



Lehigh Valley International Airport
Queen City Airport
Braden Airpark

2019

OPERATING AND CAPITAL BUDGETS

APPROVED NOVEMBER 27, 2018



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STRATEGIC FRAMEWORK

Vision: To be the best regional airport system in North America.

Mission: As a customer-centric organization, we will operate our facilities safely and efficiently; grow and develop in an innovative, agile and competitive manner; and work closely with our stakeholders and partners to make our region the community of choice for business and residents.

Strategic Focus Areas	Core Values	Core Competencies
Air Service	Integrity	Agility
Financial Sustainability	Respect	Automation
Customer Experience	Trust	Collaboration
Facilities, Equipment and Infrastructure	Teamwork	Diversification
Operational Safety and Security	Service	Innovation
Organization Governance, Culture and People	Humility	Communications

Vision – The desired role or position of the organization at some future point.

Mission – The mission of an organization describes its purpose or reason for existence.

Strategic Focus Areas – Fundamental elements or program areas vital for achieving long-term vision.

Core Values – Framework for day-to-day decision making / Guides our actions and behaviors.

Core Competencies – Proficiencies that enable an organization to deliver unique value to customers and stakeholders.

Performance Measures – Criteria used for the measurement of the results (outcomes) and efficiency of processes, services or programs.

Consultant's Insight

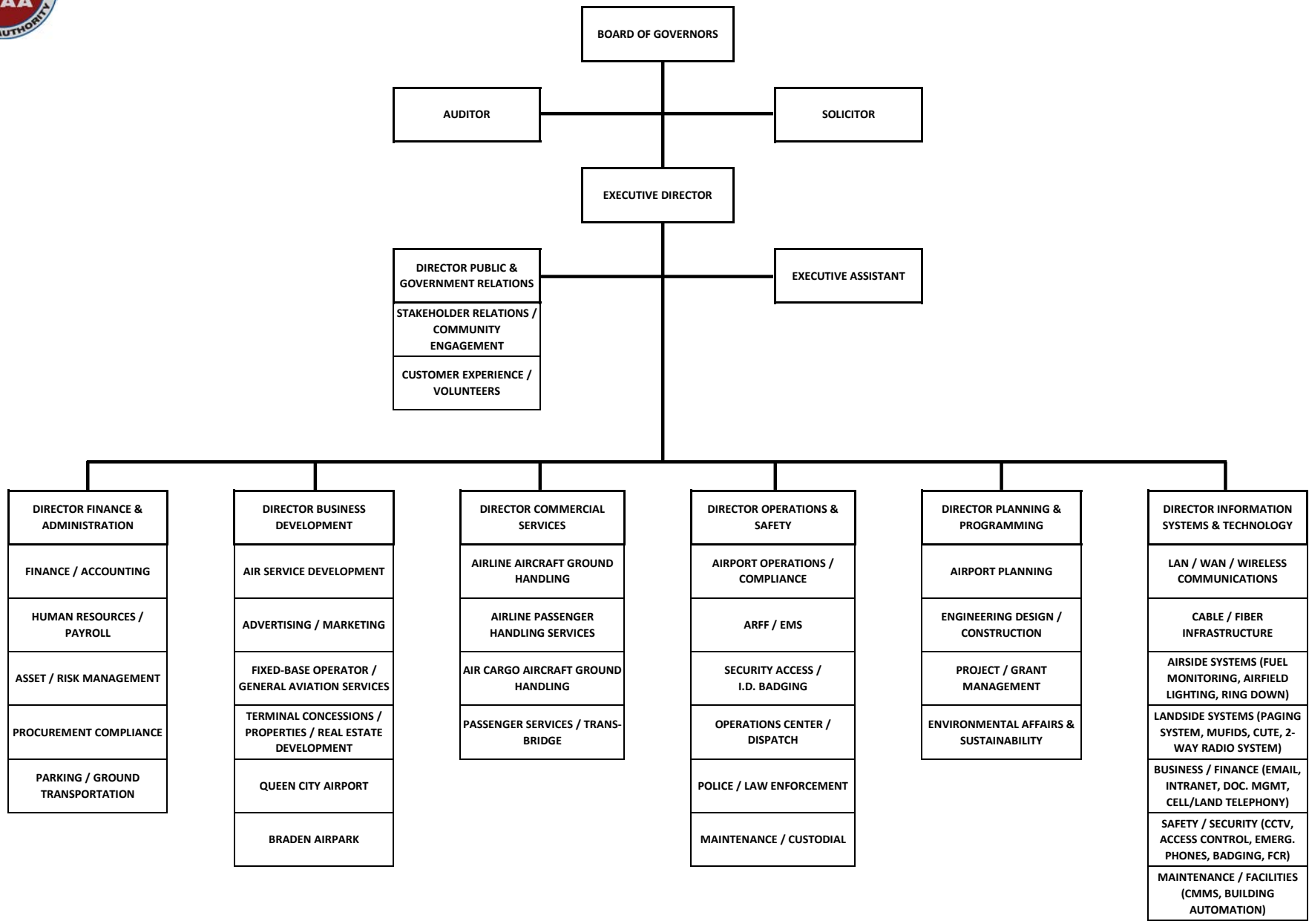
Unison Consulting (Unison) has been working for the Lehigh-Northampton Airport Authority (the Authority) for four years preparing the airline rates and charges documents for the Lehigh Valley Airport System (the Airport). During this time, the financial health of the Airport has greatly improved. In 2013, the Authority contributed to the Airport's general fund of approximately \$880,000 compared to 2019 where the contribution, before capital expenditures, is budgeted to exceed \$1.9 million. The improved financial position is the result of the Authority's diligence in implementing new initiatives to increase revenues, improve customer convenience, and increase airline efficiencies. These initiatives include, but are not limited to, 1) Increased cargo activity which has lowered the cost of doing business at the Airport for passenger carriers and increased ground handling revenues, 2) Facilitated the growth in new passenger service, 3) Paid off debt through the sale of surplus property, and 4) Improved financial position through long term refinancing. The actions taken by the Authority have benefited all involved including the Airport, airlines, and passengers.

This year the Authority's budget anticipates an increase in revenues from parking, rental cars, ground handling and other non-airline categories. The increases are expected primarily due to the projected growth in passenger activity during 2019. Ground handling services continue to be a major revenue source for the Authority and is expected to grow to \$6.1 million in 2019. These revenues allow Airport management to have the necessary funding to complete projects that the airlines may not want to fund through rates and charges. Primarily these funds are used to finance a portion of the capital improvements at the Airport with some financed with debt. In 2018, the Authority issued bonds to fund the construction of a new hangar, Hangar 11, which is expected to be completed during the last quarter of 2019. Once completed, Airport management expects Hangar 11 to produce additional hangar revenues for the Authority.

The Airport's financial and cost recovery function is structured into multiple cost centers. There are nonairline cost centers and airline cost centers. The airline cost centers include those areas of the Airport that are used to support the operations of the airline such as the Airfield and the Terminal. The Airfield cost center captures all of the costs the Airport incurs to operate the airfield and those costs are paid through the landing fees, which are charged based on the airline's landed weight. The Terminal cost center captures all of the costs the Airport incurs to operate the Terminal and those costs are paid through the terminal rental fees. In addition, the airlines pay Apron fees, security fees, and passenger support fees. Together the airline fees determine the airline cost per enplaned passenger (CPE). The CPE is a measure used to compare airports across the country. The Airport's 2019 budgeted CPE is \$15.35, which is approximately 9.4 percent lower than the 2018 budgeted fee.

At the request of the Authority, Unison performed a benchmarking study that compared the CPE at the Airport to CPE at similar sized airports in the same region. The most current information that could be found for the comparable airports was for the year 2017. The CPEs ranged from \$1.95 to \$17.95 in 2017. The Airport's 2019 CPE is estimated to be \$15.35. The Airport's CPE is at the higher end of the range, when compared to information that is two years older. It is more likely that the Airport's CPE 2019 CPE will be more toward the middle of the range when the peer airports information is updated.

Given the success the Airport has had over the last 4 years and management's initiatives outlined in the 2019 Budget, Unison believes the Airport will continue to improve its financial position and continue its effort to reduce airline's cost to operate at the Airport.



Lehigh Northampton Airport Authority
Statement of Income -- LVI, Queen City & Braden Airports
Budget 2019

	2019 Budget A	2018 Projection B	Budget Var to 18 Proj C	Budget Var % to 18 Proj D (C/B)	2018 Budget E	Variance to Budget F	Variance % to Budget G (F/E)
LVIA OPERATING REVENUES:							
Airfield	\$5,975,727	\$5,358,531	\$617,196	11.52%	\$5,871,473	\$104,254	1.78%
Terminal	6,217,792	6,129,272	88,520	1.44%	5,818,234	399,558	6.87%
Parking and Roadways	5,343,191	4,994,470	348,721	6.98%	4,638,810	704,381	15.18%
Aviation Leased Areas	2,972,617	2,624,845	347,772	13.25%	2,526,436	446,181	17.66%
Non-Aviation Leased Areas	700,948	759,672	(58,724)	(7.73%)	747,850	(46,902)	(6.27%)
Ground Handling	6,166,187	6,068,029	98,158	1.62%	6,062,833	103,354	1.70%
Aviation Services	4,710,107	4,548,148	161,959	3.56%	4,230,379	479,728	11.34%
Advertising	291,983	292,076	(93)	(0.03%)	302,369	(10,386)	(3.43%)
Total Revenues	\$32,378,552	\$30,775,043	\$1,603,509	5.21%	\$30,198,384	\$2,180,168	7.22%
COST OF SALES	\$3,678,888	\$3,255,334	\$423,554	13.01%	\$3,395,174	\$283,714	8.36%
Net Revenue	\$28,699,664	\$27,519,709	\$1,179,955	4.29%	\$26,803,210	\$1,896,454	7.08%
LVIA OPERATING EXPENSES:							
Airfield	\$4,891,450	\$4,161,757	\$729,693	17.53%	\$4,495,642	\$395,808	8.80%
Terminal	4,964,375	4,621,847	342,528	7.41%	4,973,198	(8,823)	(0.18%)
Parking and Roadways	1,390,097	1,314,986	75,111	5.71%	1,274,655	115,442	9.06%
Aviation Leased Areas	1,040,854	934,015	106,839	11.44%	960,613	80,241	8.35%
Non-Aviation Leased Areas	327,377	368,219	(40,842)	(11.09%)	231,864	95,513	41.19%
Ground Handling	5,527,796	4,843,059	684,737	14.14%	5,164,915	362,881	7.03%
Aviation Services	918,316	845,849	72,467	8.57%	851,486	66,830	7.85%
Advertising	77,476	95,035	(17,559)	(18.48%)	85,985	(8,509)	(9.90%)
Administration	3,535,619	2,950,597	585,022	19.83%	3,525,632	9,987	0.28%
Total Expenses	\$22,673,360	\$20,135,364	\$2,537,996	12.60%	\$21,563,990	\$1,109,370	5.14%
LVIA Income (Loss) From Operations	\$6,026,304	\$7,384,345	(\$1,358,041)	(18.39%)	\$5,239,220	\$787,084	15.02%
OTHER AIRPORTS							
Queen City Income (Loss)	\$55,879	\$64,071	(\$8,192)	(12.79%)	\$111,598	(\$55,719)	(49.93%)
Braden Airpark Income (Loss)	(181,573)	(153,167)	(28,406)	18.55%	(106,657)	(74,916)	70.24%
Events (Loss)	(41,500)	(33,351)	(8,149)	24.43%	(62,500)	21,000	(33.60%)
Air Store (Loss)	0	679	(679)	(100.00%)	0	0	0.00%
Other Airports Inc (Loss) From Operations	(\$167,194)	(\$121,768)	(\$45,426)	37.31%	(\$57,559)	(\$109,635)	190.47%
All Airports Inc (Loss) From Operations	\$5,859,110	\$7,262,577	(\$1,403,467)	(19.32%)	\$5,181,661	\$677,449	13.07%
NON OPERATING INCOME (EXPENSE):							
Net Interest	\$100,000	\$180,610	(\$80,610)	(44.63%)	(\$2,000)	\$102,000	(5100.00%)
Miscellaneous	30,000	446,087	(416,087)	(93.27%)	30,000	0	0.00%
Total Non Operating Income (Expense)	\$130,000	\$626,697	(\$496,697)	(79.26%)	\$28,000	\$102,000	364.29%
Net Income (Loss) Before Depreciation	\$5,989,110	\$7,889,274	(\$1,900,164)	(24.09%)	\$5,209,661	\$779,449	14.96%
Depreciation (Net of Grants)	\$5,096,432	\$4,966,623	\$129,809	2.61%	\$4,967,485	\$128,947	2.60%
LNA Net Income (Loss)	\$892,678	\$2,922,651	(\$2,029,973)	(69.46%)	\$242,176	\$650,502	268.61%

LEHIGH-NORTHAMPTON AIRPORT AUTHORITY

Lehigh Valley International Airport

2019 BUDGET SUMMARY

The 2019 Budgeted Net Income before depreciation is \$5,989,110 which is (\$1,900,164) or (24%) lower than the 2018 projection. The increased infrastructure has added \$129,809 in depreciation versus the 2018 projection. Our debt service ratio of 1.58 meets our required ratio of 1.57.

2019 OPERATING REVENUE BUDGET

Total 2019 Operating Revenue Budget (including Braden & Queen City) of \$33,679,399 is \$1,679,908 or 5% higher than the 2018 projection. The 2019 Airline Rates and Charges are included in the budget packet. Please note the Airline Rates and Charges revenue vary slightly from Lehigh-Northampton Airport Authority's (LNAA) budgeted revenue due to the differences in cost center rollups. Details follow for each cost center.

AIRFIELD

LANDING FEES

The calculated 2019 landing fee is \$4.72, which is \$.02 lower than the 2018 budgeted landing fee. Landed weights include daily commercial and ground handling flights. Please refer to the graph of Ground Handling service flights per day. The calculation of our landing fee is included in the budget package under Appendix A, Table 3.

APRON PARKING FEES

The apron parking requirement for 2019 is \$.53 per thousand pounds of landed weight for passenger carriers which is the same as the 2018 budgeted apron fee. The cargo carrier's apron rate is \$.77 per thousand pounds of landed weight. The increase for the cargo carrier's rate is due to the additional amortization of the cargo apron. Apron fees are determined based on a percentage of airfield direct and indirect operating expenses. The calculation of our apron fee is included in the budget packet under Appendix A, Table 4.

TERMINAL

AIRLINE RENTS:

The 2019 main terminal rate is increasing to \$82.63/sq.ft which is \$2.79 or 3.5% higher than the current rate. The Wiley Concourse square footage rate is increasing to \$26.19 which is a \$.88 or 3.5% higher than the current rate. The rate per turn will be \$1,214.28/per turn which is a minimal increase to the 2018 turn rate. The terminal increase is attributed to infrastructure improvements to enhance the passenger experience. The calculations of the terminal rental rate and the per turn fee are included in the budget packet under Appendix A, Table 5 and Table 6.

CONCESSION FEES

Rental car and restaurant/newsstand concession fee revenue reflects a 2% increase to the 2018 projection. Other concession revenue reflects the second full year of Trans-Bridge bus revenue associated with the Multi-Modal project.

PARKING AND ROADWAYS

PARKING LOT FEES

2019 parking revenue reflects a 7% increase to the 2018 projection. The increase is based on the latest estimate of enplanements, passenger carrier flights, rental car activity and Uber/Lyft permit charges.

AVIATION AND NON-AVIATION LEASED AREAS

HANGAR RENTS, BUILDINGS, LAND RENTS

Overall aviation and building rents were budgeted at 8% higher than the 2018 projection. This increase is primarily based on full occupancy, the additional revenue for Hangar 11 and the associated CPI increase in the current contracts. The reduction in building rents in the Non-Aviation area is due to the projected selling of the previously leased land rights.

