



SECTION 7

PLAN IMPLEMENTATION

7.1 INTRODUCTION

This Section of the Master Plan Update has been undertaken to assess the financial feasibility of proposed capital improvements. The analysis and implications cover approximately a 20-year planning period (2003 to 2022). The ability of the Melbourne Airport Authority (MAA) to undertake its share of improvements proposed in the Master Plan Update Capital Improvement Program (CIP) is critical. This analysis will examine what cost burdens the MAA can incur while maintaining the ability to generate sufficient revenues in the future to cover operations and existing debt service obligations. The financial plan is broken down into several elements including, but not limited to, the following:

- Examination of the Airport's historical financial structure including revenue sources, expense categories, debt service obligations and recent trends in operating expenses and revenues.
- A phased plan of scheduled/proposed capital projects covering the Master Plan period. The planning period is subdivided into three phases: Short-term (2003 to 2006), Intermediate-term (2007 to 2011), and Long-term (2012 and beyond). These phases are in line with the forecast periods presented in Section 2. The phasing plan also includes a proposed funding plan, including the anticipated MAA funding obligations.
- A funding sources overview including traditional sources such as the Federal Aviation Administration (FAA), the Florida Department of Transportation (FDOT) as well as other sources including intermodal funding from the Federal Highway Administration (FHA), third party developers, and local sources and cash reserves.
- An analysis of Passenger Facility Charge (PFC) revenue and their use in funding future Airport improvements.



- A projection of future revenues and expenses. This analysis will provide insight into self-funded leveraging options for the Authority to examine, particularly in the intermediate and long-range planning horizon.

An airport's financial structure and position can change dramatically from year to year. Financial projections for the intermediate and long-range planning phases should be viewed accordingly. These projections, while representative of magnitude, are difficult and more importantly impractical to use as a meaningful financial planning tool for several reasons including, but not limited to, the following:

1. Changing of priorities in funding initially identified capital improvements. Market conditions may cause changes in needed facilities, require new facilities or redefine priorities.
2. Safety and security improvements, whether they are reflected in the CIP or not, may require immediate funding.
3. Cost estimates to provide certain improvements can fluctuate dramatically when considering factors such as technological advancements and economies of scale related to undertaking several improvements at once.

It is recommended that the Financial Plan, including the CIP, be utilized as a working tool, which should be updated annually and incrementally every five years. Capital improvements, their associated costs and financial projections should be re-examined periodically throughout the planning period even though the figures contained herein present a reasonable forecast of needed initiatives to implement the Master Plan Update recommendations.

7.2 AUTHORITY FINANCIAL STRUCTURE

The Airport, governed by the MAA, is a financially self-sustaining enterprise. The MAA was established by ordinance on May 2, 1967 and consists of seven members: three City Council members appointed by the City of Melbourne City Council and four other members appointed generally from the business community.



The Airport operates on a fiscal year (FY) ending September 30 of each year and is reported as a component unit in the financial statements of the City of Melbourne. Although the City does not appoint a majority of the MAA members and the Airport does not impose a financial burden on the City, the Airport is fiscally dependent on the City. The City must approve the Airport's budget and bonded debt issuances.¹

The Airport is an enterprise fund and uses the proprietary fund basis of presentation in its financial statements. The focus of proprietary fund measurement is upon determination of a change in net assets, financial position and cash flow. An enterprise fund is a type of proprietary fund that provides services to the general public. The Airport operates as an enterprise fund that accounts for the acquisition, operation and maintenance of government facilities that are predominately self-supported by user fees rather than subsidies from the City's general fund.

7.3 HISTORICAL FINANCIAL INFORMATION

The Airport's historical operating revenues from FY 1998 through FY 2003 are summarized in Table 7.1. The operating revenues have been classified into seven general areas or cost centers at the Airport which include: Airline, Terminal, Airfield, Industrial Air Center, Trailer Haven, Foreign Trade Zone and Other. The largest source of operating revenue in FY 2003 was derived from: various land rentals in Trailer Haven and the Industrial Air Center, rental car and parking concession fees followed by cargo building rentals in the FTZ. Total operating revenue has remained relative constant, increasing from \$7.3 million in FY 1998 to \$7.4 million in FY 2003.

Historical expenses² at the Airport during the same period are depicted in Table 7.2. As shown, MAA classifies its operating expenses into two major categories: Personal Services and Other Operating Expenses. Personal Services are the expenses to retain qualified personnel to operate the Airport while Other Operating Expenses comprise all other operating expenses required to operate the Airport. Salaries and Wages account for nearly one-third of MAA's total operating expenses in FY 2003. Total operating expenses have increased from \$5.3 million in FY 1998 to \$6.8 million in FY 2003, representing an average annual growth rate of 5.1 percent.

¹ Melbourne International Airport, *2002 Annual Report*, page 15.

² Non cash expenditures including depreciation and amortization have been excluded from operating expenses for the purpose of this analysis.



As shown on Table 7.3, the Airport generated Operating Income of \$1.9 million in FY 1998, decreasing to \$0.5 million in FY 2003. Operating Income is increased by Non-Operating revenue at the Airport during this period. As shown, Income Before Capital Contributions decreased from \$3.3 million in FY 1998 to \$3.0 million in FY 2003.

Historical revenues and expenses are discussed at greater length during the projection of revenues and expenses, presented later in this Section.



Table 7.1
HISTORICAL OPERATING REVENUE

DESCRIPTION	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
AIRLINE						
Terminal Rental	\$940,582	\$937,268	\$467,646	\$504,304	\$361,837	\$389,029
Landing Fees	465,889	434,669	462,628	457,977	377,994	336,515
TOTAL AIRLINE	\$1,406,471	\$1,371,937	\$930,274	\$962,281	\$739,831	\$725,544
TERMINAL						
Rental Car Concessions	\$895,724	\$962,450	\$922,092	\$909,973	\$793,903	\$800,103
Parking Concessions	644,190	682,401	718,476	742,375	742,776	814,845
Restaurant/Gift Shop Concessions	85,510	90,522	59,972	94,545	69,341	845
Off Airport Rental Car Concessions	28,796	26,376	30,999	34,501	16,888	10,620
Non-Aviation Rental	26,640	32,140	67,089	82,861	83,060	148,226
Taxi & Limo Concessions	18,539	16,643	13,620	15,611	14,483	15,779
Reimbursables for Services	15,412	16,220	14,478	20,992	19,685	11,321
Miscellaneous	12,224	8,366	31,447	13,189	98,395	46,937
TOTAL TERMINAL	\$1,727,035	\$1,835,118	\$1,858,173	\$1,914,047	\$1,838,531	\$1,848,676
AIRFIELD						
Ground Rental	\$399,558	\$415,432	\$416,800	\$412,273	\$437,187	\$453,369
T-Hangars	127,550	131,146	128,990	140,029	155,840	157,759
Fuel Flowage and Storage	81,898	88,294	92,551	116,219	93,954	100,727
Miscellaneous	6,490	3,713	4,356	6,075	8,541	7,698
TOTAL AIRFIELD	\$615,496	\$638,585	\$642,697	\$674,596	\$695,522	\$719,553
INDUSTRIAL AIR CENTER						
Ground Rental	\$1,094,663	\$1,215,373	\$970,478	\$1,101,522	\$1,275,728	\$1,281,950
Building Rental	773,215	664,203	656,649	667,230	702,656	725,995
Miscellaneous	26,758	52,946	32,632	26,575	26,915	25,914
TOTAL INDUSTRIAL CENTER	\$1,894,636	\$1,932,522	\$1,659,759	\$1,795,327	\$2,005,299	\$2,033,859
TRAILER HAVEN						
Trailer Sites	\$944,460	\$970,297	\$983,560	\$1,036,959	\$1,106,331	\$1,141,812
Buildings	6,910	7,715	8,416	7,402	4,360	4,360
Storage Parking	8,961	10,146	10,005	13,700	15,337	13,145
Laundry Concessions	10,645	10,241	11,482	11,127	11,322	9,539
Miscellaneous	25,936	23,355	19,411	21,872	22,879	23,766
TOTAL TRAILER HAVEN	\$996,912	\$1,021,754	\$1,032,874	\$1,091,060	\$1,160,229	\$1,192,622
FOREIGN TRADE ZONE						
Cargo Warehouse Space	\$519,313	\$578,663	\$577,425	\$604,733	\$633,377	\$608,800
Cargo Office Space	55,392	61,730	59,464	67,255	69,085	54,285
Cargo Common Area Charges	12,861	14,229	14,376	14,845	15,264	15,683
Miscellaneous FTZ	8,265	6,495	15,522	10,708	6,070	5,430
Cargo Ground Storage Space	3,449	3,493	3,867	3,979	3,731	3,755
Reimbursements	(180)	0	1,867	0	0	0
TOTAL FOREIGN TRADE ZONE	\$599,100	\$664,610	\$672,521	\$701,520	\$727,527	\$687,953
OTHER						
Miscellaneous	\$26,540	\$8,013	\$3,423	\$9,728	\$23,197	\$9,192
Insurance Payment/Reimb	0	0	11,886	44,337	0	28,300
Security Reimbursement	0	0	0	0	71,933	111,695
TOTAL OTHER	26,540	8,013	15,309	54,065	95,130	149,187
TOTAL OPERATING REVENUE	7,266,190	7,472,539	6,811,607	7,192,896	7,262,069	7,357,394

