8 FINANCIAL PLAN

The previous chapters of the Master Plan Update evaluate the existing facilities, project the future activity levels, identify potential facility shortfalls, and detail alternatives and recommendations for addressing these shortfalls throughout the 20 year planning period. The previous analysis is based on operational efficiency, safety, environmental factors and, to a lesser extent, cost, with a primary focus of identifying the need for specific improvements and identifying the general configuration of such. Regardless of the identified need for improvements, the ability to pay for a project will ultimately be a major factor influencing when it is implemented. This chapter addresses the financial implications of the various improvements.

Following an overview of both the state and federal grant programs and a general overview of potential funding sources, each project in the development program is summarized in this chapter along with its rough order of magnitude (ROM) cost for the short, intermediate, and long term phases. Each project's eligibility relative to state and federal funding programs is also outlined. Finally, the net operating position of the airport is highlighted along with a review of future potential revenue sources that may assist in meeting the local funding share requirements.

In general, the financial plan for the Master Plan Update was conducted as follows:

- A overview of the Airport's financial structure was prepared to present the current accounting practices, financial operating environment, and key provisions of the Airport's Airline Agreement.

- Potential funding sources were identified including the FAA's Airport Improvement Program (AIP), Florida Department of Transportation (FDOT) funding, and other funding sources. Project costs not funded by these sources are expected to be funded by some combination of Airport funds and general airport revenue bonds.

- The Airport's existing financial operating results were examined to determine its primary revenue generating sources, as well as its major expenses.

This chapter, which presents the results of the financial analysis, is organized as follows:

- Financial Structure Overview
- Capital Improvement Program
- Sources of Funding for the Capital Improvement Program
- Airport Revenue Sources
- Operating Expenses

8.1 FINANCIAL STRUCTURE OVERVIEW

This section discusses Authority accounting practices, including the cost center structure utilized for airline rate-setting purposes, the requirements and provisions of the Bond Resolution, and the status of the business and operating relationship between the Authority and the Participating Airlines.

8.1.1 Airport Accounting

The accounting and financial reporting policies of the County conform to generally accepted accounting principles for local government units set forth by the Government Accounting Standards Board. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods and services to the general public be financed or recovered primarily through user charges. As such, the Airport is established as an Enterprise Fund of the County.

Operating Expenses and Operating Revenues of the Authority are categorized into Cost Centers. Cost Centers include those areas or functional activities used for the purposes of accounting for the financial performance of the Airport. There are four Cost Centers included in the Airport's financial structure. The Cost Centers included in the Airport's financial structure are described in greater detail below:

- **Airfield** – Pursuant to the Authority's residual airport rate-setting methodology, the Airfield Cost Center includes all areas of the Airport, excluding those elements included in the Terminal, Cargo Building, and Fueling System cost centers.

- **Terminal** – The Terminal includes the passenger terminal complex on the Airport, including the aircraft parking apron immediately adjoining the terminal building, but excluding all parking lots, roads and service facilities beyond the pedestrian sidewalk in front of the landside terminal building and the Cargo Building and its adjoining aprons, ramps, and parking areas.

- **Cargo Building** – The Cargo Building Cost Center includes Investment Service, Operating Expenses, and Operating Revenues associated with the operation of the airline cargo building. The Cargo Building Cost Center does not include costs or revenues associated with operations of all-cargo carriers or the cargo ramp.

- **Fueling System** – The Fueling System Cost Center includes Investment Service and Operating Expenses associated with the hydrant fueling system. The annual fuel system payments from the airlines to the Authority are based upon a combination of debt service, land rent, and insurance costs. Other costs may be billed to the Fuel System Cost Center if directly related to the operation and maintenance of the hydrant fueling system. For rate-setting purposes, revenues and expenses for the Fueling System Cost Center are included in the Airfield Cost Center.

8.1.2 Airline Agreement

The term of the Airline Agreement between the Authority and the Participating Airlines expires December 31, 2008. Participating Airlines are required to pay landing fees, fees for the use of Exclusive Space in the Terminal and for the use of Cargo Building Space, Gate Area Charges, and Baggage Claim Area Charges, through the term of the Airline Agreement.

As presented in the Airline Agreement, the following key elements are included in the rate-setting methodology:

- "Residual" terminal rental rates for the Terminal Building using total Airline and Authority leased square feet as the divisor.
- An Airport "residual" landing fee rate using airline landed weight as the divisor. Miscellaneous and cargo landing fee revenues are credited to the airline landing fee requirement.
- A debt service coverage rebate to the Participating Airlines. In general, this rebate is equal to the net of 25 percent of Debt Service payable in the Fiscal Year, less the amount required to be transferred into the various Airport funds (i.e., Discretionary Fund [2], Working Capital Account, etc.).

8.2 CAPITAL IMPROVEMENT PROGRAM

The following sections detail the 20-year Capital Improvement Program (CIP) for the short-, intermediate-, and long-term development periods.

8.2.1 Short Term Improvements – 2003 Through 2005

Midfield Terminal Expansion (Phase 1)
This expansion includes the currently on-going construction of a 28-gate Midfield Terminal, a new freight facility, cargo road improvements from Chamberlin Parkway, Fuel Farm expansion, and all associated automobile parking.

Rehabilitate Runway 6-24 and Parallel Taxiway
Based on the inspection of the runway pavement and the input of LCPA operations and maintenance representatives of LCPA, the runway needs to be rehabilitated during the short-term development program. This project will include the complete rehabilitation of the runway with reconstruction of those areas exhibiting extreme deterioration. Subsequently, a runway rehabilitation report was completed by DMJM Aviation in 2002. Once the paving is completed the 12,000-foot long, 150-foot wide runway will need to be re-striped for a precision approach and the touchdown zones will need to be grooved. Additionally, this project will include an overlay of Taxiway A and all connecting taxiways.

[2] The amount transferred into the Authority's Discretionary Account equals 12.5 percent of the Debt Service payable in the Fiscal Year, up to a maximum of $2.5 million.

Rehabilitate Air Cargo Ramp
This project consists of the rehabilitation of the air cargo apron and reconstruction of the aircraft apron where the pavement has failed. The total area of the cargo pavement project is approximately 70,000 square yards. Additionally, this project will include a number of drainage improvements.

General Aviation Hangar
This project is the first of four hangar projects during the 20-year development period required to increase the capacity for covered aircraft storage at the airport. It consists of a 12,500 square foot hangar constructed adjacent to the existing GA terminal building and apron.