GROUND HANDLING

AIRCRAFT HANDLING

The budgeted Ground Handling revenue will increase by 2% from the 2018 projection based on the projected increase in passenger ground handling activity. Cargo activity is projected to be flat versus the 2018 projection.

AVIATION SERVICES GROUP

FUEL SALES

The 2019 gross fuel sales budget reflect an increase in both activity and fuel prices. The 2019 budget is 4% higher than the 2018 projection. The higher expected activity in 2019 is projected in fuel sales and into-plane fees.

ADVERTISING

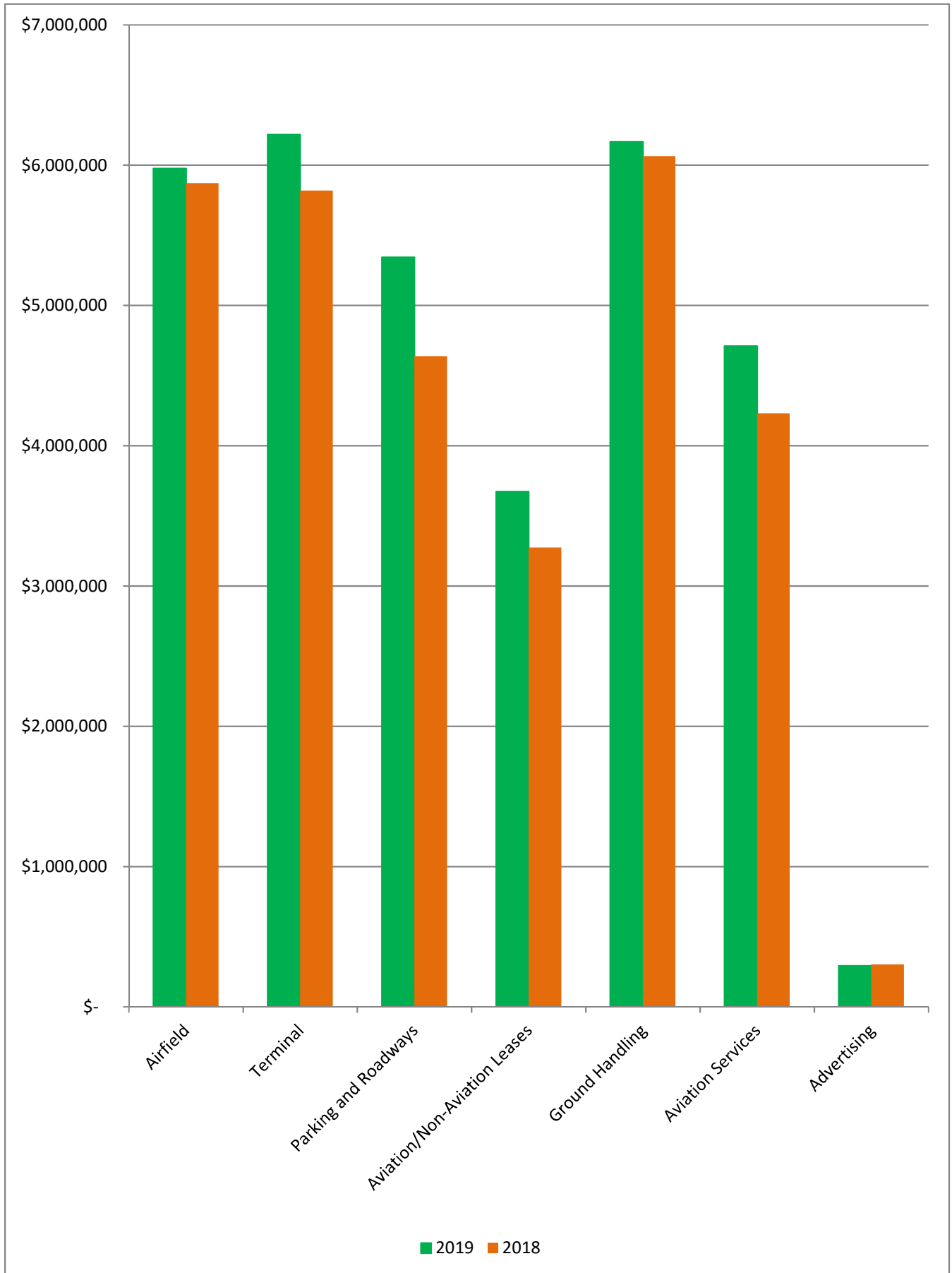
ADVERTISING

In 2018, the Advertising department experienced some staff turnover and a change in priorities. In early 2019 LNAA expects lower returns; however later in the year we expect advertising revenues to grow.

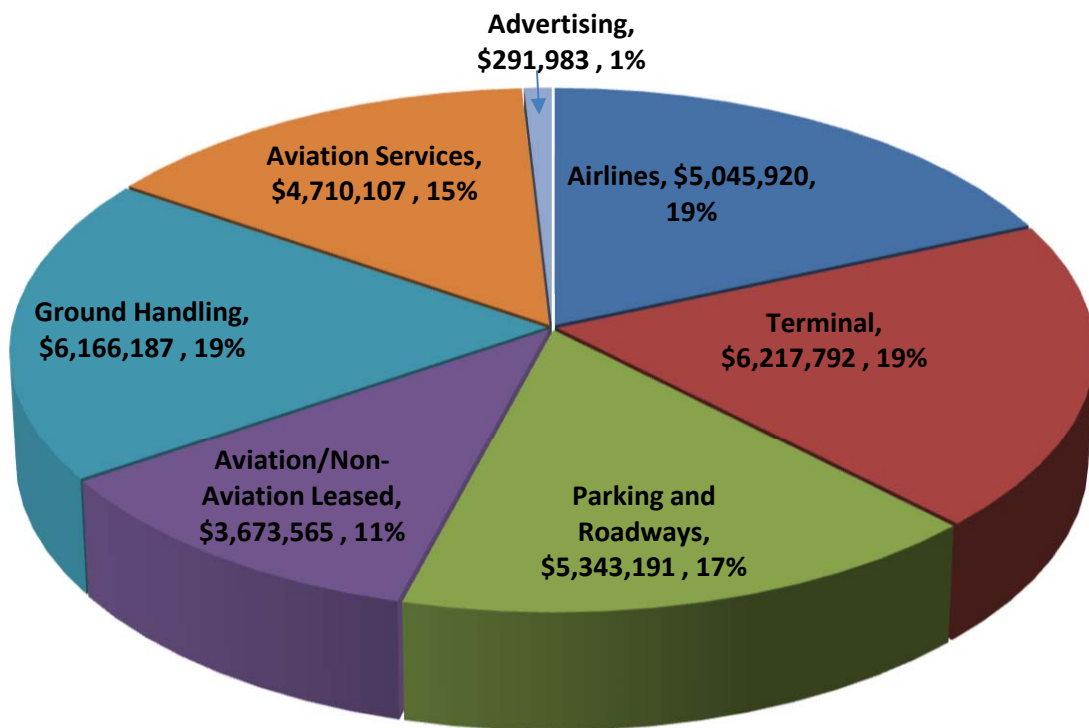
Lehigh Northampton Airport Authority
Statement of Operating Revenues - LVIA
2019 Budget

	2019 Budget A	2018 Projection B	Budget Var to 18 Proj C	Budget Var % to 18 Proj D (C/B)	2018 Budget E	Variance to Budget F	Variance % to Budget G (F/E)
OPERATING REVENUES:							
Airfield:							
Landing Fees	\$5,253,147	\$4,703,059	\$550,088	11.70%	\$5,300,854	(\$47,707)	(0.90%)
Apron Parking Fees	722,579	655,472	67,107	10.24%	570,619	151,960	26.63%
Total Airfield Fees	\$5,975,726	\$5,358,531	\$617,195	11.52%	\$5,871,473	\$104,253	1.78%
Terminal:							
Rent - Airlines	\$3,799,407	\$3,731,135	\$68,272	1.83%	\$3,434,632	\$364,775	10.62%
Rent - Concession & Other	573,729	581,724	(7,995)	(1.37%)	737,486	(163,757)	(22.20%)
Concession Fee - Rental Cars	1,480,622	1,453,639	26,983	1.86%	1,362,116	118,506	8.70%
Concession Fee - Restaurant/Newsstand	259,375	245,944	13,431	5.46%	220,000	39,375	17.90%
Concession Fee - Other	72,120	80,325	(8,205)	(10.21%)	34,000	38,120	112.12%
Utility Fees & Other	32,540	36,506	(3,966)	(10.86%)	30,000	2,540	8.47%
Total Terminal Rents	\$6,217,793	\$6,129,273	\$88,520	1.44%	\$5,818,234	\$399,559	6.87%
Parking and Roadways	\$5,343,191	\$4,994,470	\$348,721	6.98%	\$4,638,810	\$704,381	15.18%
Aviation Leased Areas:							
Hangar No. 1 Rent	\$57,135	\$57,319	(\$184)	(0.32%)	\$57,870	(\$735)	(1.27%)
Hangar No. 2 Rent	30,618	40,392	(9,774)	(24.20%)	62,232	(31,614)	(50.80%)
Hangar No. 3 Rent	402,053	328,488	73,565	22.40%	313,466	88,587	28.26%
Hangar No. 5 Rent	22,380	22,161	219	0.99%	21,726	654	3.01%
Hangar No. 7 Rent	386,899	371,234	15,665	4.22%	345,606	41,293	11.95%
Hangar No. 8 Rent	163,260	158,808	4,452	2.80%	153,012	10,248	6.70%
Hangar No. 9 Rent	761,718	751,145	10,573	1.41%	748,565	13,153	1.76%
Hangar No. 10 Rent	620,715	554,911	65,804	11.86%	504,310	116,405	23.08%
Hangar No. 11 Rent	174,000	0	174,000	0.00%	0	174,000	0.00%
T-Hangars	197,027	187,991	9,036	4.81%	185,525	11,502	6.20%
Air Cargo Building & Land Rents	111,274	101,514	9,760	9.61%	100,000	11,274	11.27%
Ramp, Gatecard and Other Income	45,537	50,882	(5,345)	(10.50%)	34,124	11,413	33.45%
Total Aviation Leased Areas	\$2,972,616	\$2,624,845	\$347,771	13.25%	\$2,526,436	\$446,180	17.66%
Non-Aviation Leased Areas:							
Building Rents	\$555,882	\$629,766	(\$73,884)	(11.73%)	\$635,128	(\$79,246)	(12.48%)
Land Rents	145,066	129,906	15,160	11.67%	112,722	32,344	28.69%
Total Rents	\$700,948	\$759,672	(\$58,724)	(7.73%)	\$747,850	(\$46,902)	(6.27%)
Ground Handling and Other	\$6,166,187	\$6,068,029	\$98,158	1.62%	\$6,062,833	\$103,354	1.70%
Aviation Services:							
Gross Fuel Sales	\$1,809,956	\$1,721,435	\$88,521	5.14%	\$1,646,996	\$162,960	9.89%
Landing Fees	145,295	138,970	6,325	4.55%	145,295	0	0.00%
Into Plane Fees	2,572,441	2,503,820	68,621	2.74%	2,232,328	340,113	15.24%
Hangar & Ramp Rentals	177,415	177,571	(156)	(0.09%)	200,760	(23,345)	(11.63%)
Miscellaneous Income	5,000	6,353	(1,353)	(21.30%)	5,000	0	0.00%
Total Aviation Services	\$4,710,107	\$4,548,149	\$161,958	3.56%	\$4,230,379	\$479,728	11.34%
Advertising	\$291,983	\$292,076	(\$93)	(0.03%)	\$302,369	(\$10,386)	(3.43%)
Total Operating Revenue	\$32,378,551	\$30,775,045	\$1,603,506	5.21%	\$30,198,384	\$2,180,167	7.22%
Cost of Sales	\$3,678,888	\$3,255,334	\$423,554	13.01%	\$3,395,174	\$283,714	8.36%
Net Operating Revenue	\$28,699,663	\$27,519,711	\$1,179,952	4.29%	\$26,803,210	\$1,896,453	7.08%

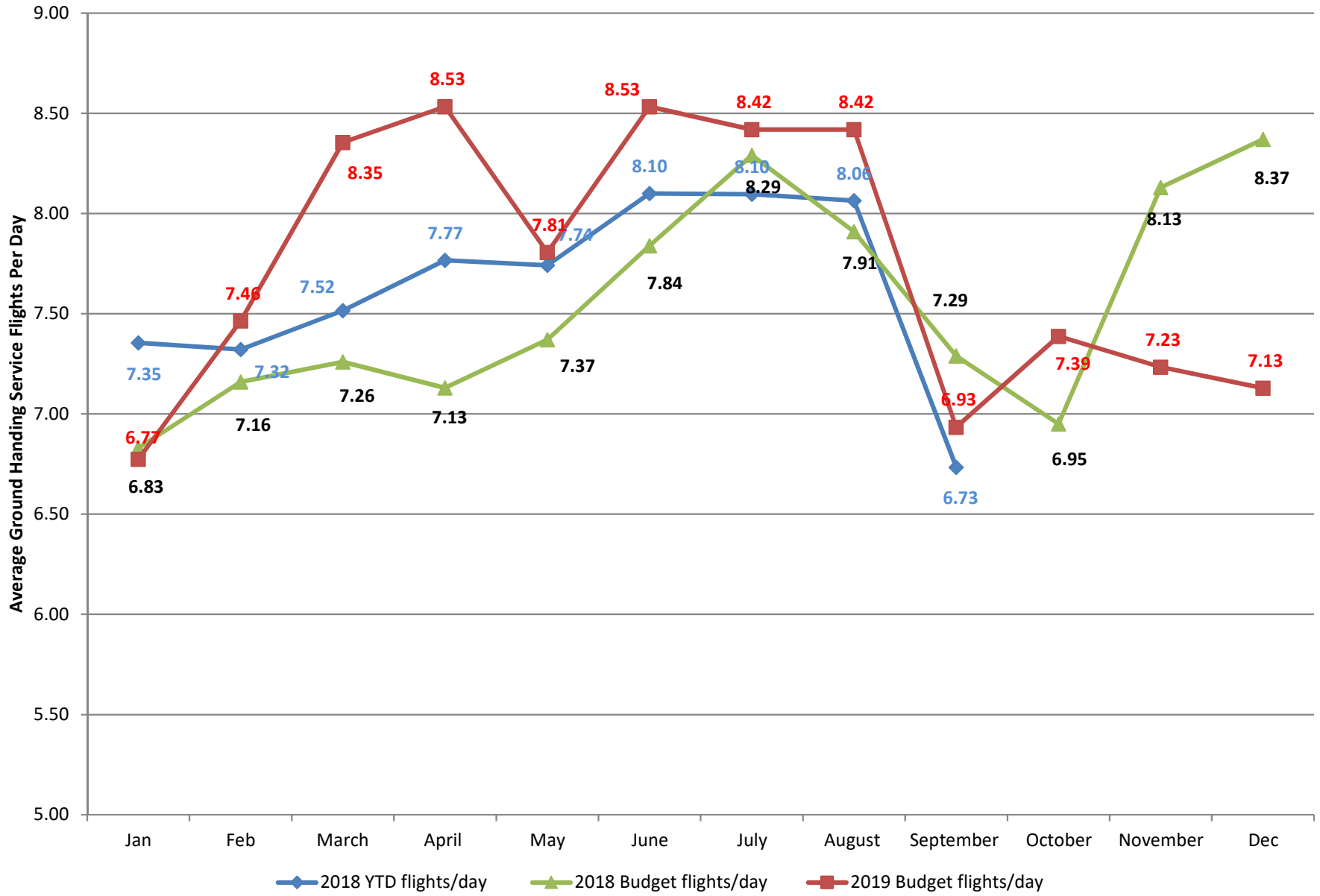
Lehigh-Northampton Airport Authority 2019/2018 LVIA Revenue Budgets



Lehigh-Northampton Airport Authority 2019 Revenue Sources



Average Ground Handling Service Flights Per Day By Month



LEHIGH-NORTHAMPTON AIRPORT AUTHORITY

Lehigh Valley International Airport

2019 OPERATING EXPENSE BUDGET

Total 2019 Operating Expense Budget (including Braden & Queen City) of \$23,169,741 is up \$2,496,507 or 12% from the 2018 projection. The changes in some of the major expense categories are detailed below.