Source: Melbourne Airport Authority
Compiled by: Reynolds, Smith and Hills, Inc.



Table 7.2

HISTORICAL OPERATING EXPENSES

DESCRIPTION	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
PERSONAL SERVICES						
Salaries & Wages	\$1,620,236	\$1,739,051	\$1,874,677	\$1,881,320	\$2,028,568	\$2,106,970
Florida and General Retirement	299,346	266,601	231,976	213,898	231,989	252,863
Insurance	224,238	196,067	266,385	290,211	308,084	349,954
FICA	123,463	131,575	140,462	140,138	152,948	161,053
Overtime	24,629	31,967	23,924	29,825	91,449	119,654
Miscellaneous	10,296	10,395	9,335	658	806	1,566
TOTAL PERSONAL SERVICES	\$2,302,208	\$2,375,656	\$2,546,759	\$2,556,050	\$2,813,844	\$2,992,060
OTHER OPERATING EXPENSES						
Professional Services	\$1,056,919	\$1,114,372	\$1,338,743	\$971,596	\$1,052,289	\$1,156,030
Utilities	456,043	473,834	449,504	551,215	561,904	615,992
Contractual Services	433,102	471,786	493,620	448,694	738,449	763,376
Marketing/Public Relations	345,294	513,322	381,613	338,907	162,294	230,322
Maintenance and Repair	276,702	247,013	296,526	343,617	339,522	402,634
Insurance	146,237	147,452	148,234	179,048	109,362	209,097
City Chargebacks	107,612	108,695	111,757	94,714	99,600	162,519
Uniforms and Supplies	105,961	108,951	132,542	132,816	124,099	195,164
Training	89,952	94,101	121,729	98,819	75,707	77,545
General Administrative	3,439	3,505	49,750	5,617	2,930	12,140
Security	0	0	0	0	14,546	7,548
TOTAL OTHER OPER EXPENSES ¹	\$3,021,261	\$3,283,031	\$3,524,018	\$3,165,043	\$3,280,702	\$3,832,367
TOTAL OPERATING EXPENSES	\$5,323,469	\$5,658,687	\$6,070,777	\$5,721,093	\$6,094,546	\$6,824,427

¹ Excluding depreciation and amortization

Source: Melbourne Airport Authority

Compiled by: Reynolds, Smith and Hills, Inc.



Table 7.3

HISTORICAL CASH FLOW

DESCRIPTION	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003
OPERATING REVENUE	\$7,266,190	\$7,472,539	\$6,811,607	\$7,192,896	\$7,262,069	\$7,357,394
OPERATING EXPENSES ¹	5,323,469	5,658,687	6,070,777	5,721,093	6,094,546	6,824,427
OPERATING INCOME	\$1,942,721	\$1,813,852	\$740,830	\$1,471,803	\$1,167,523	\$532,967
NON OPERATING REVENUE (EXPENSE)						
Investment Earnings	\$1,836,680	\$1,796,919	\$2,190,839	\$2,068,570	\$1,336,050	\$980,813
Federal and State Grants (Nonop Rev)	153,621	34,384	165,965	5,145	462,880	1,998,307
PFC Revenue	0	136,373	250,277	32,525	6,228	3,975
Contributions from Developers	0	0	0	2,494	0	0
Gain on Sale of Fixed Assets	(35,021)	7,246	(611)	23,053	(135,057)	973
Interest Expense	(578,804)	(562,074)	(546,219)	(528,817)	(511,340)	(492,836)
TOTAL NONOPER REV (EXPENSE)	\$1,376,476	\$1,412,848	\$2,060,251	\$1,602,970	\$1,158,761	\$2,491,232
INCOME BEFORE CAPITAL CONTRIBUTIONS	\$3,319,197	\$3,226,700	\$2,801,081	\$3,074,773	\$2,326,284	\$3,024,199

¹ Excluding Depreciation and Amortization

Source: Melbourne Airport Authority
Compiled by: Reynolds, Smith and Hills, Inc



7.4 CAPITAL IMPROVEMENT PROGRAM

Based on the facility requirements and alternatives developed in previous Sections of this Master Plan Update and the MAA's existing capital improvement program (CIP), a CIP and development phasing plan have been recommended that incorporate the facility requirements during the 20-year planning period. Each project has been assigned to a particular planning period previously described.

Based on the identified capital improvement projects, their associated costs, and eligible funding amounts, a proposed financing plan was developed. In developing the financing plan, the overriding objective was to maximize the use of external sources and to minimize local funding requirements. In an effort to present the most realistic total cost for the CIP, the project costs were inflated from the 2003 base year to the corresponding year of construction for all airport development.

The MAA's CIP is presented in Table 7.4 through 7.6. Table 7.4 presents a list of projects for each year of the short-term planning period (i.e., 2003-2006) with estimated project costs and eligible funding sources. Probable costs were estimated from various costs sources in year 2003 dollars and are considered appropriate for planning and budgeting purposes. Before construction of a specific project commences, detailed costs will be determined. As shown in Table 7.4, total inflated costs for the short-term development is estimated at \$82.6 million. The following funding sources have been identified to pay for the total cost of these projects:

- Federal Aviation Administration (FAA) \$52.6 million
- FDOT 7.1 million
- Third Party 9.5 million
- Future PFC 1.5 million
- Local 11.9 million

It should be noted that the actual timing of development should be re-assessed each year based on both availability of funds, as well as actual need and demand for facilities and improvements. The CIP and funding sources for the intermediate- and long-term development are presented in Tables 7.5 and 7.6.

