



City of Naples Airport Authority Operating and Capital Budget

Fiscal Year 2024

(October 2023-September 2024)



Photo: Naples Airport was named one of the Best Places to Work by Gulfshore Life magazine.

**City of Naples Airport Authority
Operating and Capital Budget
Fiscal Year 2024**

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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 constructed in 1943 and served as an U.S. Army Air Corps base for training gunners and fighter pilots for combat during World War II.

The airport services general aviation (GA) and includes all types of civilian aviation such as flight training, emergency responders, and high-performance business aircraft weighing less than 75,000 lbs. The airport generates a significant economic impact (\$781 million) throughout the community and served more than 200,000 passengers in the last fiscal year.

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 to the board. 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 and sales 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 approximately \$1.3 million annually. The Authority built, maintains and equips the City Fire Station #3, located at the airport, at no expense to taxpayers. The Authority builds and maintains its roadways, landscaping and recreation trails.

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 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.

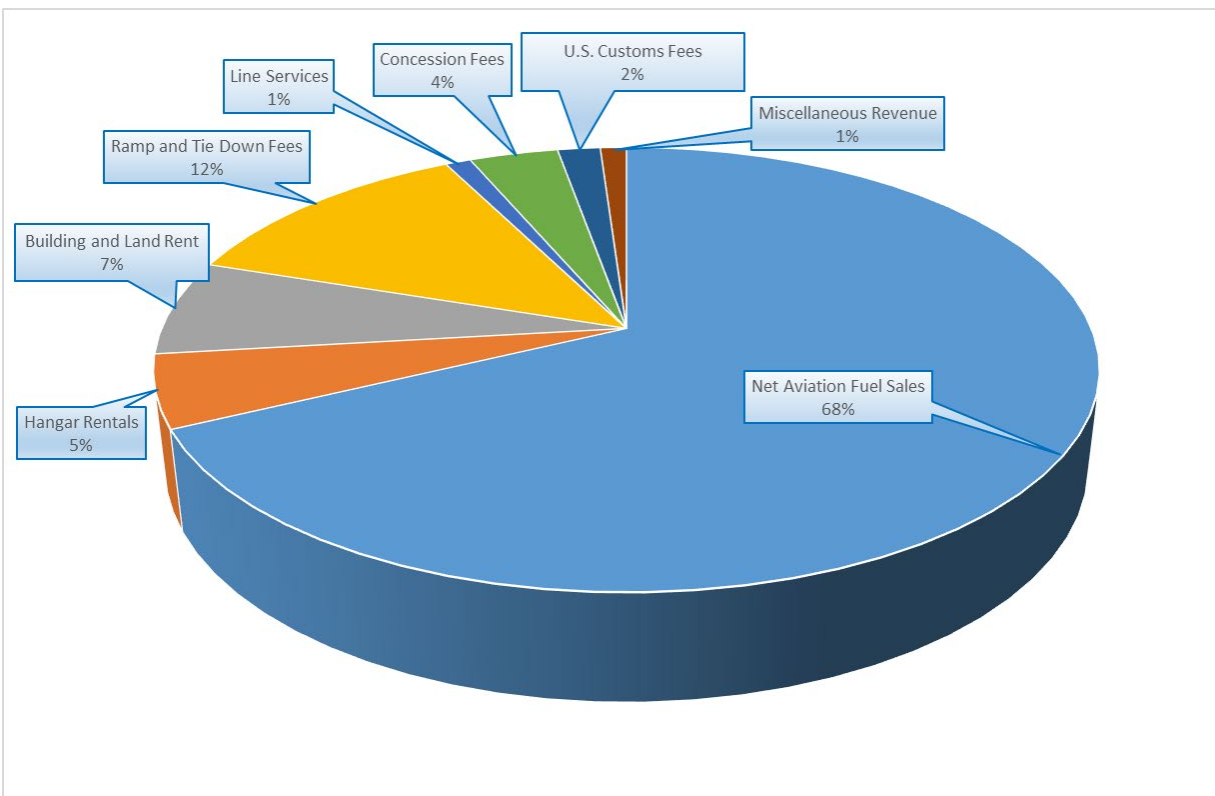
The Authority maintains a \$14 million cash reserve for emergency operating contingencies and uses the remaining excess funds for future capital projects. The Authority also maintains an investment portfolio. The investments conform to the Authority's investment policy adopted pursuant to Florida Statutes, Section 218.415.