SALARIES AND WAGES

Salaries and wages reflect a 12% increase over the 2018 projection. The increase reflects several adjustments:

1. Additional maintenance personnel added to reflect emphasis on improving infrastructure and increased operations.
2. 11% increase in FTEs versus 2018 year-to-date actuals.
3. Increases in non-union wages to reflect airport salary benchmarks. Additionally, non-union employees not impacted by the benchmark will receive a 2.25% increase effective January 1, 2019. A 1% merit pool for performance was included for all non-union employees.
4. Assumed 2.25% increase in salary and wages for Teamsters on July 1, 2019. The 2.25% is an estimate; the current CBA (collective bargaining agreement) ends June 30, 2019.
5. Salary and wage increases of 3.5% for Police on January 1, 2019 and 2.5% for Aircraft, Rescue and Firefighting (ARFF) on September 1, 2019; these numbers are per their CBA's.

EMPLOYEE BENEFITS

2019 Benefits are budgeted at a 22% increase from the 2018 projection. The main contributors are:

1. Workman's compensation contribution of 4.7% of payroll.
2. Pension benefits estimated at 10.1% of all full time salaries.
3. 11% increase in FTEs versus 2018 year-to-date actuals.
4. Expansion of the qualified high deductible plan with increased healthy rewards to non-union and ARFF employees.
5. Self-insured unemployment claims estimated at 2.5% of salaries.
6. Employee contributions are at 5.5% in 2019 for non-union employees. The ARFF, Police, and Teamsters contributions were increased according to their CBA's.
7. No rebate from the 2018 medical self-insurance. LNAA received \$400K in rebates in the previous two years.

PROFESSIONAL SERVICES

The 2019 budget reflects a 63% increase versus 2018 projection. The increase of professional services is due to the addition of on-call engineering, human resource and real estate consultants.

LEGAL SERVICES

The 2019 Budget reflects a (2%) decrease from the 2018 projection. The 2019 budget includes the continued use of legal services for union contract negotiations, business ventures, and analysis of business practices.

AUDIT AND FINANCIAL SERVICES

The 2019 Budget reflects a 4% increase from the 2018 projection. The increase is due to the inflationary increase with consultants and auditors.

CONTRACT SERVICES

The contract services 2019 budget has increased 17% from the 2018 projection. The majority of the increase is due to outside consulting work necessary for periodic environmental and safety compliance.

ADVERTISING EXPENSE

The 2019 budget is 22% higher than the 2018 projection. The advertising budget is for external affairs, general promotion of the airport, and expenses associated with in-house advertising. The increase is due to additional airline promotional incentives, advertising for Hangar 11, and an overall increase in advertising for LNAA.

DUES AND SUBSCRIPTIONS

The dues and subscriptions budget reflects a 70% increase versus the 2018 projection. The increase reflects upgrades in our technology and related software license fees associated with IT, Finance, Air Service and Operations.

BUSINESS AND TRAVEL / TRAINING AND SEMINARS

The business and travel combined with training and seminars increased 82% versus the 2018 projection. The increase to the 2019 budget reflects LNAA's investment in the training of our employees which will produce long-term benefits and increased efficiencies.

EQUIPMENT RENTAL

Equipment rental reflects a 2% inflationary increase versus the 2018 projection based on our contract obligations with our air cargo operations.

MATERIALS & SUPPLIES

Materials and supplies were flat versus the 2018 projection. Materials and supplies are also directly impacted by the number and intensity of snow events during the year.

MAINTENANCE & REPAIRS

Maintenance & Repairs budget has decreased (7%) from the 2018 projection. Maintenance and repair costs remain high due to the increase in both the fleet size and the operation hours of LNAA's equipment. The two largest cost center budgets are airfield and terminal maintenance. For the airfield, paint marking and lighting repairs are major items. In the terminal, infrastructure repairs are the major items.

UTILITIES

Overall utilities including heating gas and oil, electricity, and water were budgeted at an approximate 4% increase versus the 2018 projection.

INSURANCE

The 2019 budget reflects a 4% increase from the 2018 projection. LNAA has expanded its insurance coverage to mitigate its risk. The insurance also reflects the additional coverage for new equipment and infrastructure purchases.

PAYMENT IN LIEU OF TAXES

Required payments to Catasauqua School District and Hanover Township (Lehigh County) equal 10% of our parking revenue and is budgeted accordingly in 2019.

CREDIT CARD FEES

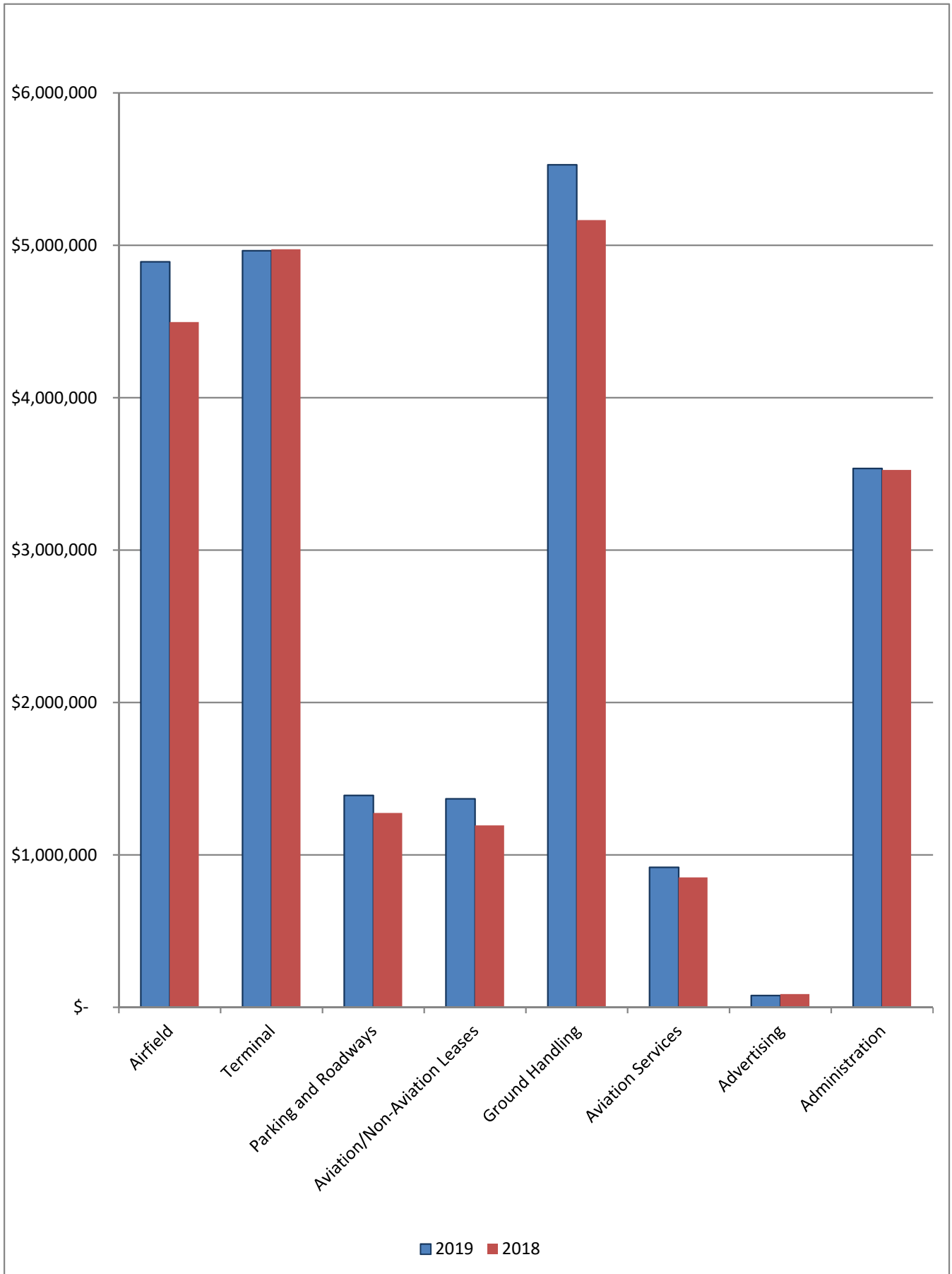
Credit card fees are incurred on sales of fuel and other FBO services, as well as parking lot revenue and will vary proportionately with the revenue.

Lehigh Northampton Airport Authority
Statement of Operating Expenses - LVIA
2019 Budget

	2019 Budget A	2018 Projection B	Budget Var to 18 Proj C	Budget Var % to 18 Proj D (C/B)	2018 Budget E	Variance to Budget F	Variance % to Budget G (F/E)
OPERATING EXPENSES:							
Salaries and Wages	\$9,135,748	\$8,087,992	\$1,047,756	12.95%	\$9,169,167	(\$33,419)	(0.36%)
Payroll Taxes	688,880	604,557	84,323	13.95%	694,450	(5,570)	(0.80%)
Employee Benefits	3,703,219	3,056,023	647,196	21.18%	3,252,002	451,217	13.88%
Subtotal	<u>\$13,527,847</u>	<u>\$11,748,572</u>	<u>\$1,779,275</u>	<u>15.14%</u>	<u>\$13,115,619</u>	<u>\$412,228</u>	<u>3.14%</u>
Professional Services	369,022	226,534	142,488	62.90%	434,798	(65,776)	(15.13%)
Legal Services	455,000	462,715	(7,715)	(1.67%)	291,000	164,000	56.36%
Audit and Financial Services	71,900	69,249	2,651	3.83%	81,125	(9,225)	(11.37%)
Public Relations	41,450	50,799	(9,349)	(18.40%)	47,950	(6,500)	(13.56%)
Contract Services	910,469	779,640	130,829	16.78%	950,809	(40,340)	(4.24%)
Advertising Expense	422,325	345,083	77,242	22.38%	247,378	174,947	70.72%
Printing	13,310	18,201	(4,891)	(26.87%)	17,325	(4,015)	(23.17%)
Postage	9,040	7,229	1,811	25.05%	8,940	100	1.12%
Dues and Subscriptions	359,218	211,314	147,904	69.99%	211,922	147,296	69.50%
Office Supplies	47,541	39,592	7,949	20.08%	52,644	(5,103)	(9.69%)
Telephone	131,925	106,170	25,755	24.26%	114,357	17,568	15.36%
Training and Seminars	150,710	67,689	83,021	122.65%	131,791	18,919	14.36%
Business and Travel Related	128,655	85,938	42,717	49.71%	119,155	9,500	7.97%
Hospitality	29,159	21,201	7,958	37.54%	25,570	3,589	14.04%
Equipment Rental	2,080,707	2,034,687	46,020	2.26%	2,019,665	61,042	3.02%
Materials & Supplies	637,497	635,107	2,390	0.38%	551,484	86,013	15.60%
Maintenance Repairs	770,590	826,572	(55,982)	(6.77%)	754,718	15,872	2.10%
Heating Gas and Oil	381,796	359,904	21,892	6.08%	365,148	16,648	4.56%
Electricity	670,449	637,287	33,162	5.20%	642,364	28,085	4.37%
Water	97,366	98,591	(1,225)	(1.24%)	100,276	(2,910)	(2.90%)
Refuse Collection	22,545	28,848	(6,303)	(21.85%)	36,937	(14,392)	(38.96%)
Uniforms	80,876	67,062	13,814	20.60%	68,743	12,133	17.65%
Insurance	453,500	436,217	17,283	3.96%	448,281	5,219	1.16%
Real Estate Taxes	127,674	123,957	3,717	3.00%	108,949	18,725	17.19%
Payment in Lieu of Taxes	534,319	486,022	48,297	9.94%	448,300	86,019	19.19%
Interest Expense	0	0	0	0.00%	56,000	(56,000)	(100.00%)
Credit Card Fees	164,983	164,885	98	0.06%	157,802	7,181	4.55%
Bad Debt Expense	0	0	0	0.00%	0	0	0.00%
Miscellaneous	29,440	91,089	(61,649)	(67.68%)	54,430	(24,990)	(45.91%)
Total Operating Expenses	<u>\$22,719,313</u>	<u>\$20,230,154</u>	<u>\$2,489,159</u>	<u>12.30%</u>	<u>\$21,663,480</u>	<u>\$1,055,833</u>	<u>4.87%</u>
Allocated to QC	(\$26,717)	(\$23,482)	(\$3,235)	13.78%	(\$25,286)	(\$1,431)	5.66%
Allocated to Braden	(19,236)	(16,957)	(2,279)	13.44%	(18,206)	(1,030)	5.66%
Total Operating Expenses after Allocation	<u>\$22,673,360</u>	<u>\$20,189,715</u>	<u>\$2,483,645</u>	<u>12.30%</u>	<u>\$21,619,988</u>	<u>\$1,053,372</u>	<u>4.87%</u>

*Interest Expense is included in Net Interest under Non-operating Income (Expense) on the Summary

Lehigh-Northampton Airport Authority 2019/2018 Expense Budgets



LEHIGH-NORTHAMPTON AIRPORT AUTHORITY

Queen City Airport and Braden Airpark

Queen City Airport

Overall Net Income from Operations shows a (13%) decrease versus the 2018 projection. Total revenue increased 4% versus the 2018 projection due to an increase in hangar rents and into-plane fees. The reduction in net income is primarily due to the increase in employee labor costs, additional storm water tax and increased infrastructure. Although the net income after depreciation is projected at a loss, LNAA will continue to look for opportunities to increase the Airport's revenue.

Braden Airpark

Overall Net Income from Operations show a (19%) decrease versus the 2018 projection. Total revenue increased 26% versus the 2018 projection due to the increase in hangar rents and fuel sales. The 2019 budgeted expenses reflect the increased hours of operations and the increased investment in infrastructure. LNAA's board and staff have a strategic plan to return Braden Airpark to profitability in the coming years through non-aeronautical development.