Maintenance Facility Access Road
A new maintenance road is necessary to connect the existing maintenance building to the new maintenance building located to the west. The two-lane roadway will extend approximately 585 linear feet.

Aircraft Maintenance Facility
In order to construct the aircraft maintenance facility a number of infrastructure improvements will be required. A dual-lane access road for automobiles stemming off of Chamberlin Parkway's southern access road, approximately 2,015 feet in length, will be necessary. The 175,000 square foot detention pond with an approximate depth of 6 feet will also need to be drained and filled to allow for the full build out of the facility. The drainage pond will have to be relocated to a suitable area and an automobile parking area must be added. Parking can generally be accommodated on the eastern portion of the existing terminal parking lot but will have to be reconfigured to suit the facility's parking demand.

Land Acquisition – Phase I
In order to provide the necessary future access capabilities to the Airport and to ensure environmental compatibility, land acquisition in four areas will be required. These areas include the area south of the Airport west of the approach end of Runway 6R to mitigate the anticipate noise associated with the new parallel runway (approximately 88 acres); the area east of Runway 24L to accommodate the construction the parallel runway and its associated requirements, RPZ and aircraft noise (approximately 139 acres); and the approach to Runway 6L, west of Treeline Avenue for noise, environmental compatibility and the future I-75 access (approximately 460 acres).

Storm Water Master Plan
Currently no storm water management plan exists. In order to efficiently plan for immediate and long-term future drainage and storm water issues, a comprehensive storm water management plan should be developed.

Cargo Road Improvements
This project includes converting approximately 5,800 linear feet of an airside perimeter service roadway to a public road connecting the Midfield Terminal Complex to Chamberlin Parkway. This portion of the road will be a joint use public/perimeter road

with modern security access control points to separate the public from the airport operating area.

Midfield Terminal Security Requirements
Due to heightened security measures at airports throughout the country expansion of the Midfield terminal building will be necessary at both levels. Modifications to the associated baggage system to accommodate TSA baggage inspection system also will be necessary.

Existing Terminal Security Requirements
This project includes any necessary enhancements to the existing terminal building in order to accommodate the baggage inspection system and comply with the new security measures outlined by TSA for passenger and baggage screening.

Roadway Signage Modifications
Once the airline operations are transferred to the Midfield Terminal Complex the existing informational roadway signs must be removed, modified or replaced on Chamberlin and Paul J. Doherty Parkway directing the public to the new terminal and support facilities.

Part 150 Noise Study
Part 150 Environmental Studies are typically updated when necessary depending on the validity of the prior analysis and assumptions. Changes occurring in aircraft activity levels, types of aircraft, the local business and residential community, the profile of users, etc. will help determine the need to revisit and update the study. By revisiting the assumptions, projections and development accomplished to date, the existing study can be modified and refocused to better address a continued strategy of environmental compliance.

8.2.2 Intermediate Term Improvements – 2006 Through 2010

ARFF Vehicle
The purchase of a new fire truck will increase fire response effectiveness and keep RSW in compliance with FAA regulations. The truck will be a Class 2 ARFF vehicle with a three-person cab, 1,200 gallon per minute pump, 1,500-gallon water tank, 200-gallon foam tank, and a 500-pound halotron fire fighting system.

Existing Terminal Parking Lot Rehabilitation
This project requires the rehabilitation of the existing 4,291 space automobile parking lot. The rehabilitation is required to extend the service life through the opening of the Midfield Terminal Complex and allow for this parking area to be used as a remote parking facility with the opening of the new Midfield Terminal.

GIS Purchase and Setup
This project includes the purchase of the software and hardware to run a geographic information system for the airport and provide system training and support for the system set up is necessary. The set up includes utilizing either a client server system or web-based system.

Design/Construct Infrastructure
Utility improvements include all those improvements related to electric, water, and sewage services. These improvements include the establishment of utility lines connecting to the Airport facilities from the north along Daniels Parkway or the south along Alico Road. A general upgrade of Airport facilities will be required to maintain an efficient operation. These improvements are a continuation of the improvements performed in the previous phase.

Hold Bay and By-Pass for Runway 6/24
Based on anticipated operational demand and a recommendation by the air traffic controllers a by pass taxiway should be constructed at the approach end of Runway 6L on the south parallel taxiway, and hold bay at the approach end of Runway 24R. This project will assist air traffic controllers in queuing aircraft at the runways, thus potentially decreasing airside delay.

Repairs to North Ramp
Many portions of the existing terminal apron, and parallel associated taxilanes on the north side of the airport are considered to be somewhat aged and in poor condition upon inspection during the inventory process. With the demolition of the existing terminal the terminal apron area should receive resurfacing treatment. The 1,580-foot long taxilane 'B' should be resurfaced according to the proposed use for the existing terminal complex, and the concourse demolition area should be replaced with concrete pavement.

New Parallel Runway 6R/24L
The project requires the construction of a new runway and full-length parallel taxiway to maximize RSW's long-range flexibility in serving the growing demand for air service in the Southwest Florida Region. Runway 6R-24L will be 9,100 feet in length and 150 feet wide with a 5,385-foot separation from the existing runway. This project includes expansion of the existing perimeter road system, new perimeter fencing, and all associated lighting and runway navigational aids.

Cross-Field Connector Taxiway (Phase 1)
With the addition of the new parallel runway south of the existing runway and the new Midfield Terminal Complex, this project is phase 1 of a dual cross-field connector taxiway system to provide an easy transition for aircraft taxiing in and out of the terminal area. The taxiways, configured to satisfy NLA spacing requirements, will both ultimately be 100 feet wide and are both approximately 4,040 feet in length. The taxiway closest to the Midfield Terminal Complex will be built in this phase.

Relocate ATCT
This project will require the construction of a new ATCT facility located on the eastern side of the dual cross-field taxiways and across from the Midfield Terminal Complex. The control tower will need to meet Level 3 tower requirements and should have a cab size greater than 350 square feet. However, it is anticipated that the height of this tower will be at least 260 feet agl. Exact location and tower height will depend on further analysis and coordination with the FAA.