Executive Summary – Operating Budget

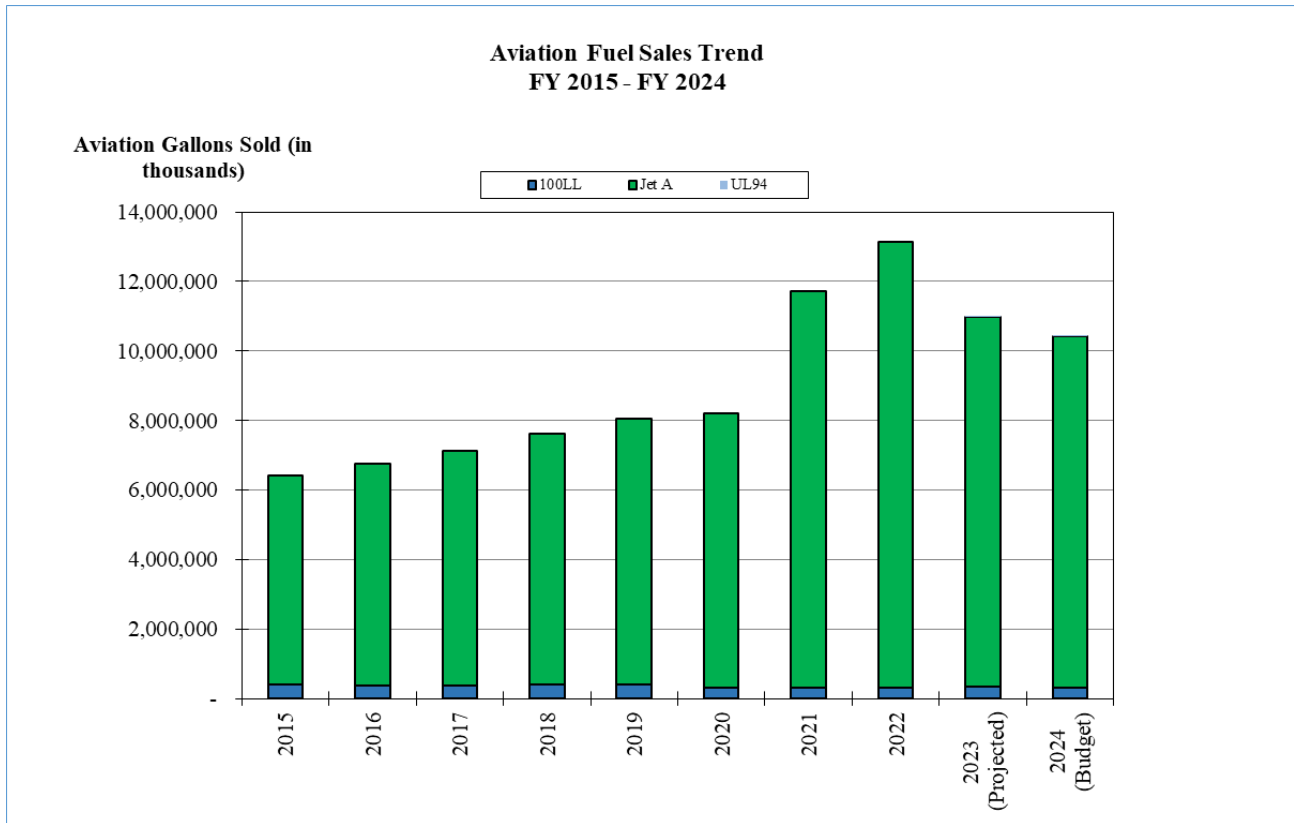
The revenue in the operating budget for FY 2024 was prepared using FY 2023 estimated actual revenue as a baseline and adjusted by management based on expected market trends. The operating budget expenses were prepared utilizing the zero-based budget methodology, where each department determined the actual resources needed based on expected activity to ensure a safe and efficient operation.