**Lehigh Northampton Airport Authority
Queen City Airport
2019 Budget**

	20189 Budget A	2018 Projection B	Budget Var to 18 Proj C	Budget Var % to 18 Proj D (C/B)	2018 Budget E	Variance to Budget F	Variance % to Budget G (F/E)
Revenue:							
Hangar & Ramp Rentals	\$546,328	\$513,346	\$32,982	6.42%	\$482,098	\$64,230	13.32%
Fuel Sales-FBO	401,068	417,142	(16,074)	(3.85%)	511,559	(110,491)	(21.60%)
Into Plane Fees-FBO	172,100	149,720	22,380	14.95%	0	172,100	0.00%
Pilot Supplies Sales	0	186	(186)	(100.00%)	0	0	0.00%
Miscellaneous Income	0	35	(35)	(100.00%)	0	0	0.00%
Total Revenue	\$1,119,496	\$1,080,429	\$39,067	3.62%	\$993,657	\$125,839	12.66%
Cost of Sales:							
Fuel Cost	\$381,302	\$389,239	-\$7,937	(2.04%)	\$296,518	\$84,784	28.59%
Hangar Parts & Goods Sold	1,428	354	1,074	303.39%	1,429	(1)	(0.07%)
Labor costs	326,837	292,342	34,495	11.80%	307,595	19,242	6.26%
Total Cost of Sales	\$709,567	\$681,935	\$27,632	4.05%	\$605,542	\$104,025	17.18%
Net Operating Revenue	\$409,929	\$398,494	\$11,435	2.87%	\$388,115	\$21,814	5.62%
Operating Expenses:							
Salaries & Wages	\$31,793	\$30,748	\$1,045	3.40%	\$35,456	(\$3,663)	(10.33%)
Payroll Taxes	2,429	2,347	82	3.49%	2,709	(280)	(10.34%)
Employee Benefits	16,359	11,433	4,926	43.09%	15,661	698	4.46%
Subtotal	\$50,581	\$44,528	\$6,053	13.59%	\$53,826	(\$3,245)	(6.03%)
Professional Fee	4,920	320	4,600	1437.50%	315	4,605	1461.90%
Legal Fees	9,996	13,816	(3,820)	(27.65%)	1,000	8,996	899.60%
Public Relations	550	0	550	0.00%	550	0	0.00%
Contract Services	20,410	10,621	9,789	92.17%	19,600	810	4.13%
Advertising Expense	250	0	250	0.00%	200	50	25.00%
Printing	90	52	38	73.08%	90	0	0.00%
Postage & Shipping	100	124	(24)	(19.35%)	100	0	0.00%
Dues & Subscriptions	200	1,279	(1,079)	(84.36%)	736	(536)	(72.83%)
Office Expenses	600	339	261	76.99%	600	0	0.00%
Telephone Expense	3,120	2,888	232	8.03%	3,030	90	2.97%
Training & Seminars	1,710	0	1,710	0.00%	1,760	(50)	(2.84%)
Travel & Business Expenses	2,450	290	2,160	744.83%	2,475	(25)	(1.01%)
Hospitality	500	516	(16)	(3.10%)	300	200	66.67%
Equipment Rental	33,816	32,106	1,710	5.33%	33,163	653	1.97%
Materials & Supplies	25,000	28,202	(3,202)	(11.35%)	22,099	2,901	13.13%
Maintenance & Repairs	40,000	46,285	(6,285)	(13.58%)	51,001	(11,001)	(21.57%)
Utilities-Heat	15,965	11,764	4,201	35.71%	14,580	1,385	9.50%
Utilities-Light & Power	27,192	25,019	2,173	8.69%	26,406	786	2.98%
Utilities-Water	927	802	125	15.59%	900	27	3.00%
Refuse Services	1,056	0	1,056	0.00%	0	1,056	0.00%
Uniform Purchase & Expense	3,501	2,172	1,329	61.19%	3,280	221	6.74%
Insurance	0	50	(50)	(100.00%)	0	0	0.00%
Real Estate Taxes	71,200	78,320	(7,120)	(9.09%)	0	71,200	0.00%
Credit Card Fees	12,000	11,250	750	6.67%	14,820	(2,820)	(19.03%)
Bad Debt Expense	0	0	0	0.00%	0	0	0.00%
Miscellaneous Expenses	1,200	200	1,000	500.00%	400	800	200.00%
Allocated	26,717	23,482	3,235	13.78%	25,286	1,431	5.66%
Total Operating Expenses	\$354,051	\$334,425	\$19,626	5.87%	\$276,517	\$77,534	28.04%
Net Income (Loss) from Operations	\$55,878	\$64,069	(\$8,191)	(12.78%)	\$111,598	(\$55,720)	(49.93%)
NON-OPERATING COSTS:							
Depreciation	\$157,764	\$121,338	\$36,426	30.02%	\$121,338	\$36,426	30.02%
Total Non-Operating Costs	\$157,764	\$121,338	\$36,426	30.02%	\$121,338	\$36,426	30.02%
Net Income after Depreciation & Debt Service	(\$101,886)	(\$57,269)	(\$44,617)	77.91%	(\$9,740)	(\$92,146)	946.06%

**Lehigh Northampton Airport Authority
Braden Airpark
2019 Budget**

	2019 Budget A	2018 Projection B	Budget Var to 18 Proj C	Budget Var % to 18 Proj D (C/B)	2018 Budget E	Variance to Budget F	Variance % to Budget G (F/E)
Revenue:							
Hangar & Ramp Rentals	\$114,247	\$92,400	\$21,847	23.64%	\$77,564	\$36,683	47.29%
Fuel Sales-FBO	65,805	48,161	17,644	36.64%	34,439	31,366	91.08%
Miscellaneous Income	1,300	3,456	(2,156)	(62.38%)	0	1,300	0.00%
Total Revenue	\$181,352	\$144,017	\$37,335	25.92%	\$112,003	\$69,349	61.92%
Cost of Sales:							
Fuel Cost	\$44,193	\$33,915	\$10,278	30.31%	\$20,938	\$23,255	111.07%
Hangar Parts & Goods Sold	648	128	520	406.25%	644	4	0.62%
Labor costs	175,754	114,048	61,706	54.11%	111,221	64,533	58.02%
Total Cost of Sales	\$220,595	\$148,091	\$72,504	48.96%	\$132,803	\$87,792	66.11%
Net Operating Revenue	(\$39,243)	(\$4,074)	(\$35,169)	863.25%	(\$20,800)	(\$18,443)	88.67%
Operating Expenses:							
Salaries & Wages	\$3,347	\$13,700	(\$10,353)	(75.57%)	\$3,732	(\$385)	(10.32%)
Payroll Taxes	256	1,179	(923)	(78.29%)	285	(29)	(10.18%)
Employee Benefits	1,722	1,201	521	43.38%	1,648	74	4.49%
Subtotal	\$5,325	\$16,080	(\$10,755)	(66.88%)	\$5,665	(\$340)	(6.00%)
Professional Fee	500	706	(206)	(29.18%)	275	225	81.82%
Legal Fees	1,000	(17)	1,017	(5982.35%)	1,000	0	0.00%
Public Relations	500	0	500	0.00%	500	0	0.00%
Contract Services	7,715	3,207	4,508	140.57%	5,942	1,773	29.84%
Advertising Expense	250	0	250	0.00%	0	250	0.00%
Printing	0	52	(52)	(100.00%)	0	0	0.00%
Postage & Shipping	100	0	100	0.00%	0	100	0.00%
Dues & Subscriptions	520	335	185	55.22%	0	520	0.00%
Office Expenses	600	629	(29)	(4.61%)	240	360	150.00%
Telephone Expense	3,600	3,194	406	12.71%	3,584	16	0.45%
Training & Seminars	300	0	300	0.00%	300	0	0.00%
Hospitality	300	0	300	0.00%	250	50	20.00%
Equipment Rental	30,000	30,969	(969)	(3.13%)	2,400	27,600	1150.00%
Materials & Supplies	13,496	12,440	1,056	8.49%	11,000	2,496	22.69%
Maintenance & Repairs	14,996	34,208	(19,212)	(56.16%)	14,504	492	3.39%
Utilities-Heat	20,000	10,442	9,558	91.53%	0	20,000	0.00%
Utilities-Light & Power	8,256	8,663	(407)	(4.70%)	8,016	240	2.99%
Utilities-Water	2,184	1,719	465	27.05%	2,124	60	2.82%
Refuse Services	1,056	652	404	61.96%	1,020	36	3.53%
Uniform Purchase & Expense	1,800	889	911	102.47%	1,650	150	9.09%
Insurance	0	250	(250)	(100.00%)	0	0	0.00%
Credit Card Fees	1,596	1,244	352	28.30%	1,500	96	6.40%
Bad Debt Expense	0	0	0	0.00%	0	0	0.00%
Miscellaneous Expenses	9,000	6,475	2,525	39.00%	7,680	1,320	17.19%
Allocated	19,236	16,957	2,279	13.44%	18,206	1,030	5.66%
Total Operating Expenses	\$142,330	\$149,094	(\$6,764)	(4.54%)	\$85,856	\$56,474	65.78%
Net Income (Loss) from Operations	(\$181,573)	(\$153,168)	(\$28,405)	18.54%	(\$106,656)	(\$74,917)	70.24%
NON-OPERATING COSTS:							
Debt Service	\$127,772	\$127,772	\$0	0.00%	\$127,772	\$0	0.00%
Depreciation	60,727	77,734	(17,007)	(21.88%)	77,734	(17,007)	(21.88%)
Total Non-Operating Costs	\$188,499	\$205,506	(\$17,007)	(8.28%)	\$205,506	(\$17,007)	(8.28%)
Net Income after Depreciation & Debt Service	(\$370,072)	(\$358,674)	(\$11,398)	3.18%	(\$312,162)	(\$57,910)	18.55%

Insights on Additions to Personnel

Maintenance

3.4 FTEs – Due to the increased activity at Lehigh Valley International Airport (ABE), Queen City Airport (XLL), and Braden Airpark (N43), the following maintenance positions are needed:

- Night Supervisor –To manage late night airfield maintenance personnel with increased activity of airport.
- Airside Maintenance Manager –To manage increasing equipment of the airport.
- Seasonal Landscapers.

Cargo

3.2 FTEs – The fastest-growing airfield operation at Lehigh Valley International Airport (ABE) - a 165% increase in 2016 and 65% increase in 2017 – these positions are a necessity to meet the current demand of additional labor hours and support any future expansion of Cargo operations.

Airline Services-LV

3.0 FTEs – Lehigh Valley International Airport (ABE) has experienced 13 consecutive months (YTD – through October) of positive growth, with Allegiant posting a significant increase of 22% due to more scheduled flights. With preliminary flight information for 2019, there is a need to cover increased ground handling activity for additional low cost carrier flights.

Police

2.5 FTEs – Safety and security remains the highest priority for staff, stakeholders and customers visiting properties of LNAA. With additional night time Ground Handling and Air Cargo Operations, plus the arrival of the Multi-modal Transportation Center bus services (Trans-Bridge), there is an immediate need for increased daily coverage by LNAA Police.

Aviation Services – LVIA, Queen City and Braden

2.5 FTEs – With a significant investment and commitment by LNAA to achieve our strategic goal of growing general aviation activity, this position is needed to allow for additional aircraft activity at Lehigh Valley International Airport (ABE) and accommodate expanded hours of operations at Queen City Airport (XLL) and Braden Airpark (N43).

Finance

1.8 FTEs –LNAA is committed to fiscal responsibility in the execution of purchases, supplier and vendor contract negotiations. The position of Purchasing Agent can help improve efficiency in both areas.

Planning

1.8 FTEs – Embarking on a \$41.7 million Capital Improvement plan for FY 2019, LNAA has made a definitive commitment to reinvest and rebuild its infrastructure. Additional personnel in the Planning & Programming Department is necessary to ensure timely and cost-effective completion of these projects.

Operation Center

1.3 FTEs –The Operations Center is a critical tool in protecting LNAA facilities, as well as staff, stakeholders, and customers. With a high volume of capital improvement projects focused on improving infrastructure (including construction scheduled throughout day / evening hours) and increased bus service activity at the Multi-Modal Transportation Center, additional staff is needed to maintain a high level of safety and security.

Customer Experience

1.0 FTE – Providing the highest level of customer service is a top priority and the increased passenger traffic at Lehigh Valley International Airport (ABE) – 14% year to date 2018 - presents a need to add a full-time entry level position to expand the capacity of this essential department.

Operations Admin

1.0 FTE Operations and Safety Manager – The mission of LNAA is to operate our facilities safely and efficiently for all customers. This position replaces a temporary vacancy created by promotion of previous manager.

LNAA Full Time Equivalent (FTEs)

Description	Period	FTE	Yr over Yr % Increase
Budget	2019	257	-0.8%
Budget	2018	259	16.1%
Budget	2017	223	N/A
Actual	12-Oct-18	232	0.0%
Actual	27-Oct-17	232	12.1%
Actual	8-Nov-16	207	N/A
Actual YTD*	2018	232	2.2%
Actual	2017	227	28.2%
Actual	2016	177	10.6%
Actual	2015	160	8.1%
Actual	2014	148	4.3%
Actual	2013	142	-6.5%
Actual	2012	152	-8.3%
Actual	2011	166	-3.7%
Actual	2010	172	0.2%
Actual	2009	172	0.0%
Actual	2008	172	-0.8%
Actual	2007	173	-1.1%
Actual	2006	175	N/A

*Thru 10/12/18

FTEs by Department

Department	2019 Budget (A)	YTD Average (B)*	2018 Budget (C)	Variance (A-B)	% Variance (A vs. B)	Variance (A-C)	% Variance (A vs.C)
Maintenance	32.0	28.6	34.6	3.4	12%	-2.6	-8%
Cargo	51.6	48.4	52.2	3.2	7%	-0.6	-1%
Airline Services-LV	18.5	15.4	14.6	3.0	20%	3.9	26%
Police	15.5	13.0	15.0	2.5	19%	0.5	3%
Finance	8.4	6.6	8.3	1.8	28%	0.1	1%
Planning	3.9	2.1	3.6	1.8	85%	0.3	8%
Aviation Services- FBO	28.4	27.0	28.1	1.3	5%	0.3	1%
Operations Center	8.1	6.8	8.4	1.3	19%	-0.3	-4%
Customer Experience	4.3	3.3	4.7	1.0	30%	-0.4	-9%
Operations Admin.	6.0	5.0	5.9	1.0	19%	0.1	2%
Properties	2.4	1.5	2.5	0.9	56%	-0.1	-4%
Operations Officers	5.8	5.1	6.7	0.7	15%	-0.9	-13%
Aviation Services- QC	7.0	6.3	6.6	0.7	12%	0.4	7%
Passenger Services	12.7	12.1	12.1	0.6	5%	0.6	5%
IT	5.6	5.0	5.0	0.6	11%	0.6	12%
HR	2.9	2.4	2.9	0.5	22%	0.0	-1%
Aviation Services-Braden	2.8	2.3	1.9	0.5	22%	0.9	48%
ARFF **	9.1	9.0	8.6	0.1	1%	0.5	6%
Parking	8.0	7.9	7.7	0.1	1%	0.3	4%
Executive Board	3.1	3.0	3.9	0.1	3%	-0.8	-21%
Transbridge	3.0	3.0	4.9	0.0	2%	-1.9	-39%
Advertising	1.0	1.0	1.0	0.0	0%	0.0	0%
Business Development	1.7	1.7	2.5	0.0	0%	-0.8	-32%
Custodial	14.0	14.1	16.0	-0.1	0%	-2.0	-13%
Marketing	1.2	1.4	1.3	-0.2	-11%	-0.1	-8%
Grand Total	256.8	231.8	259.0	24.9	11%	-2.2	-1%