New ARFF Facility
This project will consist of the construction of full-size ARFF facility to be located directly east of the Midfield Terminal Complex in close proximity of the relocated ATCT facility. The Index E facility will encompass approximately 14,000 square feet of building space, with a 10,000 square foot paved automobile parking area, 5,000 square feet of ARFF vehicle (5 bays) and equipment space, and a 5,000 square foot ramp for ARFF administration vehicles.

Existing Terminal Demolition
This project requires the demolition of the existing terminal building to create an area for other future aviation facilities. The two-story building has a footprint of approximately 231,000 square feet with a total building area of roughly 381,000 square feet. This includes the two-story international arrivals building (IAB) and the eastern Concourse B wing which account for 41,000 square feet of the building footprint.

Midfield Terminal Expansion (Phase 2)
This consists of the addition of 7 to 8 gates through the extension of Concourse C. This 95,000 square foot building expansion will include the construction of 61,400 square yards of apron space to accommodate aircraft parking and maneuvering.

Rehabilitate Chamberlin Parkway
This project involves the rehabilitation of Chamberlin Parkway from the entrance at Daniels Parkway to the entrance road of the multi-modal facility located north of the existing terminal. The road will be a single a two-lane road. As such, the outer road (western road) that runs parallel will be decommissioned. The length of the rehabilitation will be approximately 11,400 linear feet.

Land Acquisition – I-75 Access/Noise
These areas include the area southwest of the Airport to accommodate the planned I-75 interchange (approximately 395 acres).

Rehab Perimeter, Service, and Fuel Farm Roads
This project includes the rehabilitation of the existing two-lane perimeter, service, and fuel farm roads. The perimeter road has a total length of approximately 76,500 linear feet; service roads and the fuel farm road total approximately 15,000 linear feet.

Expand Midfield Entrance Road to 6 Lanes and Landscape
This project serves to provide additional capacity to the Midfield Terminal entrance road by increasing the lane total to 6 lanes. This project includes the roadway plus any curbs and gutters associated with the expansion.

Midfield Terminal Surface Parking Expansion
This project includes the expansion of the surface parking, the construction of additional wings for the parking garage, and expansion of the parking tollbooth. The total additional parking spaces required for this phase is 719 spaces.

Relocation of High-Voltage Power Lines
This project requires the relocation of the high voltage power lines located on the southeastern portion of the airfield to accommodate the construction of the new parallel

Runway 6R-24L. There are three rows of 230kv power lines. The length of the relocation is estimated at 25,000 linear feet.

Develop Freight Multi-Modal Center
This project includes the construction of a multi-modal freight center that will be located in the area that is currently the existing terminal automobile parking area. It will interface with cargo and freight operations situated directly south of the facility and will encompass approximately 15 million square feet of area.

Fuel Farm Improvements
Based on the terminal expansion anticipated at the Midfield during phase 2 additional fuel hydrants will need to be added and additional fuel farm improvements may be necessary to meet the demand. Among the improvements includes modifications to the containment facility and improvements to the tank farm circulation roadway, off loading facility and may require an increase in the fuel storage capacity.

8.2.3 Long Term Improvements – 2011 Through 2020

Runway 6L/24R CAT II ILS and ALS
This project serves to enhance overall airport capacity and safety during adverse weather conditions. Requirements to upgrade the current Cat I ILS to a Cat II ILS include additional Runway Visual Range (RVR) equipment, an increase in the size of the ILS critical area, an upgraded approach lighting system (ALSF-2) and runway centerline and touchdown zone lighting systems. This project should be accomplished during the rehabilitation of the existing runway.

General Aviation Multi-Use Hangar (Phase 2)
This project is the second of four hangar projects over the planning period required to increase the capacity for covered aircraft storage at the airport. In the mid-term development program, a 12,500 square foot hangar is anticipated to meet the expected demand for these types of facilities. The second hangar will be located adjacent to the automobile parking lot of the existing FBO facility.

I-75 Airport Access Improvements
This project consists of the upgrade of access to RSW from Interstate Highway 75. The project will provide a new direct access interchange and limited access roadway to tie into the Midfield terminal access road. This project includes a fly-over bridge structure at Ben Hill Griffin Parkway.

Relocate of Rental Car Service Facilities
This project involves provisions for the eventual relocation of rental car facilities from the existing location north of the existing terminal to an area either northwest of the Runway 6L end or northwest of the midfield terminal. The project consists of providing basic infrastructure to support facility development at the new site.

Helipad
A helipad will be constructed on the existing cargo apron to accommodate any future helicopter demand. The designated area will encompass approximately 11,000 square

feet. Improvements to the existing apron will include the addition of lighting, striping, windsock, and related facilities.

Relocate Airport Rotating Beacon
Based on constructing of a portion of the second south parallel taxiway and the expansion of the terminal apron, the airport's rotating beacon will need to be relocated. With the ATCT being located to an area at Midfield it is recommended that the beacon be also located in at Midfield in the vicinity of the ATCT.

Improvements to Gun Range
Based on the condition of the airport police pistol range a number of improvements must be done to bring the level of safety up to standard. This project involves upgrading and refurbishing the 120' x 60' pistol range located adjacent the police training facility, west of the existing air cargo building.

Cross Field Connector Taxiway to Midfield Ramp
With the addition of the new parallel runway south of the existing runway and the new Midfield Terminal Complex, this project is phase 2 of a dual cross-field connector taxiway system to provide an easy transition for aircraft taxiing in and out of the terminal area. The taxiways, configured to satisfy NLA spacing requirements, will both be 100 feet wide and approximately 4,040 feet in length. This project supplements the phase 1 cross-field taxiway with a second parallel taxiway constructed to the east. This project also includes constructing the taxiway connector stubs between the cross-field taxiway and the phase 1 Midfield apron. This includes a partial apron expansion adjacent to concourse B and at least three taxiway connectors for adequate circulation of aircraft in the terminal area.

Midfield Terminal Expansion – Additional Gates (11-14)
This expansion will include the addition of a new concourse designated as Concourse 'A' on the southern side of the Midfield Terminal Complex. This will allow for an additional 11-14 gates. This expansion includes 157,000 square yards of ramp area to allow for the parking and maneuvering of aircraft.

Surface Parking and Garage Expansion
This project will add two levels to the parking garage in addition to expanding surface parking. The total amount of vehicle parking spaces required for this phase is 4,557.

Master Plan Update
Airport Master Plans are typically updated every five to ten years depending on the validity of the prior planning analysis and assumptions. This project provides for the update of the existing plan and airport layout plan set. By revisiting the assumptions, projections and development accomplished to date the existing plan can be modified and refocused to better address a continued strategy of development.