Table 7.4
CAPITAL IMPROVEMENT PROGRAM - SHORT TERM

DESCRIPTION	Total Cost	Inflated Cost	FAA		FDOT	Other	Third Party	Local	
			Entitlement	Discretionary				Future PFC	Airport
2003									
Widen/Strengthen Light Taxiway "Q"	\$732,000	\$732,000	\$658,800	\$0	\$36,600	\$0	\$0	\$36,600	\$0
Resurface Taxiway "U"	829,710	829,710	746,739	0	41,486	0	0	41,486	0
Construct Interior Service Road Phase 2	545,000	545,000	490,500	0	31,000	0	0	23,500	0
Upgrade Airfield Guidance Signs	250,000	250,000	82,726	142,274	12,500	0	0	12,500	0
TOTAL 2003	\$2,356,710	\$2,356,710	\$1,978,765	\$142,274	\$121,586	\$0	\$0	\$114,086	\$0
2004									
Concourse A Expansion	\$3,412,000	\$3,412,000	\$3,241,400	\$0	\$85,300	\$0	\$0	\$85,300	\$0
Overlay Taxiway C	195,000	195,000	185,250	0	4,875	0	0	4,875	0
Acquire Aircraft Loading Bridge	343,238	343,200	326,040	0	8,580	0	0	8,580	0
Hangar Modifications for Reception Center	700,000	700,000	558,600	0	70,700	0	0	70,700	0
Acquire Fuel Tanks and Pumps	556,000	556,000	0	0	278,000	0	0	0	278,000
Construct Aircraft Maintenance Hangar	10,000,000	10,000,000	0	0	500,000	0	9,500,000	0	0
TOTAL 2004	\$15,206,238	\$15,206,200	\$4,311,290	\$0	\$947,455	\$0	\$9,500,000	\$169,455	\$278,000
2005									
Expand International Terminal & Build Catering Bldg	\$20,000,000	\$21,218,000	\$0	\$20,157,100	\$530,450	\$0	\$0	\$530,450	\$0
Expand International Apron	10,000,000	10,609,000	0	10,078,550	265,225	0	0	265,225	0
Air Terminal Parkway Roadway Improvement	1,000,000	1,060,900	0	1,007,855	26,523	0	0	26,523	0
Acquire Aircraft Loading Bridge	350,789	372,200	353,590	0	9,305	0	0	9,305	0
Acquire Aircraft Loading Bridge	358,506	380,300	361,285	0	9,508	0	0	9,508	0
Acquire ARFF Vehicle	670,000	710,800	0	675,260	17,770	0	0	17,770	0
Acquire Mobile Triage Trailer & Two Light Towers	60,000	63,700	0	60,515	1,593	0	0	1,593	0
Construct Parking Garage (1st year)	14,000,000	14,852,600	0	0	4,000,000	0	0	0	10,852,600
Construct Aircraft Manufacturing Hangar	1,000,000	1,060,900	0	0	530,450	0	0	0	530,450
Catering Modifications	300,000	318,300	0	0	159,150	0	0	0	159,150
TOTAL 2005	\$47,739,295	\$50,646,700	\$714,875	\$31,979,280	\$5,549,973	\$0	\$0	\$860,373	\$11,542,200
2006									
Connect Terminal to Parking Garage	\$4,000,000	\$4,370,900	\$0	\$4,152,355	\$109,273	\$0	\$0	\$109,273	\$0
Terminal Access Road Improvement	6,000,000	6,556,400	0	6,228,580	163,910	0	0	163,910	0
Pave Shoulders of Taxiway A	2,000,000	2,185,500	500,000	1,576,225	54,638	0	0	54,638	0
ILS or DGPS Runway 27L or 9L	1,000,000	1,092,700	0	1,038,065	27,318	0	0	27,318	0
Portable Environmental Noise Analyzer	12,000	13,100	0	12,445	328	0	0	328	0
Parking Lot Resurfacing & Marking	150,000	163,900	0	0	81,950	0	0	0	81,950
TOTAL 2006	\$13,162,000	\$14,362,500	\$500,000	\$13,007,670	\$437,415	\$0	\$0	\$355,465	\$81,950
TOTAL SHORT TERM	\$78,464,243	\$82,592,110	\$7,504,930	\$45,129,224	\$7,056,428	\$0	\$9,500,000	\$1,499,378	\$11,902,150
Percent of Total			9.1%	54.6%	8.5%	0.0%	11.5%	1.8%	14.4%

Source: Melbourne Airport Authority



Melbourne International Airport
Master Plan Update

Table 7.5
CAPITAL IMPROVEMENT PROGRAM - INTERMEDIATE TERM

DESCRIPTION	Total Cost	Inflated Cost	FAA Entitlement	Discretionary	FDOT	Other	Third Party	Future PFC	Local Airport
2007									
FAA Control Tower	\$7,000,000	\$7,878,600	\$0	\$7,484,670	\$196,965	\$0	\$0	\$196,965	\$0
Acquire Property for Mitigation	2,000,000	2,251,000	2,138,450	0	56,275	0	0	56,275	0
Overlay RW 9R-27L & Extend 1,419 Feet West	3,500,000	3,939,300	0	3,742,335	98,483	0	0	98,483	0
Extend & Light RW 9L-27R by 1,200 Feet	1,900,000	2,138,500	0	2,031,575	53,463	0	0	53,463	0
Overlay Taxiway "K"	304,000	342,200	0	325,090	8,555	0	0	8,555	0
Light Taxiways "C" & "K"	246,000	276,900	0	263,055	6,923	0	0	6,923	0
Conduct Noise Compatibility Study (Part 150)	100,000	112,600	0	106,970	2,815	0	0	2,815	0
Acquire Fuel Tanks and Pumps #2	600,000	675,300	0	0	337,650	0	0	0	337,650
Construct Air Cargo Phase 3	2,000,000	2,251,000	0	0	1,125,500	0	0	0	1,125,500
Construct Cargo Apron	3,000,000	3,376,500	0	0	1,688,250	0	0	0	1,688,250
Construct Airport Maintenance Facility	1,000,000	1,125,500	0	0	562,750	0	0	0	562,750
Construct Intermodal Rail Station	1,000,000	1,125,500	0	0	731,575	0	0	0	731,575
Relocate Car Rental Facilities	1,000,000	1,125,500	0	0	0	0	1,125,500	0	0
TOTAL 2007	\$23,650,000	\$26,618,400	\$2,138,450	\$13,953,695	\$4,869,203	\$0	\$1,125,500	\$817,403	\$3,714,150
2008									
Construct Taxiway "Bravo" South of RW9L-27R	\$3,100,000	\$3,593,700	\$3,234,330	\$0	\$179,685	\$0	\$0	\$179,685	\$0
Construct Taxiway J	1,000,000	1,125,500	0	1,012,950	56,275	0	0	56,275	0
Construct North GA Multi-use Apron and Taxiway	2,400,000	2,701,200	0	2,431,080	135,060	0	0	135,060	0
Security System Upgrade and Two Vehicles	625,000	703,400	0	633,060	35,170	0	0	35,170	0
Construct Access Road On North Side of Airport	2,000,000	2,251,000	0	0	2,251,000	0	0	0	0
Construct Convention Center	25,000,000	28,137,700	0	0	0	0	28,137,700	0	0
Construct Hotel	50,000,000	57,963,700	0	0	0	0	57,963,700	0	0
TOTAL 2008	\$84,125,000	\$96,476,200	\$3,234,330	\$4,077,090	\$2,657,190	\$0	\$86,101,400	\$406,190	\$0
2009									
Expand Concourse A North End (1st year)	\$2,227,500	\$2,659,800	\$2,393,820	\$0	\$132,990	\$0	\$0	\$132,990	\$0
Expand Apron for Concourse A	\$1,600,000	1,910,500	0	1,719,450	95,525	0	0	95,525	0
Acquire ARFF Vehicle	750,000	895,500	0	805,950	44,775	0	0	44,775	0
TOTAL 2009	\$4,577,500	\$5,465,800	\$2,393,820	\$2,525,400	\$273,290	\$0	\$0	\$273,290	\$0
2010									
Expand Concourse A North End (2nd year)	\$1,822,500	\$2,241,400	\$2,241,400	\$0	\$0	\$0	\$0	\$0	\$0
Extend Runway 9L-27R from 7,200 feet to 8,500 feet	3,000,000	3,689,600	0	3,320,640	184,480	0	0	184,480	0
Acquire Runway Sweeper	200,000	246,000	0	221,400	12,300	0	0	12,300	0
TOTAL 2010	\$5,022,500	\$6,177,000	\$2,241,400	\$3,542,040	\$196,780	\$0	\$0	\$196,780	\$0
2011									
Acquire ARFF Vehicle	\$750,000	\$950,100	\$855,090	\$0	\$47,505	\$0	\$0	\$47,505	\$0
TOTAL 2011	\$750,000	\$950,100	\$855,090	\$0	\$47,505	\$0	\$0	\$47,505	\$0
TOTAL INTERMEDIATE TERM	\$118,125,000	\$135,687,500	\$10,863,090	\$24,098,225	\$8,043,968	\$0	\$87,226,900	\$1,741,168	\$3,714,150
Percent of Total			8.0%	17.8%	5.9%	0.0%	64.3%	1.3%	2.7%