*YTD Average through 10/12/18

**FTE Based on 56 Hours for ARFF

Lehigh-Northampton Airport Authority
2019 Budgeted Month by Month Cash Flow Projection

a	Year	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019	2019
b	Month	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	TOTALS
c	Beginning Cash	\$20,827,350	\$20,038,262	\$19,284,965	\$18,611,318	\$17,426,324	\$15,339,319	\$14,288,192	\$11,890,128	\$11,270,048	\$11,675,295	\$11,359,145	\$11,063,109	
1	LNAA Total Operating Revenues	2,570,682	2,551,263	2,818,818	2,837,380	2,704,394	2,697,219	2,822,285	2,830,032	2,442,841	2,761,730	2,576,024	2,765,888	32,378,556
2	LNAA Oper. Expenses & COS Labor	(2,191,415)	(1,968,808)	(2,062,316)	(2,096,978)	(1,931,859)	(1,936,120)	(2,181,592)	(2,083,752)	(2,056,620)	(2,142,214)	(1,892,603)	(2,307,969)	(24,852,246)
3	Fuel Inventory Purchases	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(125,000)	(1,500,000)
4	Queen City Income (Loss)	(1,796)	2,584	(67,156)	4,792	14,295	11,344	20,272	29,395	11,238	13,743	14,278	2,890	55,879
5	Braden Airpark Income (Loss)	(17,115)	(13,258)	(13,480)	(12,440)	(12,208)	(21,409)	(13,108)	(13,500)	(13,759)	(13,790)	(16,466)	(21,042)	(181,575)
6	Event (Loss)	-	-	-	-	(1,000)	-	-	(30,000)	(4,000)	(4,000)	-	(2,500)	(41,500)
7	Net Interest	15,000	15,000	15,000	7,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	100,000
8	Debt Service -Bonds	(274,424)	(274,424)	(274,424)	(274,424)	(274,424)	(274,424)	(274,424)	(274,424)	(274,424)	(274,424)	(274,424)	(274,424)	(3,293,088)
9	Debt Service -Hangar 11	(43,667)	(43,667)	(43,667)	(43,667)	(43,667)	(43,667)	(43,667)	(43,667)	(43,667)	(43,667)	(43,667)	(43,667)	(524,004)
10	Airline Settlement						(400,000)							(400,000)
11	Lease Reimbursements			500,000					500,000					1,000,000
12	Transfers from PFC to Operating	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	1,500,000
13	CFC Funds	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	300,000
14	Bond Project Funds						2,000,000			2,300,000				4,300,000
15	Funds Available before Capital Purchases, Lease Payments, & Grant Receipts	20,909,615	20,331,952	20,182,740	19,057,981	17,912,855	17,403,262	14,648,958	12,835,212	13,662,657	12,003,673	11,753,287	11,213,285	
16	CIP Cash Flow Items:													
	Lease Payments	(151,600)	(151,600)	(235,939)	(165,600)	(172,600)	(256,939)	(186,600)	(193,600)	(277,939)	(207,600)	(214,600)	(285,384)	\$ (2,500,000)
17	Capital Purchases/Local Contributions	(3,398,225)	(3,312,442)	(4,174,614)	(3,807,112)	(4,097,608)	(4,159,275)	(4,297,622)	(3,033,456)	(3,155,122)	(1,928,135)	(2,083,776)	(1,752,611)	\$ (39,200,000)
18	FAA/PA Grant Receipts	2,678,473	2,417,055	2,839,131	2,341,055	1,696,672	1,301,144	1,725,392	1,661,892	1,445,699	1,491,207	1,608,199	1,694,083	\$ 22,900,000
19	Ending Cash	20,038,262	19,284,965	18,611,318	17,426,324	15,339,319	14,288,192	11,890,128	11,270,048	11,675,295	11,359,145	11,063,109	10,869,373	\$ (18,800,000)
20	Required Bond Cash Reserve	4,354,000	4,354,000	4,354,000	4,354,000	4,354,000	4,354,000	4,354,000	4,354,000	4,354,000	4,354,000	4,354,000	4,354,000	
21	Restricted for Hangar 11	9,327,000	9,327,000	8,327,000	7,387,681	5,387,681	3,387,681	1,387,681	387,681	-	-	-	-	
22	Unrestricted Cash (19-20-21)	6,357,262	5,603,965	5,930,318	5,684,643	5,597,638	6,546,511	6,148,447	6,528,367	7,321,295	7,005,145	6,709,109	6,515,373	
23	Contingency Reserve	1,160,000	1,160,000	1,160,000	1,160,000	1,160,000	1,160,000	1,160,000	1,160,000	1,160,000	1,160,000	1,160,000	1,160,000	
24	Unrestricted Cash After Contingency (22-23)	\$ 5,197,262	\$ 4,443,965	\$ 4,770,318	\$ 4,524,643	\$ 4,437,638	\$ 5,386,511	\$ 4,988,447	\$ 5,368,367	\$ 6,161,295	\$ 5,845,145	\$ 5,549,109	\$ 5,355,373	
25	Unrestricted Ending Days Cash on Hand After	82.1	70.2	75.3	71.4	70.1	85.0	78.8	84.8	97.3	92.3	87.6	84.5	

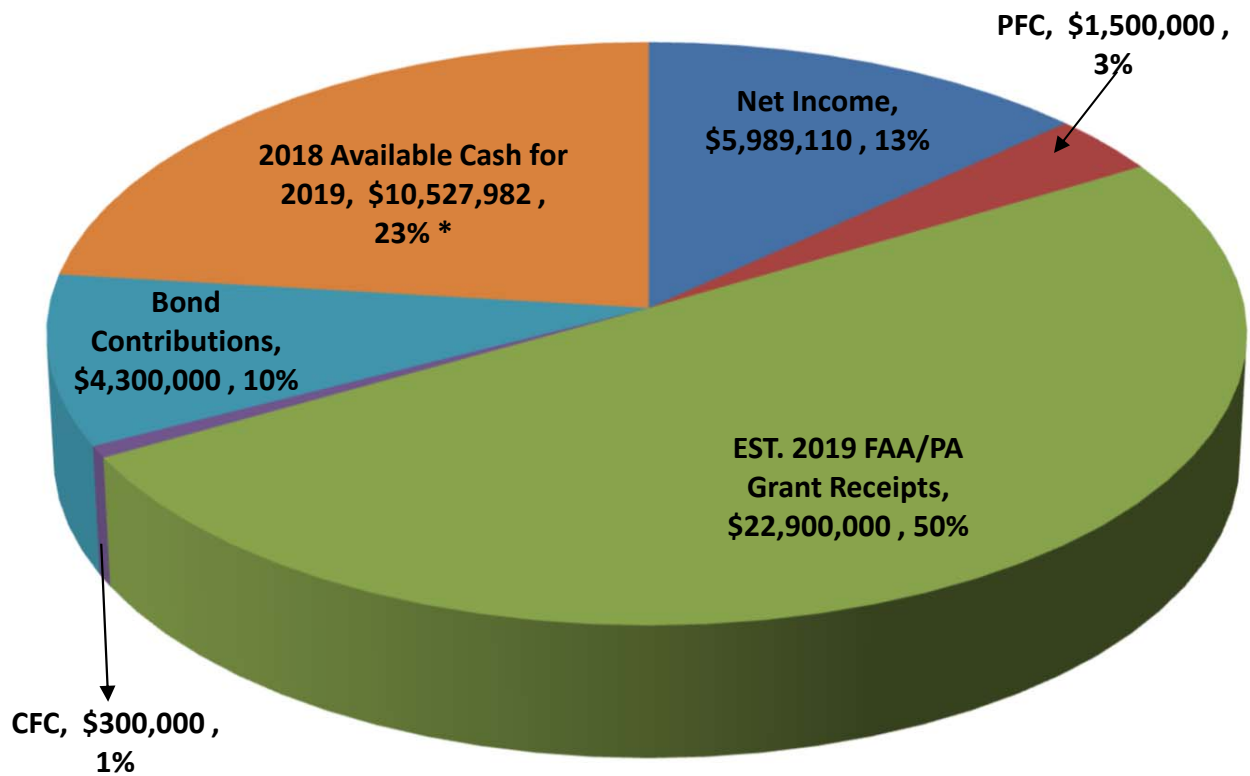
Notes to Items:

- 8 Debt Service for 2015 Bonds with BMO Harris.
- 9 Debt Service for 2018 Hangar 11 Bonds with BMO Harris.
- 10 (Payment)/Credit from Airlines for prior year results for Airfield, Terminal, & Apron.
- 11 Lease Line of Credit is reimbursed in minimum increments of \$500K.
- 14 As of January 1, 2019, the Bond Construction Project Fund will have an approximate balance of \$4.3 million balance. The remaining project funds are scheduled to be drawn in 2019.
- 16 Lease Payments include capital items for the Constellation Energy Project and use of the various Lease Lines of Credit.
- 20 Bond Cash Requirement must be met on 12/31 of every year; Bond Cash Reserve = 1/6 of Annual Budgeted Expenses + \$500,000.
- 21 Loan Proceeds remaining for Hangar 11. In 2018, the Authority Received a \$10,000,000 Construction Loan for Hangar 11.
- 23 Contingency reserve for 2019 is 5% of budgeted expenses.

Other Notes:

- A Bank Lines of Credit are not shown on exhibit but may be potential sources of Cash.
- B Net Changes to Receivables and Payables assumed to be zero.
- C Budgeted net LNAA cash used for capital in 2019 is \$18,800,000.
- D 2019 Revenues & Expenses based on 2019 final budget.

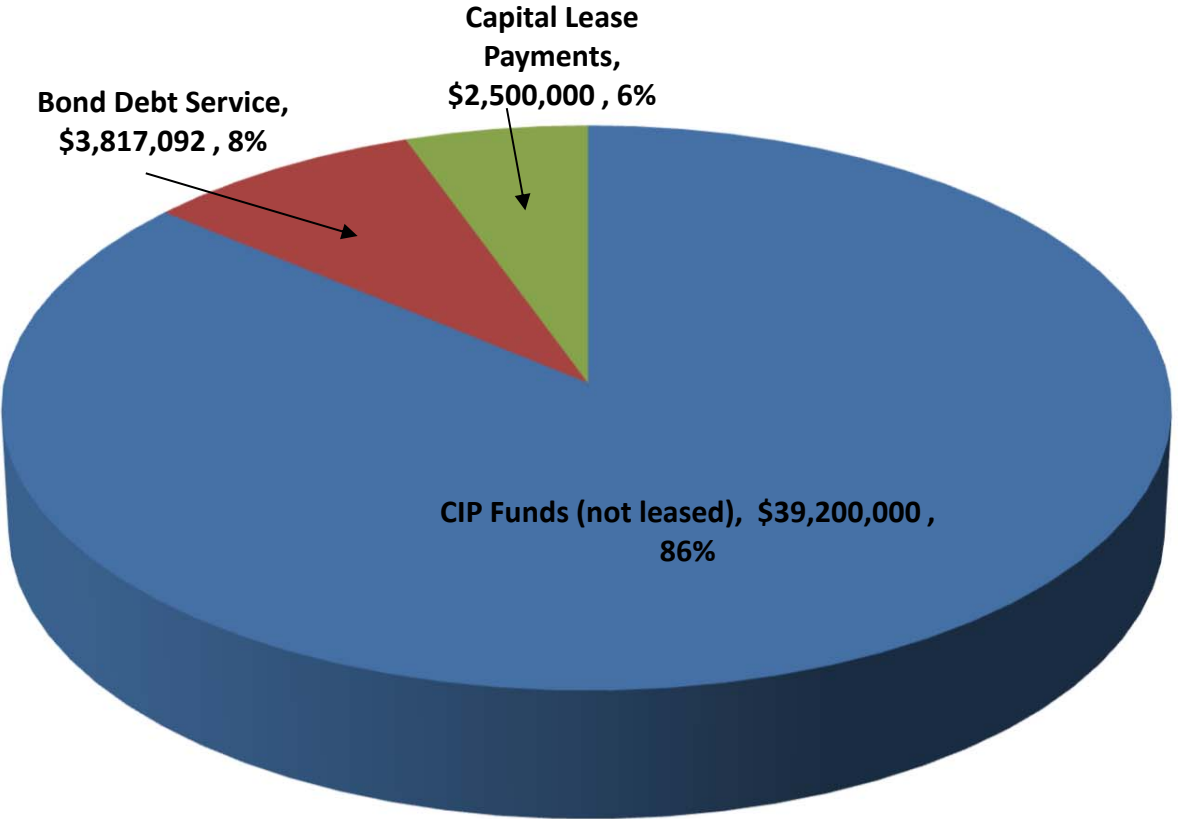
Lehigh-Northampton Airport Authority 2019 Available Cash



Total Available Cash \$45,517,092

* Includes loan proceeds received in 2018 for Hangar 11

**Lehigh-Northampton Airport Authority
2019 Uses of Cash**



Total Capital Resources: \$45,517,092



Lehigh Valley International Airport
Queen City Airport
Braden Airpark

EXHIBITS A-D

LEHIGH-NORTHAMPTON AIRPORT AUTHORITY

2019 CAPITAL IMPROVEMENT PROGRAM

Entering FY2019, LNAA has constructed a Capital Improvement Program (CIP) which encompasses a significant investment and revitalization of the most important ingredient to our sustained success: infrastructure. This approach is imperative to maintain the highest level of safety, security, and customer service at all three airport operations: Lehigh Valley International Airport (ABE), Queen City Airport (XLL), Braden Airpark (N43).

The 2019 CIP budget presentation was adjusted to increase the emphasis and ease of reference on the major projects. All projects have been consolidated to one exhibit (Exhibit A) which includes Federal Aviation Administration (FAA) projects, Pennsylvania Department of Transportation (PennDOT) Bureau of Aviation Grant projects, long with LNAA major non-grant projects.

With a total cost of \$41,700,000, the LNAA's share of the project funds for the 2019 CIP is \$18,800,000. The receipt of \$22,900,000 in FAA and PennDOT Bureau of Aviation Grant funds is included in the CIP.

Two major projects account for the majority of the \$41,700,000:

- Runway 6/24 Rehabilitation (\$16.3M)
- Hangar 11 Construction (\$14M).

The 2019 CIP was built upon the updated Cash Flow projections and includes the appropriate contingencies in each project (average of 10%). The Cash Flow was developed with the most recent schedules and realistic timeframes.

The 5 year (2019-2023) CIP has been updated and simplified with the various departmental projects re-categorized and prioritized to ensure the critical components of the Airport System are addressed in order of priority.



**CAPITAL IMPROVEMENT PROGRAM
LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
EXHIBIT A: 2019 PROJECTS**

#	2019 Capital Improvements	Total Cost	Professional Services	LNAA Share	Contingency
FAA & STATE GRANT PROJECTS					
LEHIGH VALLEY INTERNATIONAL AIRPORT					
1	FAA 101-2016 - ABE Master Plan Update	\$67,592	\$67,592	\$3,380	\$0
2	FAA 104-2017 - Runway 6/24 Rehabilitation - Phase II (Design)	\$244,281	\$244,281	\$12,214	\$0
3	FAA 105-2018 - Runway 6/24 Rehabilitation - Package 1 Design/Construction	\$16,395,317	\$2,064,061	\$819,766	\$2,457,125
4	ACB-2016-LNAA-00010: Hangar 11 Design/Construction	\$14,000,000	\$620,000	\$9,249,641	\$787,130
5	TA-ACB-2017-LNAA-00002: Main Terminal (Security Checkpoint) Improvements Phase I & II	\$1,386,192	\$500,000	\$649,572	\$130,457
6	MMA-2018-LNAA-00008: Main Terminal Parking Lot Rehabilitation - Phase I & II	\$1,325,771	\$132,577	\$634,471	\$120,000
7	LVIA Grant Projects Sub-Total	\$33,419,153	\$3,628,511	\$11,369,044	\$3,494,712
QUEEN CITY AIRPORT					
8	FAA 22-2017 - XLL Master Plan Update	\$47,888	\$47,888	\$2,394	\$0
9	FAA 23-2018 - XLL Acquire Snow Removal Equipment	\$344,378	N/A	\$17,219	\$7,000
10	FAA 24-2018 - XLL Taxiway "B" Rehabilitation (Design), Obst. Removal (Design)	\$160,250	\$160,250	\$8,013	\$0
11	Queen City Grant Projects Sub-Total	\$552,516	\$208,138	\$27,626	\$7,000
BRADEN AIRPARK					
12	TA-ACB-2016-LNAA-00009: New Terminal Building - Phase I Design/Construction	\$433,333	\$43,000	\$108,333	\$39,000
13	Braden Airpark Grant Projects Sub-Total	\$433,333	\$43,000	\$108,333	\$39,000
14	TOTAL FOR GRANT PROJECTS	\$34,405,002	\$3,879,649	\$11,505,002	\$3,540,712
MAJOR NON-GRANT PROJECTS					
15	Hangar 9/ARFF Boiler Replacements	\$32,172	\$3,200	\$32,172	\$16,500
16	ABE General Aviation Pavement Rehabilitation/Repairs (T-Hangars)	\$783,707	\$78,000	\$783,707	\$170,000
17	Hangar 3 Radiant Heat Installation	\$208,333	N/A	\$208,333	\$26,000
18	Office Renovations/Boardroom Relocation Design/Construction	\$612,000	\$62,000	\$612,000	\$59,000
19	Passenger Boarding Bridge Repairs/Removal - Phase I (two bridges)	\$170,000	\$15,000	\$170,000	\$4,525
20	Renovate Terminal/FBO/XLL Bathrooms	\$300,000	\$30,000	\$300,000	\$27,000
21	Airside Concrete Apron Repairs	\$150,000	\$50,842	\$150,000	\$13,000
22	Hangar 7 Sprinkler System - Phase III (Construction)	\$794,000	\$80,000	\$794,000	\$72,182
23	TOTAL MAJOR NON-GRANT PROJECTS	\$3,050,212	\$319,042	\$3,050,212	\$388,207
RECURRING PROJECTS					
24	Miscellaneous Landside Pavement Repairs/Crack Sealing	\$797,570	\$80,000	\$797,570	\$0
25	Software Updates	(Exhibit C: #25)	N/A	(Exhibit C: #25)	\$0
26	Computers and Hardware Replacement/Upgrades	(Exhibit C: #26)	N/A	(Exhibit C: #26)	\$0
27	Radio Replacement/Upgrade	(Exhibit C: #27)	N/A	(Exhibit C: #27)	\$0
28	TOTAL FOR RECURRING PROJECTS	\$797,570	\$80,000	\$797,570	\$0
ALLOCATED					
29	Existing Equipment - Capital Lease	\$1,560,000	N/A	\$1,560,000	\$0
30	Existing Constellation Energy Savings Lease	\$232,016	N/A	\$232,016	\$0
31	Existing Fuel Trucks Lease	\$156,000	N/A	\$156,000	\$0
32	Proposed Equipment - Capital Lease	\$788,200	N/A	\$788,200	\$0
33	TOTAL ALLOCATED LEASE	\$2,736,216	\$0	\$2,736,216	\$0
DEPARTMENTAL EXPENSES					
34	Cumulative Department Spending	\$711,000	\$180,000	\$711,000	\$0
35	TOTAL FOR DEPARTMENTAL EXPENSES	\$711,000	\$180,000	\$711,000	\$0
36	2019 GRAND TOTAL	\$41,700,000	\$4,458,691	\$18,800,000	\$3,928,919