8.3 SOURCES OF FUNDING FOR THE CAPITAL IMPROVEMENT PROGRAM

The Master Plan Update CIP will be funded through a combination of FAA AIP entitlement grants, FAA Letter of Intent (LOI), AIP Discretionary Funds, Federal Highway grants, State of Florida grants, Passenger Facility Charges (PFCs), other funds (such as third party funds or rental car customer facility charges), and local funds. **Table 8-1** presents a summary of the projects, ROM costs, and estimated funding sources for the Airport's CIP.

The following sections describe the anticipated funding sources for the Airport's CIP in greater detail.

8.3.1 Federal Grants

One of the main sources for the funding of airport improvements is the Federal AIP. The AIP was authorized by the Airport and Airway Improvement Act of 1982 to assist in the funding of planning, development and noise compatibility projects at public-use airports nationwide in order to meet projections of civil aviation growth. To be eligible for funding assistance under the Airway Improvement Act, an airport must be included in the National Plan of Integrated Airport Systems (NPIAS).

Funding for the AIP comes from the Aviation Trust Fund which was established by the Airport and Airway Revenue Act of 1970. The Aviation Trust Fund derives its revenues through the levying of taxes and fees on aviation fuel and lubricants, airline tickets, international departure passengers, aircraft freight and other components of the aviation community. Funds collected and deposited in the Aviation Trust Fund are distributed to eligible airports throughout the United States and its trust territories through grants administrated by the Federal Aviation Administration under appropriations limits established by the United States Congress.

Insert Table 8-1
Page 1 of 3

Development Costs and Funding by Phase

TABLE 8-1
(Page 1 of 3)

Short Term - 2003 through 2005 (in 2002 Dollars)

Project Description	Total Cost	Maximum Possible Federal Grants	Maximum Possible State Grants	Other [2]	PFC/Local Share
Midfield Terminal [1]	$386,000,000	$46,132,810	$76,316,856	$0	$263,550,334
Other Midfield Terminal [1]	64,000,000	5,011,964	4,709,873	7,500,000	46,778,163
Rehabilitate RW 6/24	30,000,000	22,500,000	3,750,000	0	3,750,000
Rehabilitate Air Cargo Ramp	2,000,000	0	1,000,000	0	1,000,000
General Aviation Hangar	1,000,000	0	0	1,000,000	0
Maintenance Facility Access Road	250,000	0	125,000	0	125,000
Aircraft Maintenance Facility	5,000,000	0	0	5,000,000	0
Land Acquisition - Phase I	20,000,000	15,000,000	2,500,000	0	2,500,000
Storm Water Master Plan	300,000	225,000	37,500	0	37,500
Cargo Road Improvements	2,000,000		1,000,000	0	1,000,000
Midfield Terminal Security Requirements	25,000,000	18,750,000	3,125,000	0	3,125,000
Existing Terminal Security Requirements	5,000,000	0	0	5,000,000	0
Roadway Signage Modifications	500,000	0	250,000	0	250,000
Part 150 Noise Study	250,000	187,500	31,250	0	31,250
TOTAL - SHORT TERM	$541,300,000	$107,619,774	$92,814,229	$18,500,000	$322,115,997

[1] Funding sources for the Midfield Terminal and Other Midfield Terminal projects represent actual funding sources rather than maximum possible funding sources.

[2] Other funding sources consist of rental car Customer Facility Charges (CFCs), third party funding, and Transportation Security Administration (TSA) funding sources.

Note: Funding schedule assumes full federal and state participation for all eligible projects. Any funds not received by LCPA would cause the local share to increase. These increases may cause the project(s) to be delayed or cancelled.

Insert Table 8-1
Page 2 of 3

Development Costs and Funding by Phas

TABLE 8-1
(Page 2 of 3)

Intermediate Term - 2006 through 2010 (in 2002 Dollars

Project Description	Total Cost	Maximum Possible Federal Grants	Maximum Possible State Grants	Other [2]	PFC/Local Share
ARFF Vehicle	$950,000	$712,500	$118,750	$0	$118,750
Existing Terminal Parking Lot Rehabilitation	10,800,000	0	0	0	10,800,000
GIS Purchase and Setup	230,000	0	0	0	230,000
Design/Const. Infrastructure	6,000,000	0	0	6,000,000	0
Hold Bay and By-Pass for RW 6/24	1,500,000	1,125,000	187,500	0	187,500
Repairs to North Ramp	7,500,000	5,625,000	937,500	0	937,500
New Parallel Runway 6R/24L	120,000,000	90,000,000	15,000,000	0	15,000,000
Cross Field Connector Taxiway (Phase 1)	7,000,000	5,250,000	875,000	0	875,000
Relocate ATCT	30,000,000	22,500,000	3,750,000	0	3,750,000
New ARFF Facility	4,500,000	3,375,000	562,500	0	562,500
Existing Terminal Demolition	4,000,000	0	0	0	4,000,000
Midfield Terminal Expansion - Phase 2	32,960,000	12,225,000	10,367,500	0	10,367,500
Rehabilitate Chamberlin Parkway	3,000,000	0	1,500,000	0	1,500,000
Land Acquisition - I-75 Access	35,900,000	13,470,000	11,215,000	0	11,215,000
Rehab Perimeter, Service and Fuel Farm Rds	4,000,000	1,000,000	1,500,000	0	1,500,000
Expand Entrance Rd to 6 lanes and landscape	3,300,000	2,475,000	412,500	0	412,500
Midfield Terminal Surface Parking expansion	3,000,000	0	1,500,000	0	1,500,000
Relocation of High-Voltage Power Lines	18,000,000	13,500,000	2,250,000	0	2,250,000
Develop Freight Multi-Modal Center	7,000,000	0	3,500,000	0	3,500,000
Fuel Farm Improvements	6,000,000	0	0	0	6,000,000
TOTAL - INTERMEDIATE TERM	$305,640,000	$171,257,500	$53,676,250	$6,000,000	$74,706,250

[2] Other funding sources consist of rental car Customer Facility Charges (CFCs), third party funding, and Transportation Security Administration (TSA) funding sources.

Note: Funding schedule assumes full federal and state participation for all eligible projects. Any funds not received by LCPA would cause the local share to increase. These increases may cause the project(s) to be delayed or cancelled.

