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BUDGET MESSAGE – 2003 OPERATING BUDGET

December 16, 2002

To The Public:

We are pleased to present the 2003 Metropolitan Airports Commission budget that was adopted by the Commission on December 16, 2002. Total operating revenue for 2003 is projected to be \$172,436,000 and operating expense is \$171,006,000. The fourth quarter of 2002 and the final preparation of the 2003 budget was a very difficult time for all involved in the air transportation system.

When staff began the 2003 budget process last summer, the economic forecast was cautiously optimistic. There was still concern over when the economy and in particular the aviation industry would recover. The Finance Committee, staff, and the airlines worked very hard to put together a package that all parties could move forward with. In addition, staff and the airlines agreed to continue to review the budget throughout 2003 for cost savings as well as identifying areas where a change in policy may be in order. As a result of this review process MAC reduced the budget for 2003 from its original draft of \$178.1 million in expenses to \$171.0 million. From another perspective prior to 9/11/01 staff was prepared to move forward with a budget for 2002 of \$203 million.

The aviation industry continues to be in a state of devastation. Two major airlines (US Air & United) have filed Chapter 11 bankruptcy while most others continue to struggle. There appears to be little or no recovery in sight for the industry in 2003. Because of these conditions, the Commission decided that a one-time rate reduction for the airlines of approximately \$3.3 million be used in 2003. Even though the airlines would be operating out of substantially more space (new facilities) in 2003, this reduction allowed the airline payments to be no more than they were in 2002. The table below shows the comparison of revenue and expense for the period 2001-2003.

	2001	2002	2002	October	Final 2003	% Change
(\$ = 000)	Actual	Estimate	Budget	2003 Budget	Budget	Final 2003
				Proposed	Adopted	Vs. 2002
Operating Revenue	\$170,066	\$167,306	\$164,807	\$ 179,350	\$ 172,436	4.63%
Operating Expense	(90,604)	(85,418)	(85,354)	(95,184)	(90,201)	5.68%
Operating Revenue - Net	79,462	81,888	79,453	84,166	82,235	3.50%
Depreciation	(65,647)	(76,750)	(76,517)	(82,956)	(80,805)	5.60%
Net Revenues	\$ 13,815	\$ 5,138	\$ 2,936	\$ 1,210	\$ 1,430	

The budget for 2003 started in May of 2002 with the Finance Committee approving targets. These targets were established in four areas: 1) Revenue, 2) Expense, 3) Debt Service Coverage and 4) Total Airline costs would equal or be below those negotiated in the Airline model. The following additional emphasis was added to the instructions for the individual departments.

- Headcount – No new headcount unless mandated for security
- Capital Equipment – Only essential requirements to be considered
- All other costs will be held to 2002 levels unless they are required for the following:
 - New security requirements
 - Imbedded cost increases for insurance, contracts or utilities
 - Costs associated with maintaining new facilities

BUDGET MESSAGE – 2003 OPERATING BUDGET

FINANCE COMMITTEE

During 2002 the Finance Committee reviewed and/or acted on the following major activities: 2001 financial audit, Refunding or “take out” of the Bond Anticipation Notes (BANs), Passenger Facility Charge (PFC) Application #6, expanded the Commercial Paper Program, extended the term for Bond Counsel, Airport Consultant and Financial Advisor and the 2003 Operating Budget.

With regards to the Operating Budget for 2003, originally the Committee in May established the following general financial targets:

Target: Manage operating revenue so it is equal or greater than \$179,344,000.

Target: Manage operating expenses, excluding depreciation, so it is equal to or less than \$95,998,000.

Target: Maintain a coverage ratio of 1.4 x on General Obligation Revenue and Senior General Airport Revenue Bonds.

Target: Manage total airline payments so they are at or below \$85,354,000.