Notes:

- 2019 CIP was developed utilizing the 2019 Cash Flow and project timelines to determine timing of grant receipts and project payouts. Recurring IT projects are detailed on Exhibit C.
- The difference between Total Cost and LNAA Share is from FAA, PennDOT, CFC, PFC, and any other funding source required to complete the project.
- Grant Project Costs Represent the Anticipated LNAA Matching Share Needed during the Fiscal Year.
- To manage Cash Flow, all projects are fiscally constrained to ensure the monthly Cash Flow can support ongoing projects and upcoming invoices/contractor pay requests.
- Projects listed with a "Phase" are multi-phased, multi-year projects that may be ongoing into 2020 and beyond. Total Project cost is depicted and updated on the 5-year CIP.
- All Grant/Major construction projects depict the full program cost; which includes consultant fees & design (professional services), construction, construction management, as well as a total project contingency. Both professional services and project contingencies are depicted when known; otherwise are shown as the industry standard of 10% of total project cost.
- A project is deemed complete when all the associated equipment/construction items have been purchased and are placed in service and turned over to the LNAA.
- Capital Improvement Program exhibits are as follows:
 - Exhibit A: 2019 Projects
 - Exhibit B: 2019-2023 (5-Year CIP)
 - Exhibit C: 2019 Department Spending
 - Exhibit D: Department Outlook



**5-YEAR CAPITAL IMPROVEMENT PROGRAM
LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
EXHIBIT B: 2019-2023**

2019 Capital Improvements			2020 Capital Improvements			2021 Capital Improvements			2022 Capital Improvements			2023 Capital Improvements		
Total Cost	LNAA Share		Total Cost	LNAA Share		Total Cost	LNAA Share		Total Cost	LNAA Share		Total Cost	LNAA Share	
FAA & STATE GRANT PROJECTS														
LEHIGH VALLEY INTERNATIONAL AIRPORT			LEHIGH VALLEY INTERNATIONAL AIRPORT			LEHIGH VALLEY INTERNATIONAL AIRPORT			LEHIGH VALLEY INTERNATIONAL AIRPORT			LEHIGH VALLEY INTERNATIONAL AIRPORT		
FAA 101-2016 - ABE Master Plan Update	\$67,592	\$3,380	Runway 6/24 Rehabilitation - Package 2 Construction	\$24,260,000	\$1,213,000	Runway 6/24 Rehabilitation - Package 3 Construction	\$8,498,000	\$420,400	Runway 6/24 Rehabilitation - Package 4 Construction	\$16,112,000	\$805,600	Snow Removal Equipment Building (Design)	\$650,000	\$32,500
FAA 104-2017 - Runway 6/24 Rehabilitation - Phase II (Design)	\$244,281	\$12,214	Runway 6/24 Rehabilitation - Package 3 Construction	\$2,102,000	\$105,100	Runway 6/24 Rehabilitation - Package 4 Construction	\$4,028,000	\$201,400	Realign Portion of Taxiway "B" (Design)	\$510,000	\$25,500	Realign Portion of Taxiway "B" (Construction)	\$8,600,000	\$430,000
FAA 105-2018 - Runway 6/24 Rehabilitation - Package 1 Design/Construction	\$16,395,317	\$819,766	(State Grant) - Main Terminal Parking Lot Rehabilitation - Phase II	\$2,322,570	\$1,161,285	(State Grant) - Main Terminal Parking Lot Rehabilitation - Phase III	\$407,032	\$203,516	(State Grant) - Main Terminal Parking Lot Rehabilitation - Phase IV	\$1,501,790	\$75,089	(State Grant) - Main Terminal Parking Lot Rehabilitation - Phase V	\$154,320	\$7,716
ACB-2016-LNAA-00010: Hangar 11 Design/Construction	\$14,000,000	\$9,249,641	TA-ACB-2017-LNAA-00002: Main Terminal (Security Checkpoint) Phase II	\$2,613,808	\$1,306,904	LVIA Grant Projects Sub-Total	\$12,843,032	\$625,316	LVIA Grant Projects Sub-Total	\$18,123,790	\$1,581,995	LVIA Grant Projects Sub-Total	\$7,304,320	\$434,660
TA-ACB-2017-LNAA-00002: Main Terminal (Security Checkpoint) Phase I	\$1,386,192	\$69,572	LVIA Grant Projects Sub-Total	\$3,298,378	\$1,786,289	QUEEN CITY AIRPORT			QUEEN CITY AIRPORT			QUEEN CITY AIRPORT		
MMA-2018-LNAA-00008: Main Terminal Parking Lot Rehabilitation - Phase I & II	\$1,325,771	\$63,471	QUEEN CITY AIRPORT			Runway 15/33 Rehabilitation: Pavement & Lighting (Design)	\$410,000	\$20,500	Rehabilitate Runway 15/33 - Pavement & Lighting (PH. I - Construction)	\$1,750,000	\$87,500	Rehabilitate Runway 15/33 - Pavement & Lighting (PH. II - Construction)	\$2,970,000	\$148,500
LVIA Grant Projects Sub-Total	\$33,419,153	\$11,369,044	XLL Obstruction Removal (Construction)	\$1,400,000	\$70,000	(State) - Construct T-Hangars - PH.II Construction	\$4,319,000	\$2,159,500	Snow Removal Equipment Building (Design)	\$90,000	\$4,500	Install Runway 15-33 PAPIs Design/Construction	\$180,000	\$9,000
QUEEN CITY AIRPORT			XLL Taxiway "B" Rehabilitation (Construction)	\$780,000	\$39,000	Queen City Grant Projects Sub-Total	\$4,729,000	\$2,180,000	Queen City Grant Projects Sub-Total	\$1,840,000	\$92,000	Queen City Grant Projects Sub-Total	\$270,000	\$13,500
FAA 22-2017 - XLL Master Plan Update	\$47,888	\$2,394	(State Grant) - Construct T-Hangars - PH. I Design	\$864,000	\$432,000	BRADEN AIRPARK			BRADEN AIRPARK			BRADEN AIRPARK		
FAA 23-2018 - XLL Acquire Snow Removal Equipment	\$344,378	\$17,219	Queen City Grant Projects Sub-Total	\$3,044,000	\$1,541,000	Construct T-Hangars (State) - PH.I Design	\$150,000	\$75,000	Construct T-Hangars (State) - PH.II Construction	\$500,000	\$250,000	Misc. Hangar Repairs	\$100,000	\$100,000
FAA 24-2018 - XLL Taxiway "B" Rehabilitation (Design), Obst. Removal (Design)	\$160,250	\$8,013	BRADEN AIRPARK			Braden Airpark Grant Projects Sub-Total	\$150,000	\$75,000	Braden Airpark Grant Projects Sub-Total	\$500,000	\$250,000	Braden Airpark Grant Projects Sub-Total	\$100,000	\$100,000
Queen City Grant Projects Sub-Total	\$552,516	\$27,626	(State Grant) New Terminal Building - Phase I Construction	\$216,667	\$108,333	TOTAL FOR GRANT PROJECTS	\$17,722,032	\$3,080,316	TOTAL FOR GRANT PROJECTS	\$20,463,790	\$1,923,995	TOTAL FOR GRANT PROJECTS	\$7,674,320	\$548,160
BRADEN AIRPARK			Braden Airpark Grant Projects Sub-Total	\$216,667	\$108,333									
TA-ACB-2016-LNAA-00009: New Terminal Building - Phase I Design/Construction	\$433,333	\$108,333	TOTAL FOR GRANT PROJECTS	\$34,559,045	\$4,435,622									
Braden Airpark Grant Projects Sub-Total	\$433,333	\$108,333												
TOTAL FOR GRANT PROJECTS	\$34,405,002	\$11,505,002												
MAJOR NON-GRANT PROJECTS														
MAJOR NON-GRANT PROJECTS			MAJOR NON-GRANT PROJECTS			MAJOR NON-GRANT PROJECTS			MAJOR NON-GRANT PROJECTS			MAJOR NON-GRANT PROJECTS		
Hangar 9/ARFF Boiler Replacements	\$32,172	\$32,172	Hangar Roof Repair	\$100,000	\$100,000	Passenger Boarding Bridge Repairs/Removal - Phase III (two bridges)	\$170,000	\$170,000	Passenger Boarding Bridge Repairs/Removal - Phase IV (two bridges)	\$170,000	\$170,000	Passenger Boarding Bridge Repairs/Removal - Phase II (one bridge)	\$70,000	\$70,000
ABE General Aviation Pavement Rehabilitation/Repairs (T-Hangars)	\$763,707	\$763,707	Passenger Boarding Bridge Repairs/Removal - Phase II (two bridges)	\$170,000	\$170,000	Landside Circulation Improvements (Design)	\$1,000,000	\$1,000,000	Landside Circulation Improvements (PH. I Construction)	\$4,500,000	\$4,500,000	Landside Circulation Improvements (PH. II Construction)	\$4,500,000	\$4,500,000
Hangar 3 Radiant Heat Installation	\$208,333	\$208,333	Hangar 7 Sprinkler System - Phase III (Construction)	\$900,000	\$900,000	Rehabilitate Main Air Carrier Apron - PH. II Construction	\$1,500,000	\$1,500,000	Rehabilitate Main Air Carrier Apron - PH. III Construction	\$1,500,000	\$1,500,000	Air Cargo Expansion - PH. III Construction	\$6,000,000	\$6,000,000
Office Renovations/Boardroom Relocation Design/Construction	\$612,000	\$612,000	Rehabilitate Main Air Carrier Apron - PH. I Design	\$600,000	\$600,000	Air Cargo Expansion - PH. I Design	\$1,000,000	\$1,000,000	Air Cargo Expansion - PH. II Construction	\$4,000,000	\$4,000,000	Main Terminal Security Connector - PH.III Construction	\$3,741,935	\$3,741,935
Passenger Boarding Bridge Repairs/Removal - Phase I (two bridges)	\$170,000	\$170,000	TOTAL MAJOR NON-GRANT PROJECTS	\$1,770,000	\$1,770,000	TOTAL MAJOR NON-GRANT PROJECTS	\$7,411,935	\$7,411,935	TOTAL MAJOR NON-GRANT PROJECTS	\$13,911,935	\$13,911,935	TOTAL MAJOR NON-GRANT PROJECTS	\$14,311,935	\$14,311,935
Renovate Terminal/FBO/XLL Bathrooms	\$300,000	\$300,000												
Airside Concrete Apron Repairs	\$150,000	\$150,000												
Hangar 7 Sprinkler System - Phase III (Construction)	\$794,000	\$794,000												
TOTAL MAJOR NON-GRANT PROJECTS	\$3,050,212	\$3,050,212												
RECURRING PROJECTS														
RECURRING PROJECTS			RECURRING PROJECTS			RECURRING PROJECTS			RECURRING PROJECTS			RECURRING PROJECTS		
Miscellaneous Landside Pavement Repairs/Crack Sealing	\$797,570	\$797,570	Airside Pavement Repairs	\$450,000	\$450,000	Airside Pavement Repairs	\$450,000	\$450,000	Airside Pavement Repairs	\$450,000	\$450,000	Airside Pavement Repairs	\$450,000	\$450,000
Software Updates (Exhibit C: #25)	\$208,333	\$208,333	Landside Pavement Repairs	\$450,000	\$450,000	Landside Pavement Repairs	\$450,000	\$450,000	Landside Pavement Repairs	\$450,000	\$450,000	Landside Pavement Repairs	\$450,000	\$450,000
Computers and Hardware Replacement/Upgrades (Exhibit C: #26)	\$40,000	\$40,000	Miscellaneous Pavement Repairs/Crack Sealing	\$300,000	\$300,000	Miscellaneous Pavement Repairs/Crack Sealing	\$300,000	\$300,000	Miscellaneous Pavement Repairs/Crack Sealing	\$300,000	\$300,000	Miscellaneous Pavement Repairs/Crack Sealing	\$300,000	\$300,000
Radio Replacement/Upgrade (Exhibit C: #27)	\$25,000	\$25,000	Software Updates	\$40,000	\$40,000	Software Updates	\$40,000	\$40,000	Software Updates	\$40,000	\$40,000	Software Updates	\$40,000	\$40,000
			Computers and Hardware Replacement/Upgrades	\$25,000	\$25,000	Computers and Hardware Replacement/Upgrades	\$25,000	\$25,000	Computers and Hardware Replacement/Upgrades	\$25,000	\$25,000	Computers and Hardware Replacement/Upgrades	\$25,000	\$25,000
			Radio Replacement/Upgrade	\$20,000	\$20,000	Radio Replacement/Upgrade	\$20,000	\$20,000	Radio Replacement/Upgrade	\$20,000	\$20,000	Radio Replacement/Upgrade	\$20,000	\$20,000
			Terminal Amenities	\$25,000	\$25,000	Terminal Amenities	\$25,000	\$25,000	Terminal Amenities	\$25,000	\$25,000	Terminal Amenities	\$25,000	\$25,000
			Office Furniture Replacement	\$50,000	\$50,000	Office Furniture Replacement	\$50,000	\$50,000	Office Furniture Replacement	\$50,000	\$50,000	Office Furniture Replacement	\$50,000	\$50,000
TOTAL FOR RECURRING PROJECTS	\$797,570	\$797,570	TOTAL FOR RECURRING PROJECTS	\$1,360,000	\$1,360,000	TOTAL FOR RECURRING PROJECTS	\$1,360,000	\$1,360,000	TOTAL FOR RECURRING PROJECTS	\$1,360,000	\$1,360,000	TOTAL FOR RECURRING PROJECTS	\$1,360,000	\$1,360,000
ALLOCATED														
ALLOCATED			ALLOCATED			ALLOCATED			ALLOCATED			ALLOCATED		
Existing Equipment - Capital Lease	\$1,560,000	\$1,560,000	Existing Equipment - Capital Lease	\$2,094,582	\$2,094,582	Existing Equipment - Capital Lease	\$3,294,582	\$3,294,582	Existing Equipment - Capital Lease	\$2,000,000	\$2,000,000	Existing Equipment - Capital Lease	\$2,000,000	\$2,000,000
Existing Constellation Energy Savings Lease	\$232,016	\$232,016	Existing Constellation Energy Savings Lease	\$302,656	\$302,656	Proposed Equipment - Capital Lease	\$1,200,000	\$1,200,000	Proposed Equipment - Capital Lease	\$1,200,000	\$1,200,000	Proposed Equipment - Capital Lease	\$1,200,000	\$1,200,000
Existing Fuel Trucks Lease	\$156,000	\$156,000	Proposed Equipment - Capital Lease	\$1,200,000	\$1,200,000	TOTAL ALLOCATED LEASE	\$4,494,582	\$4,494,582	TOTAL ALLOCATED LEASE	\$3,200,000	\$3,200,000	TOTAL ALLOCATED LEASE	\$3,200,000	\$3,200,000
Proposed Equipment - Capital Lease	\$798,200	\$798,200	TOTAL ALLOCATED LEASE	\$3,597,238	\$3,597,238	TOTAL ALLOCATED LEASE	\$4,494,582	\$4,494,582	TOTAL ALLOCATED LEASE	\$3,200,000	\$3,200,000	TOTAL ALLOCATED LEASE	\$3,200,000	\$3,200,000
TOTAL ALLOCATED LEASE	\$2,736,216	\$2,736,216												
DEPARTMENTAL EXPENSES														
DEPARTMENTAL EXPENSES			DEPARTMENTAL EXPENSES			DEPARTMENTAL EXPENSES			DEPARTMENTAL EXPENSES			DEPARTMENTAL EXPENSES		
Cumulative Department Spending	\$711,000	\$711,000	Cumulative Department Spending	\$1,000,000	\$800,000	Cumulative Department Spending	\$1,000,000	\$800,000	Cumulative Department Spending	\$1,000,000	\$800,000	Cumulative Department Spending	\$1,000,000	\$800,000
TOTAL FOR DEPARTMENTAL EXPENSES	\$711,000	\$711,000	TOTAL FOR DEPARTMENTAL EXPENSES	\$1,000,000	\$800,000	TOTAL FOR DEPARTMENTAL EXPENSES	\$1,000,000	\$800,000	TOTAL FOR DEPARTMENTAL EXPENSES	\$1,000,000	\$800,000	TOTAL FOR DEPARTMENTAL EXPENSES	\$1,000,000	\$800,000
2019 GRAND TOTAL	\$41,700,000	\$18,800,000	2020 GRAND TOTAL	\$42,286,283	\$11,962,860	2021 GRAND TOTAL	\$31,988,549	\$17,146,833	2022 GRAND TOTAL	\$39,935,725	\$21,195,930	2023 GRAND TOTAL	\$27,546,255	\$20,220,095