Insert Table 8-1
Page 3 of 3

Development Costs and Funding by Phase

TABLE 8-1
(Page 3 of 3)

Long Term - 2011 through 2020 (in 2002 Dollars)

Project Description	Total Cost	Maximum Possible Federal Grants	Maximum Possible State Grants	Other [2]	PFC/Local Share
Runway 6/24 CAT II ILS and ALS	$7,000,000	$5,250,000	$875,000	$0	$875,000
General Aviation Multi Use Hangar Ph 2	1,000,000	0	0	1,000,000	-
I-75 Airport Access Improvements	75,000,000	28,125,000	23,437,500	0	23,437,500
Relocate Rental Car Service Facilities	7,500,000	0	0	7,500,000	-
Helipad	350,000	0	175,000	0	175,000
Airport Rotating Beacon	150,000	112,500	18,750	0	18,750
Improvements to Gun Range	720,000	0	0	0	720,000
Connector Cross Field TW to Midfield ramp	2,500,000	1,875,000	312,500	0	312,500
2nd Cross Field Connector TW	7,000,000	5,250,000	875,000	0	875,000
Midfield Terminal - Additional Gates (11-14)	50,000,000	18,750,000	15,625,000	0	15,625,000
Surface Parking and Garage Expansion	13,000,000	0	6,500,000	0	6,500,000
Master Plan Update	500,000	375,000	62,500	0	62,500
TOTAL - LONG TERM	$164,720,000	$59,737,500	$47,881,250	$8,500,000	$48,601,250
TOTAL CIP - ALL PHASES	**$1,011,660,000**	**$338,614,774**	**$194,371,729**	**$33,000,000**	**$445,423,497**

[2] Other funding sources consist of rental car Customer Facility Charges (CFCs), third party funding, and Transportation Security Administration (TSA) funding sources.

Note: Funding schedule assumes full federal and state participation for all eligible projects. Any funds not received by LCPA would cause the local share to increase. These increases may cause the project(s) to be delayed or cancelled.

Allocation of funds from the FAA to the nation's airports is based upon a number of eligibility criteria and tied to a priority system that is used to rank each request and determine which projects will be funded and which will not during any given fiscal year. The priority system employed by the FAA has different criteria for different projects. For instance, planning projects are assessed using specific criteria that are applicable to planning types of projects. Generally, projects that enhance the safety of aircraft operations and those that enhance capacity in the system are higher priority projects. The priority system also ranks projects based on the size of the airport and the number of aircraft and aircraft operations at the facility.

In addition to the use of the priority system for the evaluation of projects, the AIP has identified a number of projects that are either eligible or ineligible for Federal funding assistance. Even if a proposed airport improvement is considered to be eligible for Federal funding the airport must first conform to several requirements. These requirements are listed below (from FAA Order 5100.38A, Airport Improvement Handbook):

- An airport development project must be shown on a current Airport Layout Plan (ALP) which has FAA approval from the standpoint of safety, utility and efficiency of the airport.
- The project sponsorship requirements must have been met.
- The proposed project will be reasonably consistent with the plans for planning agencies for the development of the area in which the airport is located.
- Sufficient funds must be available for the portion of the project not paid for by the Federal government. (i.e. local and/or state matching share.)
- The project will be completed without undue delay.
- The airport location is included in the current version of the National Plan of Integrated Airport Systems (NPIAS).
- The project involves more than $25,000 in AIP funds unless, in the judgement of the responsible airports office it would be in the best interest of the Government to award a lesser grant amount.
- All AIP projects require either a determination that the project is categorically excluded from environmental requirements, an environmental assessment resulting in either a "Finding of No Significant Impact" (FONSI) or preparation of an Environmental Impact Statement (EIS).

Close agency coordination is often required to address more complex issues relative to project eligibility. Additionally, it is reasonable to assume that there may be changes in eligibility criteria over the course of the planning period. Guidance on issues of eligibility is provided in FAA Order 5100.38A, Airport Improvement Program Handbook. The Federal funding share for these projects is generally 90 percent for small commercial and GA airports and 75 percent for medium and large hub commercial airports such as Southwest Florida International Airport. Based on current eligibility criteria, the following projects are generally considered eligible under FAA guidance:

- Ramps (non-exclusive)

- Land acquisition costs and costs incidental to the acquisition, including relocation assistance of displaced persons or businesses, of any property interest necessary for airport purposes. Reimbursement for land previously acquired is also eligible.

- The cost of planning and engineering services needed in connection with an airport development or noise implementation project.

- Site preparation for new facilities and for existing facilities where these facilities must be brought into compliance with applicable airport design standards.

- Construction, alteration and reconstruction of runways and taxiways available for general public use. This includes the surface friction treatments such as grooving, aggregate seal coats or porous friction coats.

- Initial marking of eligible runways, taxiways, helipads and portions of aprons associated with the taxiway system as well as the re-marking of these pavements under certain conditions.

- Airfield signs including destination, intersection, runway distance remaining markers and signs necessary to provide information to pilots.

- Installation, alternation and rehabilitation of airfield lighting including runways, taxiways and aprons conforming to FAA design and engineering standards. Retro-reflective markers are also eligible as long as they provide sufficient and safe guidance.

- Navaids are eligible for funding under the Airport Improvement Program, although most Navaids are funded through FAA's Facilities and Equipment program.

- Construction, reconstruction and alteration of airport roads and related facilities are eligible to varying degrees depending upon their designated use.

- Portions of terminal facilities devoted to use by the general public.

- Perimeter fencing and fencing between the airport property and public areas such as roads to discourage the access of wildlife on runways and taxiways.

- Removal and relocation of objects in the Runway Protection Zone or removal, lowering or relocation of an object constituting a hazard to air navigation.

- Environmental mitigation, if it is a condition of approval of an environmental action associated with an airport development project.

Projects which are specifically referenced (Appendix 2, FAA Order 5100.38A) as non-eligible for FAA AIP funding assistance include the following:

- Fuel farms.
- Emergency Planning.
- Landscaping, unless an incidental part of an eligible project.
- Communication systems (except that which is used for safety/security).
- Training facilities except those which are included in an otherwise eligible project as an integral part of that project and which are of a relatively minor or incidental cost, i.e., less than 10 percent of the project cost. An example of exception would be would be a training room included as part of a new ARFF facility.
- Roads, whatever length, used exclusively for the purpose of connecting public parking facilities to an access road.
- Roads serving principally industrial or non-aviation related areas or facilities.
- General aviation terminals.
- Airport surface detection systems (ASDE).
- Maintenance/service facilities except for those allowed to service required ARFF equipment.
- Projects for the determination of latitude, longitude, and elevation except as an incidental part of master planning.
- Development of new flight procedures or demonstration programs for noise compatibility purposes.