Results:

<u>\$=000</u>	<u>Target</u>	<u>Original 2003 Budget</u>
Revenue	\$179,344	\$179,350
Expense*	\$95,998	\$95,184
Coverage	1.4X	1.5X
Total Airline Costs	\$85,354	\$85,346

*Excludes Depreciation

However, even though staff met all of the targets established, the Finance Committee directed staff to review all expenses and reduce the budget. There were two primary reasons for this:

- Departments prepared their budgets in the summer months with the anticipation of a rebound in the economy. By October it was clear that the recovery would materialize very little if at all in 2003.
- Projections regarding the airline industry for 2003 were more refined and also clearly indicated little or no recovery in their sector.

Because of these conditions, staff continued to work through December on six variations of the budget. The final budget as compared to the original targets is shown below:

<u>\$=000</u>	<u>Target</u>	<u>Final 2003 Budget</u>
Revenue	\$179,344	\$172,436
Expense*	\$95,998	\$90,201
Coverage	1.4x	1.48x
Total Airline Costs	\$85,354	\$78,997

*Excludes Depreciation

BUDGET MESSAGE – 2003 OPERATING BUDGET

In addition, to the cuts made in the various (six) drafts of the 2003 budget and the one-time rate reduction to the airlines, the Commission agreed with staff to review the following areas for possible revisions during the first quarter of 2003.

- Reliever Airports – Discussion on Commission Policy, rates & charges and Ordinance Revisions (will be completed after 1st Quarter)
- Facility Closures – Review financial analysis of West Terminal Area, Humphrey Terminal and Conference Center
- 17/35 Property Acquisition – Application of revenues
- Other Issues – Includes allocation of staff time, management of facilities, cell phones, consultants and landscaping

Staff will be reporting back to the Finance Committee in March 2003 on all of the above with the exception of Reliever Airports.

FUND OVERVIEW

The Metropolitan Airports Commission (MAC) is accounted for as an Enterprise Fund. For internal purposes, MAC maintains three funds corresponding to three major functions: Operating Fund (Budget), Construction Fund (Budget - Capital Improvement Program) and Debt Service (Budget). The Operating Fund balance as set by Commission Policy is four months working capital (\$30.1 million by year-end 2002). Most airports have a 1 or 3 month balance. Some do have a 4-month balance, however under the current economic conditions, the Commission has decided to maintain a 4-month reserve. Transfers from this fund are made to both the Debt Service (based upon the required balance) and Construction Funds (remaining balance is transferred after debt service and operating balance are funded). The Debt Service Fund services the Commission's debt. As stated above MAC is currently not anticipating a transfer to the Construction Fund for 2003.

The table below is an overview of the Operating Fund and the required transfers.

OPERATING FUND	2001 <u>Actual</u>	2002 <u>Estimate</u>	2002 <u>Budget</u>	2003 <u>Budget</u>	2004 <u>Projection</u>	2005 <u>Projection</u>
1/1 Balance	\$ 30,201	\$ 28,473	\$ 28,451	\$ 30,067	\$ 31,571	\$ 33,465
Sources of Funds						
Operating Revenues	170,066	167,306	164,807	172,435	185,368	199,270
Interest Earnings 1	1,663	1,151	2,000	1,100	1,100	1,100
Other Self-Liquidating Income	<u>4,294</u>	<u>5,209</u>	<u>5,036</u>	<u>6,857</u>	<u>7,102</u>	<u>7,149</u>
Total Sources of Funds	176,023	173,666	171,843	180,392	193,570	207,519
Uses of Funds						
Operating Expenses (excludes depreciation)	(90,604)	(85,418)	(85,354)	(90,201)	(94,711)	(100,394)
Equipment Purchases	(10,000)	(1,000)	(1,000)	(712)	(3,500)	(6,000)
Debt Service Transfer	(50,409)	(66,818)	(72,042)	(73,968)	(72,262)	(72,233)
Construction Transfer/Net Revenues	-	-	-	-	-	-
Other Operating Expenses 3	<u>(10,700)</u>	<u>(4,000)</u>	<u>-</u>	<u>(1,580)</u>	<u>(1,380)</u>	<u>(1,380)</u>
Total Uses of Funds	(161,713)	(157,236)	(158,396)	(166,461)	(171,853)	(180,007)
Transfers & Working Capital Changes 2	<u>(16,044)</u>	<u>(14,836)</u>	<u>(11,636)</u>	<u>(12,427)</u>	<u>(19,823)</u>	<u>(24,750)</u>
12/31 Balance	\$ 28,467	\$ 30,067	\$ 30,262	\$ 31,571	\$ 33,465	\$ 36,227

