	381,667	520,000	138,333	36
Building Maintenance	269,400	270,000	600	0
Vehicle and Equipment Maintenance	262,733	260,000	(2,733)	(1)
Utilities	392,044	390,000	(2,044)	(1)
Credit Card Fees	284,022	380,000	95,978	34
Software Licenses and Support	335,904	470,000	134,096	40
Legal Services	319,000	370,000	51,000	16
Communications	242,300	410,000	167,700	69
Conferences and Travel	136,390	90,000	(46,390)	(34)
Minor Equipment	194,884	230,000	35,116	18
Pilot Services	150,000	340,000	190,000	127
Training & Education	113,350	80,000	(33,350)	(29)
Operating Supplies	157,600	210,000	52,400	33
Leased Equipment	45,300	140,000	94,700	209
Employee Recognition	36,500	110,000	73,500	201
Dues & Subscriptions	43,365	40,000	(3,365)	(8)
Uniforms	54,460	100,000	45,540	84
Miscellaneous	6,000	10,000	4,000	100
Total Operating Expenses	\$ 15,732,509	\$ 21,340,000	\$ 5,607,491	36 %
Income from Operations	\$ 4,331,150	\$ 9,760,000	\$ 5,428,850	125 %
Non- Operating Revenue/(Expenses)				
Customer Facility Charges	\$ 182,910	\$ 250,000	\$ 67,090	37 %
Depreciation and Amortization	(4,280,000)	(5,600,000)	(1,320,000)	31
Investment Income	126,173	190,000	63,827	51
Other (Income) Expense	-	-	-	-
Total Non- Operating Revenue/(Expenses)	\$ (3,970,917)	\$ (5,160,000)	\$ (1,189,083)	30 %
Income Before Capital Contributions	\$ 360,234	\$ 4,600,000	\$ 4,239,766	1,177 %

City of Naples Airport Authority
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Payroll Taxes	543,310	750,000	206,690	38
Benefits	<u>1,769,389</u>	<u>2,290,000</u>	<u>520,611</u>	<u>29</u>
Total Personnel Expenses	\$ 9,134,627	\$ 12,500,000	\$ 3,365,373	37 %
Professional Services	\$ 1,092,558	\$ 2,220,000	\$ 1,127,442	103 %
Contracted Services	1,393,000	1,330,000	(63,000)	(5)
Insurance	687,404	870,000	182,596	27
Airfield and Grounds Maintenance	381,667	520,000	138,333	36
Building Maintenance	269,400	270,000	600	0
Vehicle and Equipment Maintenance	262,733	260,000	(2,733)	(1)
Utilities	392,044	390,000	(2,044)	(1)
Credit Card Fees	284,022	380,000	95,978	34
Software Licenses and Support	335,904	470,000	134,096	40
Legal Services	319,000	370,000	51,000	16
Communications	242,300	410,000	167,700	69
Conferences and Travel	136,390	90,000	(46,390)	(34)
Minor Equipment	194,884	230,000	35,116	18
Pilot Services	150,000	340,000	190,000	127
Training & Education	113,350	80,000	(33,350)	(29)
Operating Supplies	157,600	210,000	52,400	33
Leased Equipment	45,300	140,000	94,700	209
Employee Recognition	36,500	110,000	73,500	201
Dues & Subscriptions	43,365	40,000	(3,365)	(8)
Uniforms	54,460	100,000	45,540	84
Miscellaneous	<u>6,000</u>	<u>10,000</u>	<u>4,000</u>	<u>100</u>
Total Operating Expenses	\$ 15,732,509	\$ 21,340,000	\$ 5,607,491	36 %
Income from Operations	\$ 4,331,150	\$ 9,760,000	\$ 5,428,850	125 %
Non- Operating Revenue/(Expenses)				
Customer Facility Charges	\$ 182,910	\$ 250,000	\$ 67,090	37 %
Depreciation and Amortization	(4,280,000)	(5,600,000)	(1,320,000)	31
Investment Income	126,173	190,000	63,827	51
Other (Income) Expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Non- Operating Revenue/(Expenses)	\$ (3,970,917)	\$ (5,160,000)	\$ (1,189,083)	30 %
Income Before Capital Contributions	\$ 360,234	\$ 4,600,000	\$ 4,239,766	1,177 %
Capital Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	\$ 360,234	\$ 4,600,000	\$ 4,239,766	1,177 %