Source: Melbourne Airport Authority



Table 7.6 (Page 1 of 2)
CAPITAL IMPROVEMENT PROGRAM - LONG TERM

DESCRIPTION	Total Cost	Inflated Cost	FAA		FDOT	Other	Third Party	Local	
			Entitlement	Discretionary				Future PFC	Airport
2012									
Terminal Access Improvements - Northside (1st year)	\$2,200,000	\$2,870,500	\$2,583,450	\$0	\$143,525	\$0	\$0	\$143,525	\$0
Security System and Vehicle	800,000	1,043,800	0	939,420	52,190	0	0	52,190	0
TOTAL 2012	\$3,000,000	\$3,914,300	\$2,583,450	\$939,420	\$195,715	\$0	\$0	\$195,715	\$0
2013									
Terminal Access Improvements - Northside (2nd year)	\$1,800,000	\$2,419,000	\$2,419,000	\$0	\$0	\$0	\$0	\$0	\$0
Connect Terminal to Parking Garage	4,000,000	5,375,700	0	4,838,130	268,785	0	0	268,785	0
Acquire Fuel Tanks and Pumps #3	800,000	1,075,100	0	0	537,550	0	0	537,550	0
Expand Parking Garage	14,000,000	18,814,800	0	0	5,381,033	0	13,433,767	0	0
Airport Interchange and Airport Expressway	45,000,000	60,476,200	0	0	0	60,476,200	0	0	0
TOTAL 2013	\$55,600,000	\$88,160,800	\$2,419,000	\$4,838,130	\$6,187,368	\$60,476,200	\$13,433,767	\$268,785	\$537,550
2014									
Light Rail to Passenger Facility	\$4,000,000	\$5,536,900	\$4,983,210	\$0	\$276,845	\$0	\$0	\$276,845	\$0
Cargo Development Northside	4,000,000	5,536,900	0	0	2,768,450	0	2,768,450	0	0
TOTAL 2014	\$8,000,000	\$11,073,800	\$4,983,210	\$0	\$3,045,295	\$0	\$2,768,450	\$276,845	\$0
2015									
Rehab Lighting of Taxiway D	\$150,000	\$213,900	\$192,510	\$0	\$10,695	\$0	\$0	\$10,695	\$0
Acquire Replacement Loading Bridges (1st year)	2,000,000	2,851,500	2,566,350	0	142,575	0	0	142,575	0
TOTAL 2015	\$2,150,000	\$3,065,400	\$2,758,860	\$0	\$153,270	\$0	\$0	\$153,270	\$0
2016									
Acquire Replacement Loading Bridges (2nd year)	\$1,500,000	\$2,202,800	\$2,202,800	\$0	\$0	\$0	\$0	\$0	\$0
Multi-modal Cargo Transfer	600,000	881,100	0	0	440,550	0	440,550	0	0
TOTAL 2016	\$2,100,000	\$3,083,900	\$2,202,800	\$0	\$440,550	\$0	\$440,550	\$0	\$0

Source: Melbourne Airport Authority



Melbourne International Airport
Master Plan Update

Table 7.6 (Page 2 of 2)
CAPITAL IMPROVEMENT PROGRAM - LONG TERM

DESCRIPTION	Total Cost	Inflated Cost	FAA		FDOT	Other	Third Party	Local	
			Entitlement	Discretionary				Future PFC	Airport
2017									
Acquire Replacement Loading Bridges (3rd year)	\$1,500,000	\$2,268,900	\$2,268,900	\$0	\$0	\$0	\$0	\$0	\$0
Acquire ARFF Vehicle	800,000	1,210,100	1,089,090	0	60,505	0	0	60,505	0
Replace Security System and Vehicle	1,000,000	1,512,600	0	1,361,340	75,630	0	0	75,630	0
TOTAL 2017	\$3,300,000	\$4,991,600	\$3,357,990	\$1,361,340	\$136,135	\$0	\$0	\$136,135	\$0
2018									
Airfield Pavement Resurfacing (1st year)	\$3,200,000	\$4,985,500	\$4,486,950	\$0	\$249,275	\$0	\$0	\$249,275	\$0
Replace Airfield Navigational Aids	2,000,000	3,115,900	0	2,804,310	155,795	0	0	155,795	0
TOTAL 2018	\$5,200,000	\$8,101,400	\$4,486,950	\$2,804,310	\$405,070	\$0	\$0	\$405,070	\$0
2019									
Airfield Pavement Resurfacing (2nd year)	\$2,400,000	\$3,851,300	\$3,851,300	\$0	\$0	\$0	\$0	\$0	\$0
Acquire ARFF Vehicle	800,000	1,283,800	0	1,155,420	0	0	0	128,380	0
Expand Fuel Tanks and Pumps #4	600,000	962,800	0	0	481,400	0	0	0	481,400
TOTAL 2019	\$3,800,000	\$6,097,900	\$3,851,300	\$1,155,420	\$481,400	\$0	\$0	\$128,380	\$481,400
2020									
Airfield Pavement Resurfacing (3rd year)	\$2,400,000	\$3,966,800	\$3,966,800	\$0	\$0	\$0	\$0	\$0	\$0
Connect Terminal to Parking Garage	4,000,000	6,611,400	0	5,950,260	330,570	0	0	330,570	0
Airfield Sign Rehabilitation	400,000	661,100	594,990	0	33,055	0	0	33,055	0
Acquire Runway Sweeper	250,000	413,200	371,880	0	0	0	0	41,320	0
Parking Garage Phase 3	15,000,000	24,792,700	0	0	8,181,591	0	16,611,109	0	0
TOTAL 2020	\$22,050,000	\$36,445,200	\$4,933,670	\$5,950,260	\$8,545,216	\$0	\$16,611,109	\$404,945	\$0
2021									
Terminal Expansion and New Concourse	\$50,000,000	\$85,121,700	\$4,589,000	\$0	\$4,256,085	\$0	\$0	\$50,000,000	\$26,276,615
Acquire ARFF Vehicle	850,000	1,447,100	0	1,302,390	72,355	0	0	72,355	0
TOTAL 2021	\$50,850,000	\$86,568,800	\$4,589,000	\$1,302,390	\$4,328,440	\$0	\$0	\$50,072,355	\$26,276,615
2022									
Airfield Lighting Rehabilitation	\$1,200,000	\$2,104,200	\$1,893,780	\$0	\$105,210	\$0	\$0	\$105,210	\$0
Replace Security System and Vehicle	1,000,000	1,753,500	1,578,150	0	87,675	0	0	87,675	0
TOTAL 2022	\$2,200,000	\$3,857,700	\$3,471,930	\$0	\$192,885	\$0	\$0	\$192,885	\$0
LONG TERM TOTAL	\$168,250,000	\$255,360,800	\$99,638,160	\$18,351,270	\$24,111,344	\$60,476,200	\$33,253,876	\$52,234,385	\$27,295,565
Percent of Total			15.5%	7.2%	9.4%	23.7%	13.0%	20.5%	10.7%