Revenue is significantly dependent on fuel sales as shown in the table below. During the pandemic, Florida led the US market in general aviation travel activity. As the pandemic subsided and other tourist destinations in the US and abroad re-opened, we saw a decline in activity. Hurricane Ian, which made landfall on September 28, 2022, causing widespread damage, also had an impact on the activity decline. The Authority has budgeted a 5% decline in the gallons of aviation fuel expected to be sold in FY 2024 from FY 2023 based on inflation and the overall economic uncertainty.

Breakdown of Operating Revenue – FY 2024



Executive Summary – Operating Budget (continued)



Expense increases are primarily due to general inflation and wage increases as well as property insurance rate increases. The ongoing noise abatement measures and community outreach programs will also continue to be significant initiatives in FY 2024.

The Authority currently has no debt and the Authority staff have prepared the budget that assumes no debt in FY 2024. We continue to maintain a strong balance sheet with \$32.9 million in current assets and \$4.7 million of current liabilities as of August 31, 2023.

Operating Budget Assumptions

Revenue Assumptions:

Aviation Fuel – Total gallons budgeted to decline 5% from FY 2023 projected actual, as the local area is still recovering from the impacts of Hurricane Ian. We also anticipate a modest economic slowdown in FY 2024 and a decline in private air travel. We budgeted a 13% fuel margin increase to offset the impact of higher operating costs primarily due to inflation. This increase is primarily in the form of higher fuel prices during the peak season (November – May).

Hangar, Building and Land Rents - Budget based on an average 7% increase for Consumer Price Index (CPI) and market adjustments. Additional new leases on land and aeronautical spaces signed in FY 2023 are included.

Expense Assumptions:

Personnel – Reduced 13 positions previously budgeted but not needed primarily due to the decline in fuel volume. Open positions that may be filled in FY 2024 (10 full time, 4 part time, 4 seasonal) account for \$925,000 of the increase to FY 2023 projected actual. CPI and merit increase for existing employees account for \$700,000 of the increase over FY 2023 projected actual. The remaining increase is related to the full year impact of employees hired during FY 2023 and benefit rate increases.

Professional – Includes consultants to revise flight procedures (\$1,000,000) and for airport exploratory study (\$520,000).

Contracted Services – Increase in outsourced landscaping services and adding an on-call general contractor.

Insurance – Increases in insurance rates and insured values.

Software License and Support – New cloud-based software for financial, leasing and facilities applications.

Legal Services – Services of attorney and lobbyist specializing in noise issues.

Non-Operating Revenues (Expenses) Assumptions:

Depreciation and Amortization – Depreciation on capital projects placed into service in FY 2023.

Investment Income – Investment portfolio averaging 3.5% return. Cash accounts are averaging 5.0%. No unrealized investment gains or losses are budgeted due to market uncertainty.

Statements of Revenues, Expenses and Changes in Net Position
Estimated Actual FY 2023 to FY 2024 Proposed Budget