1 Interest Rate Assumed 2.0% in 2002 - 2004.

2 Change in working capital represents fluctuations in year-end operating payments, receivables and transfers.

3 Equals payments from the Operating Fund for Coverage account, City of Richfield and to bring balance for 2003 up to 4mth level.

BUDGET MESSAGE – 2003 OPERATING BUDGET

OPERATING BUDGET

As stated above staff prepared the budget based on the current economic conditions of the aviation industry. As such, the guidelines identified earlier were used as a basis to put the budget together. See the Operating Budget Section - Revenue and Expense Assumptions for details.

The following table is a summary of the 2001 Actual, 2002 Estimate, 2002 Budget and 2003 Budget expenses.

\$ = 000	2001	2002	2002	2003	Budget \$	Budget %
	Actual	Estimate	Budget	Budget	Variance	Variance
					2002 vs. 2003	2002 vs. 2003
OPERATING REVENUE						
Airline Rates and Charges	\$ 70,361	\$ 71,541	\$ 71,578	\$ 71,578	\$ -	0.0%
Concessions	69,707	66,290	64,821	69,179	4,358	6.7%
Other	<u>29,998</u>	<u>29,475</u>	<u>28,408</u>	<u>31,679</u>	<u>3,271</u>	11.5%
Total Operating Revenue	170,066	167,306	164,807	172,436	7,629	4.6%
OPERATING EXPENSE						
Personnel	42,627	42,600	41,581	42,568	987	2.4%
Administrative Expenses	1,708	1,025	1,172	1,014	(158)	-13.5%
Professional Services	5,177	3,825	3,954	3,680	(274)	-6.9%
Utilities	11,208	10,650	10,756	11,274	518	4.8%
Operating Services	13,634	12,800	12,925	13,364	439	3.4%
Maintenance	15,250	13,760	14,343	16,716	2,373	16.5%
Other	<u>1,000</u>	<u>758</u>	<u>623</u>	<u>1,585</u>	<u>962</u>	154.4%
Total Operating Expenses	90,604	85,418	85,354	90,201	4,847	5.7%
Depreciation	<u>65,647</u>	<u>76,750</u>	<u>76,517</u>	<u>80,805</u>	<u>4,288</u>	5.6%
Total Expenses	<u>156,251</u>	<u>162,168</u>	<u>161,871</u>	<u>171,006</u>	<u>9,135</u>	5.6%
Net Revenues*	\$ 13,815	\$ 5,138	\$ 2,936	\$ 1,430	\$ (1,506)	-51.3%

*Required as a contribution to debt service and if available for use in construction program financing.

Operating Revenues are projected to increase \$7.6 million or 4.6% to \$172.4 million. Airline rates and charges will remain the same based on the Commission's decision to allow for a one-time rate reduction due to current economic condition and forecasts. (See Revenue Assumptions explaining airline rates and charges). Concessions are projected to increase \$4.4 million. The increase can be directly attributed to the increase in passengers and their affect on terminal and parking facilities. (See Revenue Assumptions - Concessions). Other revenue is forecasted to increase \$3.3 million or 11.5%. This increase can be attributed to Sun Country Airlines resuming service and lease adjustments for various facilities (See Revenue Assumptions - Other Revenues).