Source: Melbourne Airport Authority



7.5 CIP FUNDING SOURCES

As mentioned earlier in the this Section, it is assumed that the CIP will be funded from a combination of funding sources. These sources include:

- Federal Grants
- State Grants
- Other Funding
- Third Party
- Passenger Facility Charges
- Local funding

Each of these potential funding sources is discussed in more detail.

7.5.1 FAA Funding

Airport sponsors are eligible for FAA funding for specifically approved airport projects through the FAA's Airport Improvement Program (AIP). The federal government has been involved in supporting aviation development since 1916. The Airport and Airway Improvement Act of 1982 established the current federal funding mechanism, known as AIP, which provides funding for eligible airport planning, development and noise compatibility projects at public-use airports. While the law has been reauthorized several times and the amounts appropriated and the funding formulas adjusted to reflect then current national priorities, the basic program has remained essentially the same.

The AIP provides "entitlement" funds for commercial service and cargo airports based on the number of annual enplaned passengers and landed cargo weight at a specific airport. Other appropriations of AIP funds go to states, general aviation airports, other commercial service airports and noise compatibility planning and programs. Any remaining funds are designated as "discretionary" funds and may be used by the FAA for funding eligible projects, which typically enhance airport capacity, safety and security. In some years, discretionary funding has been specifically directed to certain national priorities.

The Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR-21), was signed into law by President Clinton in April 2000. This legislation increased funding for the



nation's airports to ensure that tax revenues collected from aviation users and deposited into the Airport and Airway Trust Fund will be dedicated to aviation spending. This four-year bill authorized for the Airport Improvement Program at \$2.475 billion in fiscal year 2000, \$3.2 billion in 2001, \$3.3 billion in 2002 and \$3.4 billion in 2003.

The current FAA reauthorization bill is titled "Vision 100 – Century of Aviation Reauthorization Act" was signed by President Bush on December 16, 2003. For the purposes of this analysis, it was assumed that the federal government will continue to participate in funding airport capital projects over the next 20-years based on the levels authorized in Vision 100.

7.5.2 FDOT Funding

The State of Florida provides funding to public airport sponsors for eligible projects through the Florida Department of Transportation, Aviation Office. Florida has enacted aviation user taxes that are used to support eligible aviation development at airports in the Florida Aviation System Plan (FASP). The strength of the Florida aviation community has afforded ample funding for these facilities over the years and is anticipated to continue throughout the planning period. FDOT can fund up to 80 percent of eligible projects not supported by the FAA and actually provides more funding statewide than is received from FAA for Florida's airports.

FDOT has its own priority system as follows:

1. Maximize federal funding by programming eligible projects that have or will soon receive federal funding. The State's share is one-half of the non-federal share.
2. For those eligible airside projects that have not nor will not be receiving federal funding, the State may fund up to the current statutory share, which currently is 50 percent of the eligible project costs. These funds are prioritized as follows:
 - a) Airside projects that increase the safety and security of the traveling public,
 - b) Airside projects that preserve existing airfield infrastructure,
 - c) Airside projects that increase the capacity of the Florida's airports, and
 - d) Airside projects of significant importance that cannot be fully funded by the FAA but are eligible in accordance with current statutory requirements, if funds are available.



3. Other non-federally funded projects in the following order of priority:
 - a) Planning projects;
 - b) Land acquisition for airfield infrastructure;
 - c) Terminal projects;
 - d) Airport access projects; and
 - e) Eligible NAVAIDs.

4. Economic development funds in support of economic development up to the current rate of 50 percent.

7.5.3 Other Funding Options

Other funding options include other federal and state grant sources such as economic development funds and intermodal transportation funds. For example, intermodal transportation funds can be used to connect highways with intermodal transportation facilities and for other intermodal projects, which might include rail and highway access with airport facilities. Congress reauthorized intermodal funding as part of the Transportation Equity Act for the 21st Century (TEA-21) in 1998. This law guarantees \$198 billion in surface transportation investment including highways, transit and intermodal projects for the fiscal year 1998-2003. Reauthorization legislation for TEA-21 highway and intermodal funding is currently being debated in Congress.

7.5.4 Third Party Development

Additional sources of revenue could include third party financing. One example of how this source of funding works is when an airport sponsor uses a third party developer to finance a construction project. Only projects with a strong positive cash flow can support this type of financing. Generally, the third party leases the structure for a period of years to the tenant paying the airport ground rents. According to the terms of the agreement, the airport sponsor receives ownership of the asset upon expiration of the lease. This method of financing reserves the airport sponsor's cash for higher priority projects including airside improvements which are not usually funded by third party financing. Projects that are amenable to this type of funding include general aviation hangar development, corporate hangars and cargo facilities.



7.5.5 Passenger Facility Charge

The Aviation Safety and Capacity Expansion Act of 1990 authorized the Secretary of Transportation to grant public agencies the authority to impose a Passenger Facility Charge (PFC) to fund eligible airport projects. The initial legislation set the maximum PFC level at \$3.00 per enplaned passenger. AIR 21 increased the maximum PFC level from \$3.00 to \$4.50. Although the FAA is required to approve collection and use of PFCs, the program allows for local collection of PFC revenue through the airlines operating at an airport and provides more flexibility to airport sponsors than AIP funds.

The MAA has submitted and the FAA has approved six different PFC applications for use at the Airport. The MAA has kept the PFC level at \$3.00 in all of the applications and is authorized to use a total of \$12,873,705 in PFC revenue. The most recent PFC application approved by the FAA (PFC Application No. 6) allows MAA to use PFC revenue to pay for the PFC eligible debt service resulting from the Series 1996 Revenue Refunding Bonds.

7.5.6 Local Funds

Remaining project costs must be financed through local sources. The local share of project costs is assumed to come primarily from two sources: the MAA's annual cash flow and unrestricted cash reserves. All projects for which the MAA uses its cash reserves will be reimbursed through future cash flows at the Airport.