	Estimated Actual FY 2023 *	Proposed Budget FY 2024	Increase (Decrease)	%
Operating Revenue				
Gallons	10,990,000	10,465,000	(525,000)	(5) %
Aviation Fuel Sales	\$ 57,900,000	\$ 62,900,000	\$ 5,000,000	9 %
Cost of Aviation Fuel Sales	(36,130,000)	(38,370,000)	(2,240,000)	(6)
Net Aviation Fuel Sales	\$ 21,770,000	\$ 24,530,000	\$ 2,760,000	13
Hangar Rentals	\$ 1,750,000	\$ 1,870,000	\$ 120,000	7
Building & Land Rent	2,020,000	2,400,000	380,000	19
Ramp and Tie Down Fees	4,070,000	4,430,000	360,000	9
Line Services	400,000	370,000	(30,000)	(8)
Concession Fees	1,290,000	1,320,000	30,000	2
U.S. Customs User Fees	590,000	620,000	30,000	5
Miscellaneous Revenue	440,000	380,000	(60,000)	(14)
Total Operating Revenue	\$ 32,330,000	\$ 35,920,000	\$ 3,590,000	11 %
Operating Expenses				
Personnel Expenses:				
Salaries and Wages	\$ 10,370,000	\$ 12,410,000	\$ 2,040,000	20 %
Payroll Taxes	720,000	880,000	160,000	22
Benefits	2,880,000	3,130,000	250,000	9
Total Personnel Expenses	\$ 13,970,000	\$ 16,420,000	\$ 2,450,000	18 %
Professional Services	\$ 2,060,000	\$ 2,750,000	\$ 690,000	33 %
Contracted Services	1,620,000	1,910,000	290,000	18
Insurance	970,000	1,110,000	140,000	14
Airfield and Grounds Maintenance	720,000	500,000	(220,000)	(31)
Building Maintenance	570,000	580,000	10,000	2
Vehicle and Equipment Maintenance	490,000	460,000	(30,000)	(6)
Utilities	470,000	490,000	20,000	4
Credit Card Fees	520,000	570,000	50,000	10
Software Licenses and Support	540,000	640,000	100,000	19
Legal Services	560,000	740,000	180,000	32
Communications	430,000	530,000	100,000	23
Conferences and Travel	200,000	210,000	10,000	5
Minor Equipment	350,000	430,000	80,000	23
Pilot Services	280,000	340,000	60,000	21
Training & Education	90,000	110,000	20,000	22
Operating Supplies	310,000	370,000	60,000	19
Leased Equipment	250,000	180,000	(70,000)	(28)
Employee Recognition	150,000	240,000	90,000	60
Dues & Subscriptions	120,000	140,000	20,000	17
Uniforms	60,000	100,000	40,000	67
Miscellaneous Expense	10,000	10,000	-	-
Total Operating Expenses	\$ 24,740,000	\$ 28,830,000	\$ 4,090,000	17 %
Income from Operations	\$ 7,590,000	\$ 7,090,000	\$ (500,000)	(7) %
Non- Operating Revenue/(Expenses)				
Customer Facility Charges	\$ 250,000	\$ 260,000	\$ 10,000	4 %
Depreciation and Amortization	(6,310,000)	(6,550,000)	(240,000)	(4)
Investment & Interest Income	1,860,000	3,700,000	1,840,000	99
Gain (Loss) on Investments	(80,000)	-	80,000	100
Unrealized Gain (Loss) on Investments	700,000	-	(700,000)	(100)
Gain (loss) on disposal of capital assets	30,000	-	(30,000)	(100)
Insurance Proceeds	4,090,000	4,000,000	(90,000)	(2)
Total Non- Operating Revenue/(Expenses)	\$ 540,000	\$ 1,410,000	\$ 870,000	161 %
Change in Net Position	\$ 8,130,000	\$ 8,500,000	\$ 370,000	5 %

* Actual of 11 months and projection of 1 months.

Statements of Revenues, Expenses and Changes in Net Position
FY 2023 Budget to FY 2024 Proposed Budget