Operating Expenses are projected to increase \$9.1 million or 5.6%. All areas of the budget except Administrative (down \$159,000) and Professional Services (down \$274,000) are anticipated to increase. Personnel costs are up due to wage increases for organized labor only. Also overtime and double time were increased to the 5-year historical average. Utilities are up because of rate increases and the Lindbergh Terminal expansion. Operating Services increase because of the anticipated change in the Parking Management Contract. Maintenance is up due to additional areas to clean and maintain in the Terminal. The increase in Other can be attributed to General Insurance. (See Expense Assumptions section for detailed explanations of all expense categories).

BUDGET MESSAGE – 2003 OPERATING BUDGET

CAPITAL IMPROVEMENT PROGRAM

Each year the MAC approves Capital Projects that will start within the next twelve months, and a Capital Improvement Program which covers all projects which are to start during the second calendar year. In addition, a Capital Improvement Plan covering an additional five years is adopted.

Approved Capital Projects for 2003 total \$86.9 million. Funding for the program will come from funds on hand, federal and state grants, passenger facility charges, Federal Letter of Intent, interest income and current bond funds on hand. A summary of the Capital Improvement Program by facility for 2003 compared with 2002 is as follows:

CAPITAL IMPROVEMENT PLAN (CIP) SUMMARY		
(\$ = 000)		
	2002	2003
Minneapolis/St. Paul International Airport		
Field & Runway	\$ 50,100	\$ 63,340
Environmental	12,400	17,550
Landside & Terminals	38,935	4,150
Adjustments	<u>49,350</u>	<u>-</u>
Total Minneapolis/St. Paul International	150,785	85,040
Reliever Airports	<u>1,900</u>	<u>1,900</u>
Total All Airports	\$152,685	\$ 86,940

As stated earlier, the economic conditions and forecasts continue to impact the construction program for 2003. Only essential projects (primarily rehab or repair) and Runway 17/35 construction will move forward in 2003. A more detailed discussion of this program is provided in the Construction Section of this Budget.

In January 2002 the Commission refunded General Obligation Revenue Bond Series 9 (15). The Commission through this refunding realized present value savings of 13.74% or approximately \$37.1 million. This Series is a taxable issue. No other refundings are planned for 2003.

DEBT ACTIVITY – 2002

In August 2001 the Commission issued \$125 million in Bond Anticipation Notes (BANs). These notes were Scheduled to interim fund the 2002 capital program in anticipation of two long term debt issues scheduled for 2002 and 1st quarter 2003. With the continued economic downturn and events of 9/11, the majority of the capital plan for 2002 and 2003 was deferred. As a result the Commission took immediate action to be able to “take out” the BANs in August 2002. The first action in this process was gaining approval from the IRS to use unspent existing bond proceeds (primarily those from the May 2001 GARB Issue) to reserve for the amount due in August 2002. The second action was to review and analyze the 2002/2003 capital program (as stated above) to determine project deferrals. The final result was the BANs being taken out in August of 2002.

In other action, the Commission in September 2002 approved an additional \$75 million Commercial Paper Program. This new Commercial Paper Issue is in addition to the existing \$125 million issue. The current program has \$75 million outstanding, with \$50 million not yet issued. However, because of potential property acquisitions associated with Runway 17/35 security requirements, and the timing of the Passenger Facility Charge (PFC) debt issue (see New Issues below); there could be a circumstance where funding would not be available. The new paper program is essentially a short-term gap issue until the PFC debt is sold in the second quarter of 2003.

BUDGET MESSAGE – 2003 OPERATING BUDGET

NEW ISSUES

Based on the Capital Improvement Plan (CIP) presented in late fall 2002 revised in early 2003, and the current status of Runway 17/35, it appears that in 2003 and 2005 the Commission will issue bonds. A number of variables come into consideration as to whether bonds will be issued and if so, when. These include interest rates, projects that are approved, disapproved or put on hold before final approval of the CIP is given and the economic condition of the airline industry. It is likely that the 2003 Series will be somehow supported with Passenger Facility Charge (PFC) Revenue. The 2005 issues will likely be a regular General Airport Revenue Bond and PFC supported issue(s). See Debt Service Section for more detailed information.