The availability of AIP funding for projects at the Airport will depend directly on the priority and the funding availability for medium hub airports. The Authority expects to use a combination of discretionary, entitlement, and LOI grants for eligible Airport projects. Since 1998, the Airport has received approximately $8,288,339 million in FAA AIP entitlement funds and $9,830,000 million in AIP discretionary funds. In addition, on November 10, 1998, the FAA issued a 10-year LOI to fund $35 million of the Midfield Terminal Project, of which the Authority has received $12 million.

In addition to funding available through the FAA AIP, federal grants are also assumed to be available from the Federal Highway Administration (FHWA) for the acquisition of property and construction associated with various I-75 access improvements. FHWA grants are estimated to fund approximately 37.5 percent of the I-75 land acquisition and construction costs.

As shown in **Table 8-1**, approximately $339 million (34 percent) of the Airport's CIP is anticipated to be eligible for Federal funding. It is important to note that the estimated funding shown in **Table 8-1** assumes full federal participation for all eligible projects. Any funds not received by the Authority would cause the local share to increase. These increases may cause the project(s) to be delayed or cancelled.

8.3.2 State Funds

Similar to the AIP on the federal level, the FDOT Aviation Grant Program is funded from the state Transportation Trust Fund. The state Transportation Trust Fund consists, in part, of funds collected through the State's aviation fuel tax. The FDOT Aviation Office administers the aviation grant program to help provide a safe, cost-effective, and efficient statewide aviation system. The FDOT grant program supplements the AIP, providing a portion of the sponsors matching share when federal funding is available and 50 percent of the overall project cost when it is not. FDOT grant funds help airports build T-hangars, build and maintain runways and taxiways, eliminate airport hazards, protect the air space, and build terminals and other facilities.

FDOT participation in aviation projects can be summarized as follows

Commercial Service Airports – FDOT provides ½ of the local share of commercial service airport project costs when federal funding is available. In other words, the FDOT provides 12.5 percent of the project costs when the FAA funds 75 percent. If there is no FAA funding for a project, FDOT provides 50 percent of the eligible project costs.

Economic Development – Airport economic development provides 50 percent of airport development funds to build on-airport revenue-producing capital improvements, like industrial/commercial parks.

Airport Loans – Airport loans are used to help airports acquire land in the near term and allows time to apply for FAA funding. FDOT provides interest free loans for 75 percent of the cost of airport land purchases for both commercial service and general aviation airports. These loans are repaid at the normal FDOT funding ratio when FAA funds become available, or in 10 years, whichever comes first.

All publicly owned Florida airports that are open for public use are eligible for state funding. In addition, privately owned airports that are classified with "reliever" status are eligible for FAA funding. Florida law generally allows the FDOT to fund any capital project on airport property and any service that leads to capital projects, such as planning and design services. The only off-airport projects allowed are the purchase of mitigation lands, the purchase of avigation easements, and the access projects for intercontinental airports. Airport capital equipment is eligible, except equipment closely related to the day-to-day operations (mowing machines, weed eaters, airport vehicles, etc.). In general, operational costs such as maintenance services, equipment, and supplies are not eligible for aviation grants. To be eligible for FDOT grants, each airport project must be consistent with the airport's role as defined in the Florida Aviation System Plan (FASP), and capital projects must be part of an FDOT approved airport master plan or airport layout plan. Additionally, for projects to be eligible for state funding, they must also be included in the Joint Automated Capital Improvement Plan (JACIP). This plan accepts requests from airports for project funding along with each airport's priority for individual projects. The JACIP does not represent a commitment by the FDOT or FAA to fund a particular project or projects. The Plan is intended to coordinate state and federal funding efforts and provide a realistic approach based on the best and most current information available of projects at Florida grant eligible airports.

As with the federal grant program the state program commits funds through its district offices to eligible airport projects according to a project priority system. The following is a summary of this system presented in order of priority:

- **Federally Funded Projects**. The State's share will be up to one-half of the non-Federal share.

- **Non-federally Funded Airside Projects** – Priority Order
  - Safety or security of the travelling public.
  - Preserve existing airfield infrastructure.
  - Increase capacity of Florida's airports.
  - Projects of significant importance that cannot be fully funded by the Federal government and can be funded per the provisions of F.S. Section 332.007(6)(a) 1 and 2, if State funds are available.

- **Non-Federally Funded** – Other
  - Airport planning projects.
  - Land acquisition for airfield infrastructure.
  - Airport terminal projects.
  - Airport access projects, if Department intermodal funds are not available.
  - Navigational Aids (Navaids) projects under certain criteria.

- Economic Development Projects

Currently, approximately $81 million in funding is committed and under contract through Joint Participation Agreements (JPA) with the State of Florida for the design and construction of the Midfield Terminal Project and access roads. Under the terms of the grant, proceeds are distributed as reimbursement to the Authority for funds actually expended by the Authority.

As shown in **Table 8-1**, approximately $194 million (19 percent) of the Airport's CIP is anticipated to be eligible for FDOT funding. It is important to note that the estimated funding shown in **Table 8-1** assumes full FDOT participation for all eligible projects. Any funds not received by the Authority would cause the local share to increase, and may cause the project(s) to be delayed or cancelled.

8.3.3 Other Funds

Other funding sources for the Airport's CIP consist of the following:

- Rental car customer facility charges.
- Transportation Security Administration.
- Third-Party (private) sources.

Rental Car Customer Facility Charges (CFCs) - On October 1, 2002, the Authority began collecting a rental car CFC at the Airport to pay for certain rental car facilities being constructed as part of the new Midfield Terminal project. This CFC is assessed at $1.00 per transaction-day for rental car patrons at the Airport. The CFC is charged and

collected by the various rental car companies operating at the Airport, and then remitted to the Airport on a monthly basis.

It is estimated that the Airport will collect approximately $2.8 million to $3.5 million per year in rental car CFCs to support the construction of rental car facilities. As such, future rental car projects included in the Airport's CIP are assumed to be funded through rental car CFCs.