	Adopted Budget FY 2023	Proposed Budget FY 2024	Increase (Decrease)	%
Operating Revenue				
Gallons	12,504,000	10,465,000	(2,039,000)	(16)
Aviation Fuel Sales	\$ 76,938,000	\$ 62,900,000	\$ (14,038,000)	(18) %
Cost of Aviation Fuel Sales	(53,202,000)	(38,370,000)	14,832,000	28
Net Aviation Fuel Sales	\$ 23,736,000	\$ 24,530,000	\$ 794,000	3 %
Hangar Rentals	\$ 1,644,000	\$ 1,870,000	\$ 226,000	14 %
Building & Land Rent	1,903,000	2,400,000	497,000	26
Ramp and Tie Down Fees	3,608,000	4,430,000	822,000	23
Line Services	373,000	370,000	(3,000)	(1)
Concession Fees	1,338,000	1,320,000	(18,000)	(1)
U.S. Customs User Fees	741,000	620,000	(121,000)	(16)
Miscellaneous Revenue	307,000	380,000	73,000	24
Total Operating Revenue	\$ 33,650,000	\$ 35,920,000	\$ 2,270,000	7 %
Operating Expenses				
Personnel Expenses:				
Salaries and Wages	\$ 11,308,000	\$ 12,410,000	\$ 1,102,000	10 %
Payroll Taxes	806,000	880,000	74,000	9
Benefits	2,924,000	3,130,000	206,000	7
Total Personnel Expenses	\$ 15,038,000	\$ 16,420,000	\$ 1,382,000	9 %
Professional Services	\$ 2,045,000	\$ 2,750,000	\$ 705,000	34 %
Contracted Services	1,485,000	1,910,000	425,000	29
Insurance	960,000	1,110,000	150,000	16
Airfield and Grounds Maintenance	674,000	500,000	(174,000)	(26)
Building Maintenance	235,000	580,000	345,000	147
Vehicle and Equipment Maintenance	387,000	460,000	73,000	19
Utilities	429,000	490,000	61,000	14
Credit Card Fees	552,000	570,000	18,000	3
Software Licenses and Support	558,000	640,000	82,000	15
Legal Services	552,000	740,000	188,000	34
Communications	468,000	530,000	62,000	13
Conferences and Travel	168,000	210,000	42,000	25
Minor Equipment	365,000	430,000	65,000	18
Pilot Services	350,000	340,000	(10,000)	(3)
Training & Education	63,000	110,000	47,000	75
Operating Supplies	225,000	370,000	145,000	64
Leased Equipment	205,000	180,000	(25,000)	(12)
Employee Recognition	97,000	240,000	143,000	147
Dues & Subscriptions	83,000	140,000	57,000	69
Uniforms	99,000	100,000	1,000	1
Miscellaneous Expense	12,000	10,000	(2,000)	(17)
Total Operating Expenses	\$ 25,050,000	\$ 28,830,000	\$ 3,780,000	15 %
Income from Operations	\$ 8,600,000	\$ 7,090,000	\$ (1,510,000)	(18) %
Non- Operating Revenue/(Expenses)				
Restricted - Customer Facility Charges	\$ 210,000	\$ 260,000	\$ 50,000	24 %
Depreciation and Amortization	(5,850,000)	(6,550,000)	(700,000)	(12)
Investment & Interest Income	860,000	3,700,000	2,840,000	330
Insurance Proceeds	-	4,000,000	4,000,000	100
Total Non- Operating Revenue/(Expenses)	\$ (4,780,000)	\$ 1,410,000	\$ 6,190,000	129 %
Change in Net Position	\$ 3,820,000	\$ 8,500,000	\$ 4,680,000	123 %

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 Non-Primary Entitlement funding (NPE) and discretionary grants 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 airport projects. Grant agreements must initially be approved by the Board of Commissioners. Certain grants have grant assurances that obligate the Authority to operate and maintain the improvements for 20 years.

The FY 2024 Capital Improvement Plan (CIP) anticipates \$32.8 million in projects with \$6.3 million in assistance from Federal (FAA) and State (FDOT) agencies and \$25.9 million funded by the Authority. FAA and FDOT funding are not guaranteed. The CIP projects or items listed are prioritized based upon needs according to our strategic plan. The cost estimates for capital projects were updated in May 2023 due to the effects of inflation that we have seen in recent bids.

Our CIP for the next five years (FY 2024 – FY 2028) is estimated to cost approximately \$100 million. Major projects include those listed in the table on page 11, plus a runway rehabilitation, apron improvements, taxiway safety improvements and airfield lighting replacement.

The Board acceptance of the CIP Budgets for FY 2024 does not constitute automatic Board approval for each item listed. All items exceeding the Executive Director's Delegation of Powers (currently \$100,000), must be brought before the Board for consideration and approval.