FUTURE OUTLOOK

There are two key issues which will have a significant impact on MAC operations in 2003. The first and by far most important one is the economic recovery of the nation as a whole and in particular the airline industry. The second issue is Strategic Planning/Goals and Objectives.

Economic Recovery & Airline Industry

Since September 11, 2001, MAC has seen its various revenue streams, particularly concessions, rebound very gradually. This recovery must continue for both airports and airlines as well as the whole travel industry. MAC has taken significant steps for 2002 to maintain financial security. If conditions continue to improve economically for the airlines it will help strengthen the nation as a whole. Just as 2001 and 2002 were extremely difficult with two major carriers (United and US Air) filing for bankruptcy protection, 2003 will be as difficult which in turn could carry over into 2004. The next 24 months will continue to be an important and strenuous period in aviation history. For these reasons MAC has committed to move forward very conservatively and will be constantly monitoring all activity so that if any additional budget adjustments are necessary they can be implemented immediately.

Strategic Planning/Performance Leadership

Through strategic planning, MAC has improved the manner in which organizational goals are deployed to its divisions. Over the past couple of years department heads and their staffs have worked to link their objectives to the strategic plan, through MAC's strategic Links process.

Technology has greatly improved the planning and reporting process. Semi-annual updates to the strategic plan are provided to the Commission and employees to keep all involved informed and updated with the progress being made.

The use of individual planning along with on-going coaching and feedback was continuing in 2002. These discussions enhance two-way communication between employee and supervisor. However, based on the economic reality of 2001 and 2002, staff has significantly adjusted goals and objectives for 2003. No new initiatives will be implemented in the year 2003. Staff will work diligently to continue to provide excellent customer service with the resources currently on hand. Continued feedback not only between employees and their supervisor, but all departments and staff will be critical in 2003.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Budget Presentation to the Minneapolis-St. Paul Metropolitan Airports Commission for its annual budget for the fiscal year beginning January 1, 2002.

In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

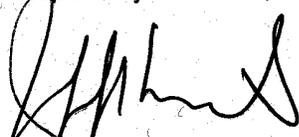
The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

BUDGET MESSAGE – 2003 OPERATING BUDGET

ACKNOWLEDGEMENT

The budget is the result of countless hours of work by the staff of the Finance Department and by Commissioners who served on the Finance Committee. A special thanks to all MAC staff who worked especially hard under the current circumstances to develop the final 2003 budget. Through this hard work and effort we hope that the MAC will continue to be one of the most efficient and cost effective airport operators in the nation.

Respectfully submitted,



Jeffrey W. Hamiel
Executive Director



Stephen L. Busch
Director of Finance



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

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**Minneapolis/St. Paul Metro Airport Commission
Minnesota**

For the Fiscal Year Beginning

January 1, 2002



President



Executive Director

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2002 ORGANIZATIONAL GOALS & OBJECTIVES – PROGRESS REPORT

The Metropolitan Airports Commission completed its first Strategic Plan in 1997 and, beginning in 1998, utilized its strategic goals to drive department and individual planning throughout the organization. The updated Strategic Plan provided here, as it was presented and approved by the Commission in April 2002. This update was prepared by obtaining input from Commissioners, senior staff, managers, supervisors and employee groups. Through strategic planning, MAC has improved the manner in which organizational goals are deployed to its divisions.

Given the events of September 11, 2001 and the subsequent financial crisis facing the aviation industry, the Metropolitan Airports Commission focused its strategic plan for 2002 and beyond on two goals:

2002 Strategic Goals

1. **Provide a Safe and Secure Airport System**
2. **Maintain the Economic Viability of the Airport System**

Other traditional goals from years past addressing issues such as customer service, air service competition and environmental stewardship continued to receive attention. However, given the nation's aviation security concerns and the industry's overwhelming financial challenges, it was important to limit strategic goals and to concentrate the commission's limited resources on the most vital and demanding issues.