Transportation Security Administration (TSA) – At present, there is not a funding program in place through the TSA to fund security initiatives at commercial service airports. For this analysis however, it was assumed that funding would be made available through the TSA and/or FAA to fund the existing terminal security requirements.

Third-Party (Private) Sources – For certain projects that would support the development of private tenants on the Airport such as fixed base operators, hangar tenants, or other non-aviation commercial tenants, third-party, or private funding sources were assumed. Tenants typically invest directly in the construction of facilities such as hangars. This approach limits sponsor revenue to the nominal rents for the underlying land, but avoids the need for the sponsor to raise funds for hangar or other private development.

As shown in **Table 8-1**, other funds for the Airport are estimated to fund approximately $33 million of the total CIP costs.

8.3.4 Local Funds

The balance of project costs (i.e., after consideration of grants and other funding sources) must be funded through the local sponsor. As such, it is anticipated that local sources will be a primary component for the funding of the future development program. Local funding of airport improvements can come from several sources, including:

- Passenger Facility Charges (PFCs)
- Issuance of general airport revenue bonds (GARBs)
- Airport earnings and reserves

As shown in **Table 8-1**, approximately $445 million in project costs are estimated to be funded by local and PFC funds. Of this total, however, approximately $310 million has already been committed toward the development of the Midfield Terminal project (primarily through the issuance of the Series 2000 Bonds). The remaining $135 million in local share would be required to be funded from PFCs, GARBs, or Airport reserves.

In accordance with the Aviation Safety and Capacity Expansion Act of 1990, as amended by the Aviation Investment and Reform Act for the 21st Century, the Authority is currently imposing a $3.00 PFC at the Airport. PFCs may be used by the Airport to fund the local share of eligible project costs (PFC eligibility for projects generally follows the same general guidelines for determining AIP grant eligibility outlined earlier). In 1998, the Authority issued PFC-backed debt (the Series 1998 Bonds), which was used to fund approximately $46.0 million for the acquisition of land for the development of the Midfield Terminal Project and environmental

mitigation. As such, PFC collections are currently being used to pay the outstanding debt service on the Series 1998 Bonds. In addition, the Authority is currently in the process of submitting an application to increase the PFC collection level to $4.50 per enplaned passenger. Excess PFC collections, after payment of debt service on the Series 1998 Bonds, will be used to fund a portion of the Midfield Terminal project during construction and to pay a portion of debt service on the Series 2000 Bonds which were issued to finance the construction of the new Midfield Terminal. The charge effective date for the $4.50 PFC level is estimated to be toward the end of FY 2003. Beyond the payment of debt service on the Series 1998 and Series 2000 Bonds, it is estimated that an additional $78 million in PFC funds will also be available through the year 2020 to pay for the local share of other project costs.

As established by the Airport's existing Airline Agreement, the Airport is provided with a Discretionary Fund that it can use towards capital projects at its sole discretion. The Discretionary Fund is funded from any remaining airport earnings after the payment of operating expenses, outstanding debt service, funding of other reserves, and payment of Airline Rebates. As of the end of September 2002, the Discretionary Fund was provided with a balance of approximately $1.0 million that could be used to fund CIP projects. Any additional local funding, beyond what can be funded with PFCs or from the Airport's Discretionary Fund, would require the issuance of GARBs.

8.4 AIRPORT REVENUE SOURCES

As a result of the Airport's commercial airline service, the Airport is provided with a diverse revenue stream, from a number of different sources. These revenue sources include revenues from the airlines (landing fees, terminal rent, and cargo fees), concessions (food & beverage and retail merchandise), parking, rental car contracts, miscellaneous and cargo landing fees, general aviation, cargo, and other miscellaneous revenues. In FY 2002, the Airport's revenue sources generated a total of approximately $41 million in revenues.

These major revenue sources are described in greater detail in the following sections.

8.4.1 Airline Revenues

The majority of the revenues generated at the airport is comprised of terminal rentals, cargo building, and landing fees payable by the airlines. In general, the items included in the total requirement for the terminal rental rate, cargo building use fee, and landing fee include the following components:

- **Investment Service** - Includes the portion of Investment Service allocated to the specific rate-setting area.
- **Operating Expenses** - Includes the Operating Expenses (direct and allocated indirect) attributable to the specific rate-setting area.
- **R&R Expenses** - Includes amounts budgeted for R&R Expenses (i.e., unanticipated or emergency replacements and repairs) within the specific rate-setting area.

- **Capital Improvement Expenses** - Includes amounts budgeted for Capital Improvement Expenses within the specific rate-setting area.

Terminal rental rates at the airport are established based on a "residual" formula, which results in the airlines covering the net remaining requirement attributable to the terminal cost center. The net requirement for the Terminal Building is equal to the sum of the previously described components for the Terminal, reduced by all Nonairline Revenue derived from the Terminal. The average Terminal rental rate is derived by dividing the net requirement by the Airline and Authority leased square feet in the Terminal. In FY 2002, the terminal rental rate was $38.84 per square foot, which generated approximately $13.3 million in terminal rental revenue.

A residual calculation is also used to establish the cargo building use fee at the Airport. In FY 2002, the cargo building use fee was $10.44 per square foot, which generated approximately $112,000 in cargo building revenue.

Landing fees at the Airport are established based on a residual Airport landing fee calculation. The landing fee is calculated by combining the items described above for the entire Airport in order to determine the Airport's total requirement. The total requirement is then reduced by all other Airport Revenues (i.e., terminal rental revenue, cargo building revenue, fuel system revenue, total nonairline revenues, and investment income). The landing fee is then calculated by dividing the net requirement by passenger Airline landed weight per thousand pounds. In FY 2002, the cargo building use fee was $0.894 per thousand pounds landed weight, which generated approximately $2.5 million in landing fee revenue.