7.5.7 Development Plan Financing Summary

Based on the funding sources and assumptions identified earlier in this Sections, the overall financing plan for FY 2003 through FY 2022 is presented in Table 7.7 and summarized as follows:

- Total inflated project costs are \$473.6 million.
- AIP entitlement funds of \$58.0 million and discretionary funds in the amount of \$87.6 million are estimated to be available from the FAA.
- Approximately \$39.2 million in FDOT funds are anticipated over the planning period.



- Other funding sources are projected to provide a total of \$60.5 million to the CIP over the planning period.
- Third-party development will account for \$130.0 million in capital projects at the Airport, representing 12.8 percent of the total development.
- It is estimated that PFC revenues will provide an additional \$55.5 million for PFC eligible projects in the Authority’s capital improvement program.
- Once these sources are accounted for, approximately \$42.9 million in additional local funds will need to be funded from the Airport's earnings and reserves, or the issuance of debt. These additional local funds will allow the recommended capital projects to be fully implemented.

Table 7.7
CAPITAL IMPROVEMENT PROGRAM - SUMMARY

DEVELOPMENT PHASE	Total Cost	Inflated Cost	FAA		FDOT	Other	Third Party	Local	
			Entitlement	Discretionary				Future PFC	Airport
Short-Term	\$78,464,243	\$82,592,110	\$7,504,930	\$45,129,224	\$7,056,428	\$0	\$9,500,000	\$1,499,378	\$11,902,150
Intermediate-Term	118,125,000	135,687,500	10,863,090	24,098,225	8,043,968	0	87,226,900	1,741,168	3,714,150
Long-Term	168,250,000	255,360,800	39,638,160	18,351,270	24,111,344	60,476,200	33,253,876	52,234,365	27,295,565
TOTAL CIP	\$364,839,243	\$473,640,410	\$58,006,180	\$87,578,719	\$39,211,739	\$60,476,200	\$129,980,776	\$55,474,931	\$42,911,865
Percent of Total			12.2%	18.5%	8.3%	12.8%	27.4%	11.7%	9.1%

Source: Melbourne Airport Authority



7.6 PROJECTED OPERATING REVENUES

Projected operating revenues for the short-term are presented in Table 7.8. Operating revenues for the entire Planning Period are presented in Table 7.9. These figures were projected based on historical trends, existing lease agreements and enplanement growth. The following summarizes the projection of operating revenue presented in Table 7.8 and Table 7.9.

7.6.1 Airline Revenues

Historical airline revenues decreased from \$1.4 million in FY 1998 to \$0.7 million in FY 2003, representing an average annual decrease of 12.4 percent. The existing airline agreement at the Airport expires on September 30, 2004. The airline rates and charges in the existing agreement are negotiated rates and not based on a cost recovery methodology. In addition, the MAA has established an airline incentive plan to assist in attracting new air service at the Airport, which waives the airline rates and charges for the first year of operations at the Airport. As a result, airline revenues are projected to remain flat over the planning period, increasing by 1.0 percent each year from the Budget 2004 amount.

7.6.2 Terminal Revenues

Terminal revenues are generally concession or other revenues generated at the Airport driven by passenger demand at the Airport. These revenues increased from \$1.7 million in FY 1998 to \$1.8 million in FY 2003, representing an average annual growth of 1.4 percent. It was assumed that the future operating revenues would increase by 1.5 percent based on inflationary increases in price and by the percentage growth of enplanements. Parking revenues were increased each year based on future utilization of the new parking garage to be constructed in FY 2006 coupled with incremental increases in the parking rates.

7.6.3 Airfield Revenues

These revenues depict ground, facility and service revenue generated from aeronautical users at the Airport. These revenues increased from \$0.6 million in FY 1998 to \$0.7 million in FY 2003, representing an average annual increase of 3.2 percent during this period. These revenues were projected to grow at the same rate over the planning period.



7.6.4 Industrial Air Center

These revenues represent ground and building revenue attributable to the Industrial Air Center facility located on the Airport. Ground rental revenues are projected to increase by 3.0 percent each year while other revenues in this category will grow by 1.0 percent each year.

7.6.5 Trailer Haven

Historically, these revenues generated primarily from land rentals in the MAA's trailer park grew from \$1.0 million in FY 1998 to \$1.2 million in FY 2003, representing an average annual growth rate of 3.6 percent during this time. These revenues are projected to increase by 3.0 percent over the planning period.

7.6.6 Foreign Trade Zone

The operating revenue depicted in this category are primarily attributable to cargo building facilities located in the Foreign Trade Zone. These revenues increased from \$0.6 million in FY 1998 to \$0.7 million in FY 2003, representing an average annual growth rate of 2.8 percent. These revenues were projected to increase by comparable historical growth rates.

7.6.7 Other

The miscellaneous revenues included in this category increased by more than 40 percent each year, primarily as a result of the security reimbursement in FY 2002 and FY 2003 but not included in the MAA's budget in FY 2004. As a result, these revenues are projected to increase by 1.0 percent each year.

As shown on Tables 7.8 and 7.9, total operating revenue are projected to increase from \$7.4 million in FY 2003 to \$14.9 million in FY 2021, representing an average annual growth rate of 4.0 percent over this period.



Table 7.8
PROJECTED OPERATING REVENUE - SHORT TERM

DESCRIPTION	Actual FY 2003	Budget FY 2004	Projected FY 2005	Projected FY 2006
AIRLINE				
Terminal Rental	\$389,029	\$364,300	\$367,943	\$371,622
Landing Fees	336,515	323,400	326,634	329,900
TOTAL AIRLINE	\$725,544	\$687,700	\$694,577	\$701,523
TERMINAL				
Rental Car Concessions	\$800,103	\$809,500	\$968,890	\$1,161,277
Parking Revenue	814,845	745,300	1,075,000	1,519,356
Restaurant/Gift Shop Concessions	845	0	0	0
Off Airport Rental Car Concessions	10,620	9,600	11,490	13,772
Non-Aviation Rental	148,226	127,000	152,006	182,189
Taxi & Limo Concessions	15,779	15,000	17,953	21,518
Reimbursables for Services	11,321	10,800	10,962	11,126
Miscellaneous	46,937	21,300	21,620	21,944
TOTAL TERMINAL	\$1,848,676	\$1,738,500	\$2,257,922	\$2,931,182
AIRFIELD				
Ground Rental	\$453,369	\$475,300	\$537,658	\$551,637
T-Hangars	157,759	161,100	167,544	174,246
Fuel Flowage and Storage	100,727	100,800	104,832	109,025
Miscellaneous	7,698	6,500	6,630	6,763
TOTAL AIRFIELD	\$719,553	\$743,700	\$816,664	\$841,671
INDUSTRIAL AIR CENTER				
Ground Rental	\$1,281,950	\$1,306,700	\$1,345,901	\$1,386,278
Building Rental	725,995	709,900	716,999	724,169
Miscellaneous	25,914	20,200	20,402	20,606
TOTAL INDUSTRIAL CENTER	\$2,033,859	\$2,036,800	\$2,083,302	\$2,131,053
TRAILER HAVEN				
Trailer Sites	\$1,141,812	\$1,168,700	\$1,203,761	\$1,239,874
Buildings	4,360	4,400	4,466	4,533
Storage Parking	13,145	15,300	15,453	15,608
Laundry Concessions	9,539	12,300	12,915	13,561
Miscellaneous	23,766	23,100	23,331	23,564
TOTAL TRAILER HAVEN	\$1,192,622	\$1,223,800	\$1,259,926	\$1,297,139
FOREIGN TRADE ZONE				
Cargo Warehouse Space	\$608,800	\$540,600	\$556,818	\$573,523
Cargo Office Space	54,285	35,900	36,259	36,622
Cargo Common Area Charges	15,683	18,200	18,837	19,496
Miscellaneous FTZ	5,430	5,400	5,454	5,509
Cargo Ground Storage Space	3,755	3,800	3,876	3,954
Reimbursements	0	0	0	0
TOTAL FOREIGN TRADE ZONE	\$687,953	\$603,900	\$621,244	\$639,102
OTHER				
Miscellaneous	\$9,192	\$5,000	\$5,050	\$5,101
Insurance Payment/Reimb	28,300	0	0	0
Security Reimbursement	111,695	0	0	0
TOTAL OTHER	\$149,187	\$5,000	\$5,050	\$5,101
TOTAL OPERATING REVENUE	\$7,357,394	\$7,039,400	\$7,738,685	\$8,546,771