2002 Strategic Plan Results

Goal	Objective	Results
Provide a Safe and Secure Airport System	Meet security mandates	→ Explosive Detection System (EDS) installation plan under construction.
		→ A interim plan is in place that meets 100% screening mandate.
		→ All security badge-holders re-identified via finger printing complete.
		→ Subsequent fingerprinting and badging process implemented that meets TSA requirements will be completed by April 2003 as required.
		→ Representative of the MAC contributed to development of TSA General Aviation (GA) requirements.
		→ Signed agreement with TSA providing law enforcement officers at checkpoints.
		→ MAC is receiving TSA reimbursement of up to \$16K per day.
		→ The 300' setback rule has been met via at both terminals.
		→ Construction is underway at the HHH terminal to meet Federal requirements.
	→ Bomb Intervention Prevention Plan drafted for TSA approval.	
	Develop coordinated response plan to security events	→ Developing response plan for unresolved EDS alarms.
		→ Temporary procedures in place until construction is complete.
		→ Preliminary terminal building(s) evacuation plan has been developed. A final plan is being created.

2002 ORGANIZATIONAL GOALS & OBJECTIVES – PROGRESS REPORT

Goal	Objective	Results
Maintain the Economic Viability of the Airport System	Maintain sufficient liquidity to meet operating and debt service requirements.	→ Unaudited non-airline revenue exceeded the target of \$87,710,000.
		→ Four-month Operating Fund reserve maintained.
		→ New revenue sources developed:
		→ Starbucks in Baggage Claim
		→ Off-airport auto rental counter in transit center
		→ Enterprise Rent-A-Car now on-airport
		→ Rubb hanger rented
		→ Unaudited operating expenses, less depreciation below target of \$3,179,000.
		→ Maintained a coverage ratio of 1.4 with coverage account funded to \$14,929,246.
		→ Standard and Poors upgraded bond rating to AA- with a stable outlook.
	→ Secure funding for airport safety and security enhancements.	
	→ Reimbursement of \$664,653 for personnel costs and \$120,500 for canine squad from FAA.	
	→ Reimbursement of \$1.7M for LEOs at checkpoints from TSA.	
→ TSA commitment to fund \$25.8M for bag screening at Lindbergh Terminal.		
→ FAA grants offer for \$12,864,928 for remaining bag-screening costs at Lindbergh Terminal.		
→ FAA grant \$4,926,990 for blast mitigation at Lindbergh and HHH terminals.		
	Maintain a competitive airline cost structure.	→ MSP's 2002 cost per enplanement ranks 6th among the top 11 airports. → Legislative Auditor's Report confirms that MSP has typically had relatively low operating costs per enplaned passenger.
	Continue implementation of the 2010 Plan within the limits of available funding.	→ Model used to project funding requirements updated.
		→ PFC Application #6 completed and filed.
		→ New commercial paper program completed.
		→ 2003-2009 Capital Improvement Projects (CIP) prepared and approved.

2003 ORGANIZATIONAL GOALS & OBJECTIVES

The preliminary 2003 Strategic Plan provided here will be presented to the Commission in April 2003 for approval. MAC's strategic goals remain constant from 2002 to establish organizational priorities. Although our organization is busier than ever and our issues are more complex, we are more strategically focused as a result of our strategic planning efforts.