Executive Summary – Capital Improvement Plan

The Authority's capital improvement plan (CIP) contains projects that are eligible for funding assistance from outside agencies and usually require matching funds from the Authority. The two major sources of outside funding for the Authority's capital improvement plan are the Federal Aviation Administration (FAA) and the Florida Department of Transportation (FDOT). The Naples Airport is a general aviation airport and is eligible for \$150,000 per year in Entitlement Funding from the FAA under the Airport Improvement Program. The airport may also be eligible for other FAA grants. The Authority, as a publicly owned Florida airport, is also eligible for state funding. FDOT provides up to one-half of the local share of project costs when FAA funding is received, and when no federal funding is available, FDOT can provide up to 80% of eligible project costs for general aviation airports.

The FY 2022 capital improvement plan anticipates \$27.1 million in projects with \$3.3 million in assistance from Federal (FAA) and State (FDOT) agencies and \$23.8 million funded by the Authority. The FAA and FDOT funding amounts shown are not guaranteed. The CIP projects or items listed are prioritized based upon needs according to our strategic plan.

The Board acceptance of the CIP Budgets for FY 2022 does not constitute automatic Board approval for each item listed. All items exceeding the Executive Director's Delegation of Powers (currently \$50,000), must be brought before the Board for individual consideration and approval.