- Notes:
- The difference between Total Cost and LNAA Share is from FAA, PennDOT, CFC, PFC, and any other funding source required to complete the project.
 - Grant Project Costs Represent the Anticipated LNAA Matching Share Needed during the Fiscal Year.
 - Projects listed with a "Phase" are multi-phased, multi-year projects that may be ongoing into 2020. Total Project cost is depicted and updated on the 5-year CIP.
 - All Grant/Major construction projects depict the full program cost; which includes consultant fees & design (professional services), construction, construction management, as well as a total project contingency. Both professional services and project contingency are depicted if known, otherwise are shown to be the assumed industry standards of 10% of total project cost.
 - A project is deemed complete when all the associated equipment/construction items have been purchased and are placed in service.

5-YEAR CAPITAL IMPROVEMENT PLAN	\$183,456,812	\$89,325,718
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**CAPITAL IMPROVEMENT PROGRAM
LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
EXHIBIT C: 2019 DEPARTMENT SPENDING**

2019 Capital Projects by Department					
#	Project*	LNA Share	Rating	Lease Cost	Department
1	Replace Air Handler Unit 4&5	\$150,000	1.E		L-Mx
2	New Carpet for Terminal Areas - PH.II (Baggage Claim)	\$100,000	1.E		L-Mx
3	ABE Fuel Farm Painting	\$75,000	1.E		L-Mx
4	Equipment Storage Building - XLL	\$60,000	1.E		XLL FBO
5	Elevator Rehabilitation (Main Terminal)	\$60,000	1.E		L-Mx
6	Terminal Brick Repointing	\$60,000	1.E		L-Mx
7	Replace Baggage Makeup Doors (2)	\$35,000	1.E		L-Mx
8	Replace Maintenance Fuel Farm Piping/Fuel Management System	\$30,000	1.E		A-Mx
9	Pet Relief Area	\$30,000	1.E		L-Mx
10	Replace Hangar 8 Gutters	\$16,000	1.E		Av-Leased Mx
11	New FLIR Camera for Rescue 4	\$5,000	1.E		ARFF
12	Air Carrier Apron Marking	\$80,000	1.R		L-Mx
13	Modify Operations Vehicle for Canine Unit	\$10,000	1.R		L-Mx
14	FIDS Upgrade - Phase I (Paging and Screens)		1.E	\$200,000	IT
15	Relocate Telephone & Fiber Optic Systems - Demarcation		1.E	\$150,000	IT
16	Replace ABE Rotating Beacon Tower		1.E	\$150,000	A-Mx
17	Passenger Stairs (Drivable)		1.E	\$120,000	LVAS
18	Lav Truck		1.E	\$95,000	LVAS
19	Replace HVAC - Old Departure/AC Units		1.E	\$80,000	L-Mx
20	BAR 3035 ADA Passenger Ramp		1.E	\$70,000	LVAS
21	Acquire GPU - XLL		1.E	\$65,000	XLL FBO
22	HVAC Software Updates		1.E	\$65,000	L-Mx
23	Acquire Charging Stations		1.E	\$30,000	L-Mx
24	Luggage Cart Corrals (Interior & Exterior)		1.E	\$30,000	L-Mx
25	Software Updates		1.E	\$80,000	IT
26	Computers and Hardware Replacement/Upgrades		1.E	\$25,000	IT
27	Radio Replacement/Upgrade		1.E	\$20,000	IT
28	Passenger Stairs (Push)		1.E	\$25,000	Cargo
29	Acquire Replacement Welding Equipment		1.E	\$7,500	A-Mx
30	Acquire Operations Vehicle (SUV)		1.R	\$38,000	Ops
31	GRAND TOTAL	\$711,000		\$1,250,500	

Rating	
1.E	EMERGENCY/BUSINESS CRITICAL
1.R	REGULATORY

*Projects above are depicted in orange on Exhibit D: Department Outlook



**CAPITAL IMPROVEMENT PROGRAM
LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
EXHIBIT D: DEPARTMENT OUTLOOK**

Vehicle/Equipment Lease				Facility Renovations and Improvements				Preventative Maintenance/Warranty			
Project	Cost	Rating	Department	Project	Cost	Rating	Department	Project	Cost	Rating	Department
Acquire GPU - XLL	\$65,000	1.E	XLL FBO	Acquire Replacement Welding Equipment	\$7,500	1.E	A-Mx	Replace Hangar 8 Gutters	\$16,000	1.E	Av-Leased Mx
BAR 3035 ADA Passenger Ramp	\$70,000	1.E	LVAS	Replace Maintenance Fuel Farm Piping/Fuel Management System	\$30,000	1.E	A-Mx	ABE Fuel Farm Painting	\$75,000	1.E	FBO
Lav Truck	\$95,000	1.E	LVAS	New FLIR Camera for Rescue 4	\$5,000	1.E	ARFF	Elevator Rehabilitation (Main Terminal)	\$60,000	1.E	L-Mx
Passenger Stairs (Drivable)	\$120,000	1.E	LVAS	Equipment Storage Building - XLL	\$80,000	1.E	XLL FBO	Replace Air Handler Unit 4&5	\$150,000	1.E	L-Mx
Passenger Stairs (Push)	\$25,000	1.E	Cargo	FIDS Upgrade - Phase I (Paging and Screens)	\$200,000	1.E	IT	Replace Baggage Makeup Doors (2)	\$35,000	1.E	L-Mx
Acquire Operations Vehicle (SUV)	\$38,000	1.R	Ops	Luggage Cart Corrals (Interior & Exterior)	\$30,000	1.E	L-Mx	HVAC Software Updates	\$65,000	1.E	L-Mx
Acquire Aircraft Tug - XLL	\$60,000	2	XLL FBO	New Carpet for Terminal Areas - PH.II (Baggage Claim)	\$100,000	1.E	L-Mx	Replace HVAC - Old Departure/AC Units	\$100,000	1.E	L-Mx
Floor Scrubber (ARFF)	\$9,000	3	ARFF	Relocate Telephone & Fiber Optic Systems - Demarcation	\$150,000	1.E	IT	Terminal Brick Repointing	\$60,000	1.E	L-Mx
Acquire Forklift	\$35,000	1.E	A-Mx	Pet Relief Area	\$30,000	1.E	L-Mx	Replace ABE Rotating Beacon Tower	\$150,000	1.E	A-Mx
Acquire HVAC Technician Van	\$36,000	1.E	L-Mx	Modify Operations Vehicle for Canine Unit	\$10,000	1.R	Police	Replace Office Core Windows for Hangar 7 (glazing)	\$50,000	2	Av-Leased Mx
Acquire CFME (towable)	\$75,000	1.R	Ops	Acquire Charging Stations	\$30,000	1.R	L-Mx	Terminal Re-Painting	\$250,000	2	L-Mx
Acquire Replacement Vehicle Emissions/Diagnostic Equip.	\$10,000	1.R	A-Mx	Miscellaneous Structures Demolition (ABE/N43)	\$200,000	1.R	Non-Av Leased Mx	Replace/Upgrade Aviation Fuel Farm Fuel Pumps	\$33,000	1.E	FBO
Acquire Short-Bus	\$75,000	1.R	Parking	Computer Aided Dispatch	\$40,000	2	Ops	Repair/Replace Baggage Claim conveyors/Carousels*	\$500,000	1.E	L-Mx
Acquire Baggage Tractor	\$115,000	2	LVAS	ARFF Gear Washer	\$8,000	2	ARFF	XLL Electrical Upgrades - Main Terminal	\$50,000	1.E	L-Mx
Acquire EX Mark Lawn Mower	\$6,000	2	L-Mx	ABE FBO Upgrades	\$25,000	2	Av-Leased Mx	Replace Maintenance Facility Fuel Tanks	\$600,000	1.E	Non-Av Leased Mx
Acquire Belt Loaders	\$106,000	2	LVAS	IP Based Dispatch Console Upgrade	\$100,000	2	Ops	Hangar 3 Office Core Roof Repair	\$50,000	2	Av-Leased Mx
Acquire Ground Power Unit (FBO)	\$138,000	2	LVAS	Refinish Common Area Floors	\$20,000	3	ARFF	Repaint Exterior of Office Core at Hangar 9	\$20,000	2	Av-Leased Mx
Acquire Painters Van	\$36,000	2	L-Mx	FIDS Upgrade - Phase II (Software)	\$100,000	1.E	IT	Repaint Exterior Structure of Hangar 7	\$200,000	2	Av-Leased Mx
Acquire Salt Storage Bin	\$60,000	2	L-Mx	Infrared Cameras (3 Cameras)	\$40,000	1.E	IT	T-Hangar Roof Repairs	\$80,000	2	Av-Leased Mx
Acquire 4x4 ATV	\$25,000	3	Ops	Upgrade Closed Circuit TV (CCTV) Cameras	\$20,000	1.E	IT	N43 Fuel Farm Repairs	\$16,000	2	N43 FBO
Acquire Airport Admin Vehicles	\$80,000	3	Administration	Rehab. Interior Passenger Entrance/Exit Vestibules & Doors	\$500,000	1.E	L-Mx	Repair Upper Roadway Stormwater Inlets	\$30,000	2	L-Mx
Acquire Enclosed Trailer	\$5,000	3	ARFF	Renovate Station Work Area	\$10,000	1.E	Police	Replace Admin. Office Windows	\$800,000	2	L-Mx
Acquire Front-end Loader	\$175,000	3	A-Mx	Roadway Signage	\$300,000	2	Parking	Rehabilitate Roof for 995 Postal Road Facility	\$100,000	2	Non-Av Leased Mx
Argo Frontier 600 6x6 UTV	\$9,949	3	ARFF	Acquire Gate & Operator - Gate 43A	\$50,000	2	A-Mx	Rehabilitate Roof for 997 Postal Road Facility	\$100,000	2	Non-Av Leased Mx
Golf Carts (2-FBO, Allegiant, Cargo)	\$20,000	3	Ground	Rehabilitate T-Hangars (ABE) (Doors, Roof, Paint, etc.)	\$500,000	2	Av-Leased Mx	Rehabilitate Roof for Car Wash Facility (Formerly Hangar 1)	\$75,000	2	Non-Av Leased Mx
GRAND TOTAL	\$1,488,949			Replace N43 Hangar Doors	\$100,000	2	Av-Leased Mx	Replace Telecommunications Equipment	\$30,000	3	Ops
				XLL Fuel Farm	\$500,000	2	XLL FBO	GRAND TOTAL	\$3,695,000		
				XLL FBO Upgrades	\$25,000	2	XLL FBO				
				Cardkey Upgrades	\$25,000	2	IT				
				Hardware (UPS/Switches/Security/Routers) Repair/Replacement	\$40,000	2	IT				
				Server Replacement	\$250,000	2	IT				
				New Millwork for Departure	\$50,000	2	L-Mx				
				Acquire In-Car BioAcoustic Bird Dispersal System	\$25,000	2	Ops				
				Cargo Wi-Fi	\$20,000	2	IT				
				Acquire Security Infrastructure Detection/Prevention Systems	\$50,000	2	Ops				
				Weapons Cache (Duty Packages)	\$7,500	2	Police				
				Document Management System/Back-Scanning	\$250,000	3	Administration				
				Acquire VMAG - Gate 8	\$50,000	3	A-Mx				
				Acquire High Speed Fire Station Doors	\$180,000	3	ARFF				
				Renovate ARFF Lounge & Hall	\$22,000	3	ARFF				
				Acquire Replacement Emergency Generator at Hangar 3	\$35,000	3	Av-Leased Mx				
				Renovate/Upgrade Line Services Facility	\$25,000	3	FBO				
				Replace Hangar 7 Furniture/Amenities - PH. II	\$10,000	3	FBO				
				Telco Hardware Replacement/Upgrades	\$25,000	3	IT				
				Acquire new Terminal Signage	\$30,000	3	L-Mx				
				Acquire Gate Management Software	\$10,000	3	Ops				
				Acquire In-Car Airfield Condition Reporting System	\$35,000	3	Ops				
				Acquire In-Car Airfield Inspection Management System	\$20,000	3	Ops				
				Acquire Replacement Furniture	\$12,000	3	Ops				
				Renovate Operations Officer Office	\$20,000	3	Ops				
				Acquire In-Car Video & Body Camera Systems	\$60,000	3	Police				
				GRAND TOTAL	\$4,462,000			DEPARTMENTAL OUTLOOK GRAND TOTAL	\$9,645,949		

Rating	
1.E	EMERGENCY/BUSINESS CRITICAL
1.R	REGULATORY
2	HIGH
3	LOW
	2019 PROJECT
	2019 SUPPLEMENTAL CAPITAL PROJECT

Notes:

- Projects listed in orange make up the 2019 Cumulative Department Spending Line Item (34) shown in Exhibit A and are also listed in Exhibit C. Projects listed in grey are supplemental projects that will occur should additional funding become available.
- Projects are selected based on Operational Importance Rating (see legend on right for rating scale) as well as with regards to safety, continued service, and affecting revenue. The Operational Importance Rating was developed to categorize projects with respect to their impact on the operation of the airport and its ability to maintain public service of the facilities:
 - 1.E: Projects essential to maintaining operations, business critical and customer service.
 - 1.R: Projects necessary to maintain compliance with the FAA and other governing bodies.
 - 2 : Projects focusing on improving existing facilities, replacing aging equipment, and preventative maintenance to reduce future construction costs.
 - 3 : Projects that rank lowest in priority that mainly focus on easing airport operation or aesthetic enhancements; improvements made to the existing operation.
- All departmental projects are split into the three categories as shown:
 - Vehicle/Equipment Lease: Service vehicles and equipment necessary for airport operation.
 - Facility Renovation and Improvements: Upgrades needed to keep the airport and facilities in operation and/or maintain and improve customer service.
 - Preventative Maintenance/Warranty: Items that are beyond their useful or out of warranty and in need of replacement.
- Projects listed with a "PH" are multi-phased, multi-year projects.