Proposed 2003 Strategic Goals

1. Provide a Safe and Secure Airport System
2. Maintain the Economic Viability of the Airport System

Goal	Objective	Activities	Outcomes
Provide a Safe and Secure Airport System	Meet security mandates	Develop revised long term EDS installation plan	<ul style="list-style-type: none"> → Minimized customer inconvenience → Airline check-in criteria are met. → In-line screening process in place
		Contribute to development and implementation of General Aviation requirements.	<ul style="list-style-type: none"> → Visible security enhancements in place → General Aviation compliance exists
		Help create a plan for long term law enforcement officers presence at security checkpoints	<ul style="list-style-type: none"> → Work with Transportation Security Administration to understand requirements and have input to the long term planning process. → Develop written long term agreement with TSA
	Develop coordinated response plan to security events	Create terminal building(s) evacuation plan	<ul style="list-style-type: none"> → Evacuation plans exist for Lindbergh and Humphrey Terminals → Police Dept./ADO interact to develop evacuation plan
		Work with the broader community (county/state) to develop coordinated response plans	<ul style="list-style-type: none"> → Coordinated response plans in place
	Ensure existence of appropriate facility and infrastructure	Review built-in fire protection systems	<ul style="list-style-type: none"> → Infrastructure development plans and schedule created
		Review communication capabilities (i.e. 1-800 mhc trunk system)	
		Review reliever airport needs (fencing, lighting, signage etc.)	
	Maintain the Economic Viability of the Airport System	Maintain sufficient liquidity to meet operating and debt service requirements.	Manage non-airline revenue so it is equal to or greater than the target of \$100,857,787.
Manage operating expenses, excluding depreciation, so they are at or below the target of \$90,200,876.			<ul style="list-style-type: none"> → Actual expenses, excluding depreciation, do not exceed the budget target. → A 4-month reserve is maintained in the Operating Fund.
		Maintain a coverage ratio of 1.4.	<ul style="list-style-type: none"> → AA- Bond Rating maintained.
		Secure funding for airport safety and security enhancements.	<ul style="list-style-type: none"> → Funding identified, with an emphasis on external sources.
		Prepare contingency plans based upon the changing state of the airline industry.	<ul style="list-style-type: none"> → Liquidity is maintained in a changing airline environment.

2003 ORGANIZATIONAL GOALS & OBJECTIVES

Goal	Objective	Activities	Outcomes
	Maintain a competitive airline cost structure.	Manage total airline costs so they are at or below the target of \$71,577,878.	→ MAC's airline cost/enplanement is within the lower ½ of large hub airports within the United States.
	Continue implementation of the 2010 Plan within the limits of available funding.	Determine available funding.	→ A plan is in place by April 2003 to fund prioritized projects during 2003. → A plan is in place by July 2003 to fund prioritized projects in 2004.
		Develop 2005 – 2010 CIP.	→ Plan in place by December 31. → Reporting requirements are met.
	Ensure public input into the budgeting process.	Revise the existing budget process to allow adequate time for public comment.	→ Interested members of the public have the opportunity to provide input into the budgeting process.

2003 OPERATING BUDGET SUMMARY

The Operating Budget section is presented in two sections. In the first section, the total revenues and expenses detailed from operations are incorporated into the Total Operating Budget summary. This schedule includes revenue and expense items which are non-operating. These include interest income and transfers to other funds. (See the Budget Message and Cash Flow sections.) In the second part, only revenue and expense derived from operating the Commissions facilities are presented. The budget for the Commission is prepared based on an accrual basis. Revenue derived from user fees includes various fees from the airlines, concessions and miscellaneous/utilities/rental fees. The expense detail includes Personnel, Administrative, Professional Services, Utilities, Operating Services, Maintenance, Gross Depreciation, and Other. Capital equipment purchases are also detailed in the Capital Equipment section.

As the following table indicates, significant increases are projected for both revenue and expense.