**City of Naples Airport Authority
Capital Budget
Fiscal 2022**

Goal 1 - Provide a safe, modern and efficient airport.	Es	Funding Source - Current Year			Total -		Board Approved
		Authority	FAA	FDOT	Current Year	Total Amount	
GAT, CAT, AOB and Parking Improvements	#	\$ 3,010,000	\$ -	\$ -	\$ 3,010,000	\$ 9,043,925	\$ 9,043,925
Runway 5-23 Drainage Improvements	#	107,000	1,670,000	107,000	1,884,000	4,320,000	4,343,850
North Quad Taxiway B Site Prep - construction		3,500,000	-	-	3,500,000	3,500,000	
North Road Terminal Improvements		3,000,000	-	-	3,000,000	3,000,000	2,771,343
Airport Security Upgrade	#	1,800,000	-	-	1,800,000	2,771,343	
Solar Covered Parking		2,500,000	-	-	2,500,000	2,500,000	
Fuel Farm Upgrade - Add Capacity of 60,000 gallons		2,000,000	-	-	2,000,000	2,000,000	
Facilities Shop Improvements (construction)		1,000,000	-	-	1,000,000	1,000,000	
Hangar Door Replacement (20 doors)		900,000	-	-	900,000	900,000	862,000
ARFF Fire Truck (CF3)	#	850,000	-	-	850,000	860,417	600,000
South Quad Box and T-Hangars - design		770,000	-	-	770,000	770,000	
North Quad Taxiway B Site Prep - design	#	150,000	-	-	150,000	600,000	
North Quad Taxiway B Paving - design	#	600,000	-	-	600,000	600,000	
Taxiway B and C LED Light Conversion		25,000	450,000	25,000	500,000	500,000	
Airfield Generator Replacement and Vault Upgrades		25,000	450,000	25,000	500,000	500,000	
ARFF Fire Truck (CR3)		500,000	-	-	500,000	500,000	
Airport-Pulling Road Landscape Improvements		450,000	-	-	450,000	450,000	
Taxiway A & B Safety Improvements (design)		-	374,000	21,000	395,000	395,000	
Tugs (six replacements)		370,000	-	-	370,000	370,000	
Ground Power Units (five replacements)		225,000	-	-	225,000	225,000	
Golf Carts - (10 various sizes)		220,000	-	-	220,000	220,000	
Facilities Shop Improvements (design)		200,000	-	-	200,000	200,000	
Trucks (Four)		175,000	-	-	175,000	175,000	
Aircraft Air Start Unit		160,000	-	-	160,000	160,000	
Interior Perimeter Road		7,000	123,000	7,000	137,000	137,000	
Airfield Driver Training Simulator		110,000	-	-	110,000	110,000	
Crash Phone System Replacement		100,000	-	-	100,000	100,000	
Relocate Taxiway A-3 - Design		80,000	5,000	5,000	90,000	90,000	
Genie Z45 Platform Lift		85,000	-	-	85,000	85,000	
Radios - 800 MHZ		75,000	-	-	75,000	75,000	
Tractor - Airfield		58,000	-	-	58,000	58,000	
Drivable Lavitory Cart		50,000	-	-	50,000	50,000	
Incinerator		50,000	-	-	50,000	50,000	
Passenger Shuttle Van		40,000	-	-	40,000	40,000	
Airfield Fire Extinguishers		28,000	-	-	28,000	28,000	
Bush Hog Mower		22,000	-	-	22,000	22,000	
Water Cart		10,000	-	-	10,000	10,000	
		23,252,000	3,072,000	190,000	26,514,000	36,415,685	
Goal 2 - Be an engaged community partner.							
Greenway Wayfinding		100,000	-	-	100,000	100,000	
Observation Deck and Playground Upgrades		50,000	-	-	50,000	50,000	
		150,000	-	-	150,000	150,000	
Goal 3 - Strengthen the airport's economic vitality.							
Server replacements		200,000	-	-	200,000	200,000	
Software implementations		150,000	-	-	150,000	150,000	
Various computer hardware		125,000	-	-	125,000	125,000	
		475,000	-	-	475,000	475,000	
Totals		\$ 23,877,000	\$ 3,072,000	\$ 190,000	\$ 27,139,000	\$ 37,040,685	

**FY 2022 APPROPRIATION FOR EXPENDITURES AND RESERVES
SCHEDULE OF AVAILABLE RESOURCES, REVENUES, EXPENSES AND EXPENDITURES**

Florida Statute 189.016(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 include both operating and non-operating revenues. The Authority's expenses and expenditures include operating and non-operating expenses and capital improvement projects. The Authority has no debt. 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 2022 budget, the total budgeted available resources, revenues, and receipts (i.e., total of appropriations for expenditures and reserves) is \$70,422,000. The total budgeted expenses and expenditures is \$45,217,000 and the total budgeted available resources at year end is \$25,205,000.

The Schedule of Available Resources, Revenues, 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 and capital improvement projects are included as expenditures and depreciation is excluded. When there is a difference between the budgetary basis of accounting and GAAP, a reconciliation must be provided.

Total available unrestricted cash and cash equivalents - 9/30/2020	\$ 37,372,000
Estimated actual net operating revenue - FY 2021	29,730,000
Estimated actual operating expenses - FY 2021	(14,640,000)
Estimated actual interest and other revenue/expense - FY 2021	420,000
Estimated actual CIP - Authority Funded - FY 2021	<u>(14,000,000)</u>
Total estimated available unrestricted cash and cash equivalents - 9/30/2021	\$ 38,882,000
Budgeted net operating revenue - FY 2022	31,100,000
Budgeted operating expenses - FY 2022	(21,340,000)
Budgeted interest and other revenue - FY 2022	440,000
Budgeted CIP - Authority Funded - FY 2022	<u>(23,877,000)</u>
Total budgeted available unrestricted cash and cash equivalents - 9/30/2022	\$ 25,205,000
Operating reserves	10,000,000
Excess of reserves for capital projects - 9/30/2022	\$ 15,205,000