8.4.2 Rental Car Revenues

Rental car fees are privilege fees assessed to the rental car operators for the right to provide services to users of the airport. There are currently six on-Airport and two off-Airport rental car operators at the Airport. The on-Airport rental car operators are assessed a minimum guarantee of 80 percent of the average of the prior two years' fees or 10 percent of gross revenues, whichever is greater, while off-Airport operators pay the Authority eight percent of gross receipts. In addition, the off-Airport rental car operators are assessed a monthly courtesy vehicle fee of between $15.00 and $50.00 per vehicle, depending on its size. In FY 2002, rental car revenues at the Airport were approximately $10.1 million. With the opening of the new Midfield Terminal, the rental car operators will be relocated to the new facility, which will provide:

Airport include the development of the following:

- 1,100 ready/return spaces located within the first level of the parking garage
- 1,600 uncovered ready/return spaces
- Exterior rental car customer service building
- Quick Turn Around (QTA) facility

The capital costs for the new Midfield rental car facilities are anticipated to be recovered through a combination of facility rentals and CFCs (as discussed previously). In general, it is anticipated that capital costs associated with the Customer Service Building will be recovered through the form of a space rental rate, while the capital costs for the ready/return spaces and QTA facility will be recovered through CFC revenues. Furthermore, space rental rates are expected be

assessed to recover: 1) annual operating expenses associated with each rental car facility; and 2) a $0.20 per square foot ground rental.

8.4.3 Parking Revenues

The parking lot at the Airport is operated by APCOA, a parking management company, under a management contract. On-Airport parking fees are generated by the hourly short-term, daily long-term, and economy parking lots. Existing parking rates at the Airport, which were changed on December 18th, 2002 are $1.00 every 20 minutes up to a maximum of $18.00 per day for short-term, $10.00 per day for long-term, and $6.00 per day for the economy lot. In FY 2002, the parking lots at the Airport generated approximately $6.9 million in revenue. As part of the Midfield Terminal Project, 9,500 public surface parking spaces, 1,300 surface employee spaces, and a three-story, 3,800 stall, parking garage will be constructed. Future parking revenues should be expected to increase based on increased parking rates as well as the re-capturing of some off-Airport parking patrons.

8.4.4 Terminal Concession Revenues

Terminal concession revenues are generated from a number of terminal tenants including restaurant, news and gift, advertising, pay phones, and others. Future revenue from these sources is expected to increase due to the implementation of a new concessions program in the development of the new Midfield Terminal complex. These terminal concession revenue sources are discussed below:

Restaurant
The restaurant operator in the terminal is Host International. In general, Host International pays the Airport the greater of 85 percent of the previous year's fees or a percentage of gross revenues, which range from 12 to 14 percent of gross revenues depending on the type of merchandise. In FY 2002, restaurant revenues were approximately $1.2 million.

News and Gift
News and gift operators at the Airport consist of Paradies and Star Gifts. The current leases with these news and gift operators provides for a base rent plus the greater of its percentage of gross sales or a per enplaned passenger fee. In FY 2002, news and gift revenues were approximately $1.3 million.

Advertising
Interspace Airport Advertising, Inc. operates the advertising concession at the Airport. Interspace is responsible for installing and maintaining the advertising displays located in the public areas of the terminal. Under the current agreement, Interspace pays the Airport between 48 percent and 58 percent of gross revenue depending on their reported gross receipts. In FY 2002, advertising revenues were approximately $275,000.

Commercial Space Revenues
Commercial space rental revenue at the Airport is derived from space rent charged to the rental car operators, concessionaires, and other nonairline terminal tenants. In FY 2002, terminal space rent from commercial operators generated approximately $611,000.

Pay Phones
Pay phones at the Airport are provided by Sprint. Under its lease, Sprint is required to pay the Airport 38 percent of gross revenues or $0.046 per passenger, whichever is greater. Pay phone revenues were approximately $235,000 in FY 2002.

Ground Transportation Revenues

Ground transportation at the Airport is currently provided by a number of operators including, limousine, charter bus, and various commercial courtesy vehicle operators. In general, limousine operators are assessed a $150 per month vehicle fee plus a fee of $1.00 per departure; charter bus operators are charged a fee of $20.00 per trip; and commercial courtesy vehicles are charged a monthly fee of $15 to $50 per vehicle fee based on the size and type of vehicle plus a fee of $1.00 per departure. Combined, ground transportation revenues for the various operators at the Airport were approximately $273,000 in FY 2002.

Land Rental Revenues

Land rental revenues consist of revenues generated from ground rental fees assessed to various tenants located on the Airport such as the Airport's FBO, cargo tenants, etc. These revenues are generally charged to tenants based on a per square foot basis for the land contained within their leasehold for which their facilities occupy. In FY 2002, land rental revenues from these various Airport tenants was approximately $400,000. Future development opportunities associated with the infrastructure improvements proposed along Daniels Parkway, as well as the construction of future general aviation hangars, aircraft maintenance facilities, and a freight multi-modal center should present opportunities for increasing land rental revenues in the future.

Other

Other revenues include miscellaneous revenues for use of airport facilities, etc. Revenues from miscellaneous sources were approximately $793,000 in FY 2002.

8.5 OPERATING EXPENSES

Operating Expenses at the Airport are assigned to various organizations including Executive, Administration, Development/Facilities, Operations/Safety, and County Services. Within each organization, Operating Expenses are classified by various expense categories, including salaries and fringe, materials and supplies, contract maintenance, insurance, utilities, other, and capital outlay. These expenses for each organization are then allocated to the various Airport cost centers for rate-setting purposes. Historically, the Authority's Operating Expenses for the Airport increased from $15.6 million in FY 1994 to $25.6 million in FY 2002, representing an annual compounded growth rate of 6.2 percent.

Details of the Operating Expense projections by organization are described below.

8.5.1 Executive

Operating Expenses for the Executive organization include expenses associated with the Port Board, Director, and Legal Services departments. In FY 2002, operating expenses for the Executive organization were approximately $518,000.

8.5.2 Administration

The Administration organization includes operating expenses associated with Aviation Marketing, Finance and Accounting, General Services, Human Resources, Property Management, and Public Relations departments. In FY 2002, operating expenses for the Administrative organization were approximately $5.7 million.

8.5.3 Development

The Development organization includes Operating Expenses associated with the Development, Construction Management, Planning, Government Affairs, and Engineering departments. In FY 2002, operating expenses for the Development organization were approximately $2.7 million.

8.5.4 Aviation Services

The Aviation Services organization includes the Aircraft Rescue, Facilities, Operations, Police, and Police Communications departments. In FY 2002, operating expenses for the Aviation Services organization were approximately $24.9 million.

8.5.5 County Services

County Services includes Operating Expenses associated with services provided by Lee County, including legal counsel, annual audit, and bill payment services. In FY 2002, operating expenses for County Services were approximately $200,000.