**Lehigh Valley International Airport
Queen City Airport
Braden Airpark**

APPENDIX A

LEHIGH-NORTHAMPTON AIRPORT AUTHORITY



2019 Airline Rates and Charges

Lehigh Valley International Airport

Provided by Unison Consulting, Inc.



TABLE 1
LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
LEHIGH VALLEY AIRPORT SYSTEM
OPERATING EXPENSES

Operating Expenses	Budget 2019	Budget 2018
Salaries and Wages	\$ 9,170,888	\$ 9,208,355
Payroll Taxes	691,565	697,444
Employee Benefits	3,721,300	3,269,311
Subtotal - Personnel Costs	\$ 13,583,753	\$ 13,175,110
Professional Services	374,442	435,388
Legal Services	465,996	293,000
Audit and Financial Services	71,900	81,125
Public Relations	42,500	49,000
Contract Services	938,594	976,351
Advertising Expense	422,825	247,578
Printing	13,400	17,415
Postage	9,240	9,040
Dues and Subscriptions	359,938	212,658
Office Supplies	48,741	53,484
Telephone	138,645	120,971
Training and Seminars	152,720	133,851
Business and Travel Related	131,105	121,630
Hospitality	29,959	26,120
Equipment Rental	2,144,523	2,055,228
Materials & Supplies	675,993	584,583
Maintenance Repairs	825,586	820,223
Heating Gas & Oil	417,761	379,728
Electricity	705,897	676,786
Water	100,477	103,300
Refuse Collection	24,657	37,957
Uniforms	86,177	73,673
Insurance	453,500	448,281
Real Estate Taxes	198,874	108,949
Payment in Lieu of Taxes	534,319	448,300
Interest Expense	-	56,000
Credit Card Fees	178,579	174,122
Bad Debt Expense	-	-
Miscellaneous	39,640	62,510
Subtotal Other Operating Expenses	\$ 9,585,988	\$ 8,807,251
Total Operating Expenses ¹	\$ 23,169,741	\$ 21,982,361
COST OF SALES - NOT ALLOCATED		
Cost of Sales - Aviation Services	3,678,888	3,395,174
Cost of Sales - GA Airports	930,162	738,345
Subtotal Cost of Sales	\$ 4,609,050	\$ 4,133,519
Total Operating Expenses and COS	\$ 27,778,791	\$ 26,115,880
Total Operating Expense Allocation		
Airfield	\$ 4,891,450	\$ 4,495,642
Terminal	4,964,375	4,973,198
Parking and Roadways	1,390,097	1,274,655
Aviation Leased Areas	1,040,854	960,613
Non-Aviation Leased Areas	327,377	231,864
Aviation Services	918,316	851,486
Ground Handling	5,527,796	5,164,915
GA Airports	496,381	362,373
Advertising	77,476	85,985
Administration	3,535,619	3,581,630
Total Operating Expenses ¹	\$ 23,169,741	\$ 21,982,361

Source: Authority Management.

¹ GA Airport expenses included in this total.

TABLE 2
LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
LEHIGH VALLEY AIRPORT SYSTEM
OPERATING REVENUES

OPERATING REVENUE	Budget 2019	Budget 2018
Airfield:		
Landing Fees	\$ 5,090,005	\$ 5,145,345
Apron Parking Fees	722,605	570,619
Land Rentals	-	-
Security	71,329	63,842
Other	91,667	91,667
Total Airfield Fees	\$ 5,975,607	\$ 5,871,473
Terminal:		
Airline Rent	\$ 2,648,736	\$ 2,403,157
Per Turn Fees	718,244	635,734
Passenger Support Services	432,325	395,741
Security ¹	-	118,564
Concession & Other Rents	574,125	618,922
Rental Cars	1,480,622	1,362,116
Restaurant/Newsstand	259,375	220,000
Other	74,120	34,000
Utility Fees & Other	30,540	30,000
Total Terminal Rents	\$ 6,218,087	\$ 5,818,234
Parking & Roadways	\$ 5,343,191	\$ 4,638,810
Aviation Leased Areas:		
Hangar 1 Rental	\$ 57,135	\$ 57,870
Hangar 2 Rental	30,618	62,232
Hangar 3 Rental	402,053	313,466
Hangar 5 Rental	22,380	21,726
Hangar 7 Rental	386,899	345,606
Hangar 8 Rental	163,260	153,012
Hangar 9 Rental	761,718	748,565
Hangar 10 Rental	620,715	504,310
Hangar 11 Rental	174,000	-
T-Hangars	197,027	185,525
Air Cargo Building & Land Rents	111,274	100,000
Ramp & Gatecard Fees	45,537	34,124
Total Aviation Leased Areas	\$ 2,972,616	\$ 2,526,436
Non-Aviation Leased Areas:		
Building Rents	\$ 555,882	\$ 635,128
Land Rentals	145,066	112,722
Total Non-Aviation Rents	\$ 700,948	\$ 747,850
Aviation Services:		
Gross Fuel Sales	\$ 1,809,956	\$ 1,646,996
Landing Fees	145,295	145,295
Into Plan Fees	2,572,441	2,232,328
Hangar & Ramp Rentals	177,415	200,760
Miscellaneous Income	5,000	5,000
Total Aviation Services	\$ 4,710,107	\$ 4,230,379
Ground Handling and Other:		
Ground Handling and Other	\$ 6,166,183	\$ 6,054,994
Total Ground Handling and Other	\$ 6,166,183	\$ 6,054,994
Advertising:		
Advertising	\$ 291,983	\$ 302,369
Total Advertising	\$ 291,983	\$ 302,369
GA Airports:		
Hangar & Ramp Rentals	\$ 660,575	\$ 559,662
Fuel Sales - FBO	466,873	545,998
Into Plane Fees - FBO	172,100	-
Pilot Supplies Sales	-	-
Miscellaneous Income	1,300	-
Total GA Airports	\$ 1,300,848	\$ 1,105,660
Total Operating Revenue²	\$ 33,679,569	\$ 31,296,205

Source: Authority Management.

¹ Terminal security fees now included in concessions and other rents.

² GA Airport revenues included in this total.

TABLE 3
LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
LEHIGH VALLEY AIRPORT SYSTEM
LANDING FEE RATE

Landing Fee Rate	Budget	
	2019	2018
Direct Operating Expenses	\$ 4,891,450	\$ 4,495,642
Indirect Operating Expenses	634,736	644,693
O&M Reserve Requirement ¹	64,308	65,856
Debt Service	16,990	15,278
Debt Service Coverage	4,248	3,819
Amortization of Capital Expenditures	204,139	600,000
Total Requirement	\$ 5,815,870	\$ 5,825,288
LESS: Apron Expenses ²	552,619	514,034
LESS: Apron O&M Reserve	6,431	6,586
LESS: Previous Year's Debt Service Coverage	3,819	3,815
LESS: World Fuel Annual Incentive	91,667	91,667
LESS: Land Rent Credit	-	-
LESS: Security Surcharge (35%)	71,329	63,842
Net Requirement	\$ 5,090,005	\$ 5,145,345
Total Airline Landed Weight (000 lbs.)	1,078,013	1,085,828
Airline Landing Fee	\$ 4.72	\$ 4.74
Airline Landing Fees	\$ 5,090,005	\$ 5,145,345

1.) Represents 2 months (1/6) of the incremental change in O&M Expenses.

2.) Equals 10% of Direct and Indirect Airfield expenses.

TABLE 4
LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
LEHIGH VALLEY AIRPORT SYSTEM
APRON FEE

Apron Fee	Budget 2019	Budget 2018
Direct Operating Expenses	\$ 552,619	\$ 514,034
O&M Reserve Requirement ¹	6,431	6,586
Amortization of Capital Expenditures	7,619	50,000
Total Requirement	\$ 566,668	\$ 570,619
 LESS: Non-Signatory Paid Premiums/Diversions	 -	 -
Net Requirement	\$ 566,668	\$ 570,619
 Total Landed Weight	 1,078,013	 1,085,828
 Annual Passenger Carrier Apron Fee	 \$ 0.53	 \$ 0.53
 <u>Cargo Carrier Surcharge</u>		
Amortization for Cargo Apron	\$ 155,937	\$ -
Cargo Landed Weight	648,476	665,698
Cargo Carrier Surcharge	\$ 0.24	\$ -
 Annual Cargo Carrier Apron Fee	 \$ 0.77	 \$ 0.53
 Total Apron Requirement	 \$ 722,605	 \$ 570,619

1.) Represents 2 months (1/6) of the incremental change in O&M Expenses.

TABLE 5
LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
LEHIGH VALLEY AIRPORT SYSTEM
TERMINAL RENTAL RATE

Terminal Rental Rate	Budget	
	2019	2018
Direct Operating Expenses	\$ 4,964,375	\$ 4,973,198
Indirect Operating Expenses	964,056	977,785
O&M Reserve Requirement ¹	(3,759)	67,201
Debt Service	840,405	849,715
Debt Service Coverage	210,101	212,429
Amortization of Capital Expenditures	456,899	76,576
Total Requirement	\$ 7,432,078	\$ 7,156,903
LESS: Previous Year's Debt Service Coverage	212,429	212,198
LESS: Passenger Support Services ²	432,325	395,741
LESS: Security Surcharge (65%)	132,469	118,564
Net Requirement	\$ 6,654,855	\$ 6,430,400
Total Rentable Space	75,812	75,812
Total Administrative Space	9,009	9,009
Total Rentable and Admin Space	84,821	84,821
Blended Terminal Rental Rate	\$ 78.46	\$ 75.81
Wiley Space Terminal Rental Rate	\$ 26.19	\$ 25.31
Weighted Average Terminal Rental Rate ³	\$ 82.63	\$ 79.84
Airline Space	52,943	52,943
Airline Rented Space	50,589	50,589
Airline Terminal Rental Revenue	\$ 4,179,980	\$ 4,038,998

1.) Represents 2 months (1/6) of the incremental change in O&M Expenses.

2.) Represents the charges associated with customer service in the Airport (ex. Curbside check in assistance).

3.) Wiley Space is charged at 31.7% of the other Terminal space. The Blended Terminal Rate calculates a rate based on all space being treated equally. The Weighted Average Terminal Rental Rate is the true Terminal Rental Rate based on the different categories of space.

TABLE 6
LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
LEHIGH VALLEY AIRPORT SYSTEM
PER TURN FEE

Per Turn Fee	Budget	Budget
	2019	2018
Projected Terminal Fees	4,179,980	4,038,998
Projected Enplanements	407,597	364,812
Annual Rental Cost per Enplanement [A]	\$ 10.26	\$ 11.07
Projected Enplanements	407,597	364,812
Gates in Use	7	7
Projected Enplanements per Gate [B]	58,228	52,116
Average Rental Fee per Gate [A * B = C]	\$ 597,140	\$ 577,000
Total Passenger Operations	5,843	5,521
Days	365	365
Passenger Operations per Day	16.01	15.13
Total Gates in Use	7	7
Passenger Operations per Day per Gate ¹	2.29	2.16
Days	365	365
Total Turns per Gate per Year [D]	834.71	788.71
Projected Gate Cost per Turn [C/D = E]	\$ 715.38	\$ 731.57
Estimated Ground Handling Fee		
Estimated Salary Cost Per Hour	\$ 19.15	\$ 18.78
Benefits/Payroll Tax %	51%	49%
Est. Hours per Turn	15	15
Est. Non Salary Expense %	15%	15%
Estimated Ground Handling Fee per Turn	\$ 498.90	\$ 482.64
Projected Terminal Fees per Turn	\$ 715.38	\$ 731.57
Estimated Ground Handling Fee per Turn	\$ 498.90	\$ 482.64
Total Fees per Turn	\$ 1,214.28	\$ 1,214.21
Additional Fees		
Landing Fee (per 1,000 lbs.)	\$ 4.72	\$ 4.74
Apron Fee (per 1,000 lbs. of landed weight)	\$ 0.53	\$ 0.53
Security Fee (per enplanement)	\$ 0.50	\$ 0.50

1.) Operations estimated by the Airport Authority.

TABLE 7
LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
LEHIGH VALLEY AIRPORT SYSTEM
PASSENGER AIRLINE COST PER ENPLANEMENT

Airline Cost per Enplanement	Budget	
	2019	2018
Passenger Airline Landing Fees ¹	\$ 2,028,124	\$ 1,990,840
Airline Terminal Rents	2,648,736	2,403,157
Per Turn Fees	718,244	635,734
Passenger Airline Apron Revenue ¹	225,790	570,619
Passenger Support Services	432,325	395,741
Security Surcharge ²	203,799	182,406
Total Airline Revenues	\$ 6,257,017	\$ 6,178,498
Enplanements	407,597	364,812
Airline Cost Per Enplanement	\$ 15.35	\$ 16.94

1.) Cargo landing fees and apron fees not included.

2.) Security Surcharge is \$0.50 per enplaned passenger.

TABLE 8
LEHIGH-NORTHAMPTON AIRPORT AUTHORITY
LEHIGH VALLEY AIRPORT SYSTEM
CASH FLOW

Cash Flow and Net Revenue Requirement	Budget	Budget
	2019	2018
Airline Landing Fees	\$ 5,090,005	\$ 5,145,345
Airline Apron Fees	722,605	570,619
Airline Terminal Rentals ¹	3,366,980	3,038,892
Nonairline Revenues ²	19,890,929	18,407,831
Operating Revenues ²	\$ 29,070,519	\$ 27,162,686
Operating Expenses	\$ 23,169,741	\$ 21,982,361
Net Operating Income	\$ 5,900,778	\$ 5,180,325
Debt Service	\$ 3,828,330	\$ 3,306,852
O&M Reserve Requirement	197,897	430,621
Renewal and Replacement Requirement	-	-
Subordinated Indebtedness	-	-
Capital Expenditures	4,837,727	-
Net Deposit to General Fund ³	\$ (2,963,175)	\$ 1,442,853
Net Operating Income	\$ 5,900,778	\$ 5,180,325
Plus: Transfers		
Coverage from Landing Fee	4,248	3,819
Coverage from Terminal Rate	125,307	126,695
Transfers	-	-
Net Revenues	\$ 6,030,333	\$ 5,310,840
Debt Service	\$ 3,828,330	\$ 3,306,852
Net Revenue Requirement ⁴	1.58	1.61

1.) Includes per turn revenue.

2.) Net of cost of sales.

3.) The Net Deposit to the General Fund before capital expenditures is budgeted to be \$1.9 million for 2019.

4.) The Net Revenue Requirement per the Series 2015 bond covenant established that the Net Revenue Requirement ratio has to be at least 1.57 the Aggregate Debt Service for such period.

LEHIGH-NORTHAMPTON AIRPORT AUTHORITY

BOND RATE MAINTENANCE COVENANT

Under the covenant the Authority agrees that it shall at all times fix, revise, charge and collect rentals, rates, fees and other charges for the use of the Airport in order that in each Fiscal Year the Net Revenues shall at least equal 1.57 times the Aggregate Debt Service for such period.

The 2019 Budget is set at a rate of 1.58 times the aggregate debt service. Following is that computation:

* Net Revenues	\$6,030,333
** Aggregate Debt Service	\$3,828,330
Coverage: Net Revenues / Aggregate Debt Serv	1.58

* Refer to Appendix A, Table 8 of the Rates and Charges for the calculation of this number

** Annual amount to be deposited to cover the annual Debt Service requirement.
Payments are made in equal monthly installments to trustee.