Source: Reynolds, Smith and Hills, Inc



Table 7.9

PROJECTED OPERATING REVENUE - ULTIMATE

DESCRIPTION	Projected FY 2007	Projected FY 2011	Projected FY 2016	Projected FY 2021
AIRLINE				
Terminal Rental	\$375,339	\$390,579	\$410,502	\$431,442
Landing Fees	333,199	346,729	364,415	383,004
TOTAL AIRLINE	\$708,538	\$737,307	\$774,918	\$814,446
TERMINAL				
Rental Car Concessions	\$1,263,647	\$1,772,366	\$2,131,705	\$2,563,654
Parking Revenue	1,610,518	2,272,446	3,530,858	3,841,260
Restaurant/Gift Shop Concessions	0	0	0	0
Off Airport Rental Car Concessions	14,986	21,019	25,280	30,403
Non-Aviation Rental	132,801	140,950	151,844	163,579
Taxi & Limo Concessions	23,415	32,842	39,500	47,504
Reimbursables for Services	11,293	11,986	12,913	13,911
Miscellaneous	22,273	23,640	25,467	27,435
TOTAL TERMINAL	\$3,078,934	\$4,275,249	\$5,917,566	\$6,687,746
AIRFIELD				
Ground Rental	\$565,979	\$627,177	\$713,061	\$810,707
T-Hangars	181,216	211,997	257,926	313,807
Fuel Flowage and Storage	113,386	132,646	161,384	196,348
Miscellaneous	6,898	7,466	8,244	9,102
TOTAL AIRFIELD	\$867,479	\$979,286	\$1,140,615	\$1,329,963
INDUSTRIAL AIR CENTER				
Ground Rental	\$1,427,866	\$1,607,076	\$1,863,042	\$2,159,776
Building Rental	731,411	761,109	799,933	840,738
Miscellaneous	20,812	21,657	22,762	23,923
TOTAL INDUSTRIAL CENTER	\$2,180,089	\$2,389,842	\$2,685,737	\$3,024,437
TRAILER HAVEN				
Trailer Sites	\$1,277,070	\$1,437,354	\$1,666,287	\$1,931,683
Buildings	4,601	4,883	5,261	5,667
Storage Parking	15,764	16,404	17,240	18,120
Laundry Concessions	14,239	17,307	22,089	28,192
Miscellaneous	23,800	24,766	26,030	27,357
TOTAL TRAILER HAVEN	\$1,335,473	\$1,500,714	\$1,736,907	\$2,011,019
FOREIGN TRADE ZONE				
Cargo Warehouse Space	\$590,728	\$664,870	\$770,766	\$893,529
Cargo Office Space	36,988	38,490	40,453	42,517
Cargo Common Area Charges	20,179	23,155	27,501	32,663
Miscellaneous FTZ	5,564	5,790	6,085	6,395
Cargo Ground Storage Space	4,033	4,365	4,819	5,321
Reimbursements	0	0	0	0
TOTAL FOREIGN TRADE ZONE	\$657,491	\$736,669	\$849,625	\$980,425
OTHER				
Miscellaneous	\$5,152	\$5,361	\$5,634	\$5,922
Insurance Payment/Reimb	0	0	0	0
Security Reimbursement	0	0	0	0
TOTAL OTHER	\$5,152	\$5,361	\$5,634	\$5,922
TOTAL OPERATING REVENUE	\$8,833,156	\$10,624,429	\$13,111,001	\$14,853,958

Source: Reynolds, Smith and Hills, Inc.



7.7 PROJECTED OPERATING EXPENSES

Projected operating expenses for the short-term are presented in Table 7.10 and Table 7.11 for the entire Planning Period.

As previously mentioned, the MAA segregates its operating expenses into two major categories – Personal Services and Other Operating Expenses. Historical operating expenses increased from \$5.3 million in FY 1998 to \$6.8 million in FY 2003, representing an average annual growth rate of 5.1 percent. As depicted in Table 7.10 and 7.11, Personal Services are projected to increase by 5.0 percent each year and Other Operating Expenses are anticipated to grow by 3.3 percent each year. These growth rates are consistent with historical growth at the Airport.

Total operating expenses are projected to increase from \$6.8 million in FY 2003 to \$14.6 million in FY 2021, representing an average annual growth rate of 4.3 percent.

7.8 PRO-FORMA CASH FLOW ANALYSIS

Table 7.12 and Table 7.13 present the Airport's estimated cash flow for the period of 2003 through 2021 based on projections of revenues and expenses. The following should be noted from the table:

- Operating revenues are reduced by operating expenses each year to calculate estimated Operating Income. Operating Income (before debt service, and other non-operating items) are projected to decrease from \$0.5 million in FY year 2003 to \$0.3 million in FY 2021.
- Non-operating items consist of Investment Earnings, PFC Revenues, Existing Debt Service, and a transfer of PFC revenues to a capital account for PFC eligible projects at the Airport.
- Income Before Capital Contributions is projected to decrease \$2.8 million in FY 2003 to \$0.8 million in FY 2021.



Table 7.10

PROJECTED OPERATING EXPENSES - SHORT TERM

DESCRIPTION	Actual FY 2003	Budget FY 2004	Projected FY 2005	Projected FY 2006
PERSONAL SERVICES				
Salaries & Wages	\$2,106,970	\$2,307,700	\$2,423,085	\$2,544,239
Florida and General Retirement	252,863	281,800	295,890	310,685
Insurance	349,954	391,490	411,065	431,618
FICA	161,053	176,700	185,535	194,812
Overtime	119,654	48,700	51,135	53,692
Miscellaneous	1,566	8,030	8,432	8,853
TOTAL PERSONAL SERVICES	\$2,992,060	\$3,214,420	\$3,375,141	\$3,543,898
OTHER OPERATING EXPENSES				
Professional Services	\$1,156,030	\$1,081,988	\$1,117,694	\$1,154,577
Utilities	615,992	670,860	692,998	715,867
Contractual Services	763,376	932,966	963,754	995,558
Marketing/Public Relations	230,322	216,700	223,851	231,238
Maintenance and Repair	402,634	381,900	394,503	407,521
Insurance	209,097	351,098	362,684	374,653
City Chargebacks	162,519	187,394	193,578	199,966
Uniforms and Supplies	195,164	195,290	201,735	208,392
Training	77,545	98,750	102,009	105,375
General Administrative	12,140	15,840	16,363	16,903
Security	7,548	9,000	9,180	9,364
TOTAL OTHER OPER EXPENSES	\$3,832,367	\$4,141,786	\$4,278,348	\$4,419,414
TOTAL OPERATING EXPENSES	\$6,824,427	\$7,356,206	\$7,653,489	\$7,963,312

Source: Reynolds, Smith and Hills, Inc.