FY 2024 Proposed Budget - Capital Improvement Plan

Airfield	Funding Source - Current Year			Total - Current Year	Total Project Amount
	Authority	FAA	FDOT		
Airfield Lighting & Electric Vault Replacement	\$ 3,000,000	\$ -	\$ -	\$ 3,000,000	12,000,000
5/23 Perimeter Road (construction)	160,000	1,080,000	60,000	1,300,000	2,300,000
Taxiway A&B Safety Improvements (construction)	300,000	2,000,000	100,000	2,400,000	1,800,000
Runway 5-23 Drainage - Phase 3 (construction)	54,000	1,026,000	-	1,080,000	5,600,000
Stormwater Drainage Plan (design)	900,000	-	-	900,000	1,200,000
ARFF Trucks (2)	750,000	-	-	750,000	750,000
Taxiway A-3 Relocation (construction)	240,000	1,450,000	80,000	1,770,000	700,000
West Quad Perimeter Wildlife Fence	500,000	-	-	500,000	500,000
ATCT Equipment	500,000	-	-	500,000	500,000
Security and Access Control	100,000	-	400,000	500,000	3,271,000
Taxi lanes E, G, H Rehabilitation	25,000	475,000	-	500,000	500,000
Noise Monitoring System (NOMS)	250,000	-	-	250,000	250,000
Airport Road Airfield Fencing (construction)	40,000	-	160,000	200,000	530,000
General Aviation Terminal Ramp Lights*	500,000	-	-	500,000	400,000
NAVAIDS(Construction)*	1,200,000	-	-	1,200,000	1,800,000
Subtotal	8,519,000	6,031,000	800,000	15,350,000	32,101,000
FBO					
Solar Canopy (construction)	-	-	-	-	-
Fuel Farm Improvements (construction)	1,500,000	-	-	1,500,000	4,000,000
Lekro Tug	155,000	-	-	155,000	155,000
General Aviation Terminal Additional Parking	100,000	-	-	100,000	450,000
Subtotal	1,755,000	-	-	1,755,000	4,605,000
Vehicles and Equipment					
Trucks (7)	425,000	-	-	425,000	425,000
Various Capital under \$50,000	300,000	-	-	300,000	300,000
Trucks (3) - electric - ordered in FY 2022	210,000	-	-	210,000	210,000
Various Computer Hardware	125,000	-	-	125,000	125,000
Kubota - Skid steer	80,000	-	-	80,000	80,000
Software Implementations	25,000	-	-	25,000	25,000
Subtotal	1,165,000	-	-	1,165,000	1,165,000
Other Infrastructure					
Facilities Shop Improvements (construction)	4,000,000	-	-	4,000,000	6,800,000
South Quad T-hangars (design)	1,700,000	-	-	1,700,000	22,800,000
Observation Deck and Playground Upgrades	1,700,000	-	-	1,700,000	2,000,000
North Road Terminal and Rental Car Improvements (construction)	2,000,000	-	-	2,000,000	12,000,000
Hangar Roof replacement	1,000,000	-	-	1,000,000	1,000,000
Airport Road Landscaping (construction)	1,000,000	-	-	1,000,000	1,500,000
Hangar Door Replacements (construction)	950,000	-	-	950,000	2,700,000
North Quad Site Prep (environmental)	400,000	-	-	400,000	12,600,000
Former Civil Air Patrol Hangar Repair	250,000	-	-	250,000	250,000
General Aviation Terminal Additional Parking (Construction)*	520,000	-	-	520,000	600,000
Airport Road Airfield Fencing (Construction)*	510,000	-	-	510,000	531,000
General Aviation Terminal Remodel (Construction)*	475,000	-	-	475,000	500,000
Subtotal	14,505,000	-	-	14,505,000	63,281,000
Totals	\$ 25,944,000	\$ 6,031,000	\$ 800,000	\$ 32,775,000	\$ 101,152,000

* Carry over projects from FY 2023

**FY 2024 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 revenue 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 the FY 2024 budget, the total budgeted available resources, revenues, and receipts (i.e., total of appropriations for expenditures and reserves) is \$104,329,000. The total budgeted expenses and expenditures is \$54,774,000 and the total budgeted available resources at year end is \$49,555,000.

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 investments - 9/30/2022	\$ 58,060,000
Estimated actual net operating revenue - FY 2023	32,330,000
Estimated actual operating expenses - FY 2023	(24,740,000)
Estimated actual interest and other revenue/expense - FY 2023	6,680,000
Estimated actual CIP - Authority funded - FY 2023	(7,621,000)
Total estimated available unrestricted cash and investments - 9/30/2023	\$ 64,709,000
Budgeted net operating revenue - FY 2024	35,920,000
Budgeted operating expenses - FY 2024	(28,830,000)
Budgeted interest and other revenue - FY 2024	3,700,000
Budgeted CIP - Authority funded - FY 2024	(25,944,000)
Total budgeted available unrestricted cash and investments - 9/30/2024	\$ 49,555,000
Operating reserves	\$ 14,000,000
Excess of reserves for capital projects - 9/30/2024	\$ 35,555,000