Table 7.11

PROJECTED OPERATING EXPENSES - ULTIMATE

DESCRIPTION	Projected FY 2007	Projected FY 2011	Projected FY 2016	Projected FY 2021
PERSONAL SERVICES				
Salaries & Wages	\$2,671,451	\$3,247,166	\$4,144,298	\$5,289,291
Florida and General Retirement	326,219	396,521	506,072	645,891
Insurance	453,199	550,866	703,060	897,302
FICA	204,552	248,635	317,328	405,000
Overtime	56,376	68,526	87,458	111,621
Miscellaneous	9,296	11,299	14,421	18,405
TOTAL PERSONAL SERVICES	\$3,721,093	\$4,523,012	\$5,772,636	\$7,367,510
OTHER OPERATING EXPENSES				
Professional Services	\$1,192,679	\$1,358,078	\$1,597,446	\$1,879,005
Utilities	739,491	842,043	990,457	1,165,031
Contractual Services	1,028,411	1,171,030	1,377,430	1,620,210
Marketing/Public Relations	238,869	271,995	319,936	376,326
Maintenance and Repair	420,969	479,349	563,837	663,216
Insurance	387,016	440,687	518,361	609,725
City Chargebacks	206,565	235,211	276,668	325,433
Uniforms and Supplies	215,269	245,122	288,326	339,145
Training	108,852	123,948	145,794	171,491
General Administrative	17,460	19,882	23,386	27,508
Security	9,551	10,338	11,414	12,602
TOTAL OTHER OPER EXPENSES	\$4,565,133	\$5,197,684	\$6,113,057	\$7,189,692
TOTAL OPERATING EXPENSES	\$8,286,226	\$9,720,695	\$11,885,693	\$14,557,202

Source: Reynolds, Smith and Hills, Inc.



Table 7.12

PROJECTED CASH FLOW - SHORT TERM

DESCRIPTION	Actual FY 2003	Budget FY 2004	Projected FY 2005	Projected FY 2006
OPERATING REVENUE	\$7,357,394	\$7,039,400	\$7,738,685	\$8,546,771
OPERATING EXPENSES ¹	6,824,427	7,356,206	7,653,489	7,963,312
OPERATING INCOME	\$532,967	(\$316,806)	\$85,196	\$583,459
NON OPERATING REVENUE (EXPENSE)				
Investment Earnings	\$980,813	\$851,557	\$500,000	\$500,000
Federal and State Grants (Nonop Rev)	1,998,307	0	0	0
PFC Revenue	3,975	814,680	960,680	1,134,420
Existing Debt Service	(735,688)	(738,813)	(739,963)	(734,813)
New Debt Service	0	0	0	0
PFC Transfer to Capital Fund	0	(364,004)	(509,303)	(686,184)
Gain on Sale of Fixed Assets	973	0	0	0
TOTAL NONOPER REV (EXPENSE)	\$2,248,381	\$563,420	\$211,415	\$213,423
INCOME BEFORE CAPITAL CONTRIBUTIONS	\$2,781,348	\$246,614	\$296,610	\$796,882

¹ Excluding Depreciation and Amortization

Source: Melbourne Airport Authority (Historical)
Reynolds, Smith and Hills, Inc. (Projected)



Table 7.13

PROJECTED CASH FLOW - ULTIMATE

DESCRIPTION	Projected FY 2007	Projected FY 2011	Projected FY 2016	Projected FY 2021
OPERATING REVENUE	\$8,833,156	\$10,624,429	\$13,111,001	\$14,853,958
OPERATING EXPENSES ¹	8,286,226	9,720,695	11,885,693	14,557,202
OPERATING INCOME	\$546,930	\$903,734	\$1,225,308	\$296,756
NON OPERATING REVENUE (EXPENSE)				
Investment Earnings	\$500,000	\$500,000	\$500,000	\$500,000
Federal and State Grants (Nonop Rev)	0	0	0	0
PFC Revenue	1,216,180	1,794,340	1,607,168	2,003,120
Existing Debt Service	(738,688)	(739,063)	(737,813)	0
PFC Transfer to Capital Fund	(765,581)	(1,343,512)	(1,157,102)	(2,003,120)
Gain on Sale of Fixed Assets	0	0	0	0
TOTAL NONOPER REV (EXPENSE)	\$211,912	\$211,766	\$212,253	\$500,000
INCOME BEFORE CAPITAL CONTRIBUTIONS	\$758,842	\$1,115,499	\$1,437,561	\$796,756

¹ Excluding Depreciation and Amortization

Source: Reynolds, Smith and Hills, Inc.



7.9 SUMMARY/RECOMMENDATIONS

The following conclusions regarding the Capital Improvement Program proposed by the Master Plan Update pertaining to its financial impact to the MAA can be drawn from information presented in this Section:

- MAA's financial structure, current leases with major tenants, and historical revenues and expenses were examined to project future revenues and expenses
- The total inflated Capital Improvement Program amounts to \$473.7 million, as presented in Table 7.7.
- The funding for the proposed Capital Improvement Program is as follows:
 - FAA \$145.6 million
 - FDOT 39.2 million
 - Other 60.5 million
 - Third Party 130.0 million
 - PFC 55.5 million
 - Local 42.9 million
- Funding the local share of the short-term Capital Improvement Program, with the proposed funding levels from the FAA and other sources identified above, results in the MAA using its cash reserves in the amount of \$11.9 million to fund the short-term development projects.
- It is recommended that the MAA closely monitor the federal AIP and the FDOT funding program for any changes that may enhance or adversely effect future funding of the CIP.
- Total Authority Operating Revenues are projected to increase from \$7.4 million in FY 2003 to approximately \$14.9 million in FY 2021, representing an average annual growth rate of 4.0 percent.



- Operating Expenses are projected to increase from \$6.8 million in FY 2003 to \$14.6 million in FY 2021, representing an average annual growth rate of 4.3 percent.
- Operating Income is projected to decrease from \$0.5 million in FY 2003 to \$0.3 million in FY 2021 based on the assumptions contained in this Section.
- The staging of the Capital Improvement Program is flexible. The MAA should proactively monitor/revise the CIP on an annual basis to ensure projects are not implemented before the appropriate demand levels.
- The MAA should submit another PFC application to impose and use PFCs on PFC-eligible projects in the CIP. This analysis assumes that the MAA will be authorized to pay for such eligible portion of the annual debt service attributable to the short-range CIP with a \$3.00 PFC.
- Income Before Capital Contributions is expected to decrease from \$2.8 million in FY 2003 to \$0.8 million in FY 2021.

Based on the assumptions and the financial analyses presented herein, the Capital Improvement Program is considered practicable and it is anticipated that the MAA will be able to meet its future financial obligations. The financial plan presented as part of this Section reflects implementation of the recommended projects of the Capital Improvement Program. It is important that the MAA continually monitor the status of its operating revenues and expenses and the implementation of its capital program. Future analyses may suggest adjusting the implementation of certain projects in the Capital Improvement Program to meet the MAA's other financial objectives.