(\$ = 000)	2001	2002	2002	2003	2002 vs. 2003 Budget	
	<u>Actual</u>	<u>Estimate</u>	<u>Budget</u>	<u>Budget</u>	<u>Dollar Change</u>	<u>% Change</u>
REVENUE						
Airline Rates & Charges	\$ 70,361	\$ 71,541	\$ 71,578	\$ 71,578	\$ -	0.00%
Concessions	69,707	66,290	64,821	69,178	4,357	6.72%
Other	<u>29,998</u>	<u>29,475</u>	<u>28,408</u>	<u>31,679</u>	<u>3,271</u>	11.51%
Operating Revenue	\$170,066	\$167,306	\$164,807	\$172,435	\$ 7,628	4.63%
EXPENSE						
Personnel	\$ 42,626	\$ 42,600	\$ 41,581	\$ 42,568	1,023,7368	0.00%
Administrative	1,708	1,025	1,172	1,014	(158)	-13.48%
Professional Services	5,177	3,825	3,954	3,680	(274)	-6.93%
Utilities	11,208	10,650	10,755	11,274	519	4.83%
Operating Services	13,634	12,800	12,925	13,364	439	3.40%
Maintenance	15,251	13,760	14,343	16,716	2,373	16.54%
Other*	<u>1,000</u>	<u>758</u>	<u>623</u>	<u>1,585</u>	<u>962</u>	154.41%
Total Operating Expense Excluding Depreciation	\$ 90,604	\$ 85,418	\$ 85,353	\$ 90,201	\$ 3,862	4.52%
Gross Depreciation	<u>\$ 65,647</u>	<u>\$ 76,750</u>	<u>\$ 76,517</u>	<u>\$ 80,805</u>	<u>\$ 4,288</u>	5.60%
Total All Expenses	<u>\$156,251</u>	<u>\$162,168</u>	<u>\$161,870</u>	<u>\$171,006</u>	<u>\$ 8,150</u>	5.03%
Operating Income	\$ 13,815	\$ 5,138	\$ 2,937	\$ 1,429	\$ (522)	-17.77%

* Includes General Insurance, Minor Equipment, Reimbursed Expense, and miscellaneous items.

Revenue

MAC's total Operating Revenues of \$172.4 million is \$7.6 million or 4.63% above the 2002 Budget of \$164.8 million. The projected budget for Airline Rates and Charges, which are 42% of total Revenue, is \$71.6 million for 2003. There is no change between the two years. MAC made the decision based on the continued economic downturn in the airline industry to grant a one-time fee reduction of \$3.3 million. Concessions, which is 40% of total Revenue, is estimated to increase \$4.4 million or 6.72%. The estimated increase is due to the anticipated increase in passengers. Other, which is 18% of total Revenue, is projected to increase \$3.3 million or 11.52%. The increase is based on the revision of the rates charged for the Humphrey Terminal, increased activity at that facility and lease rental increases.

Expense

MAC's total Operating Expense of \$171.0 million is \$9.1 or 5.64% above the revised 2002 Budget of \$161.9 million.

2003 OPERATING BUDGET SUMMARY

Budget Targets

The targets as set by the Finance Committee in May, and their initial results presented to the Finance Committee in early October were as follows:

Target: Manage operating revenue so it is equal or greater than \$179,344,000.

Target: Manage operating expenses, excluding depreciation, so it is equal to or less than \$95,998,000.

Target: Maintain a coverage ratio of 1.4 x on General Obligation Revenue and Senior General Airport Revenue Bonds.

Target: Manage total airline costs so they are at or below \$85,354,000.

Results:

<u>\$=000</u>	<u>Target</u>	<u>Original 2003 Budget</u>
Revenue	\$179,344	\$179,350
Expense*	\$95,998	\$95,184
Coverage	1.4X	1.5X
Total Airline Costs	\$85,354	\$85,346
*Excludes Depreciation		

However, even though staff met all of the targets established, the Finance Committee directed staff to review all expenses and reduce the budget. There were two primary reasons for this:

- Departments prepared their budgets in the summer months with the anticipation of a rebound in the economy. By October it was clear that the recovery would materialize very little if at all in 2003.
- Projections regarding the airline industry for 2003 were more refined and also clearly indicated little or no recovery in their sector.

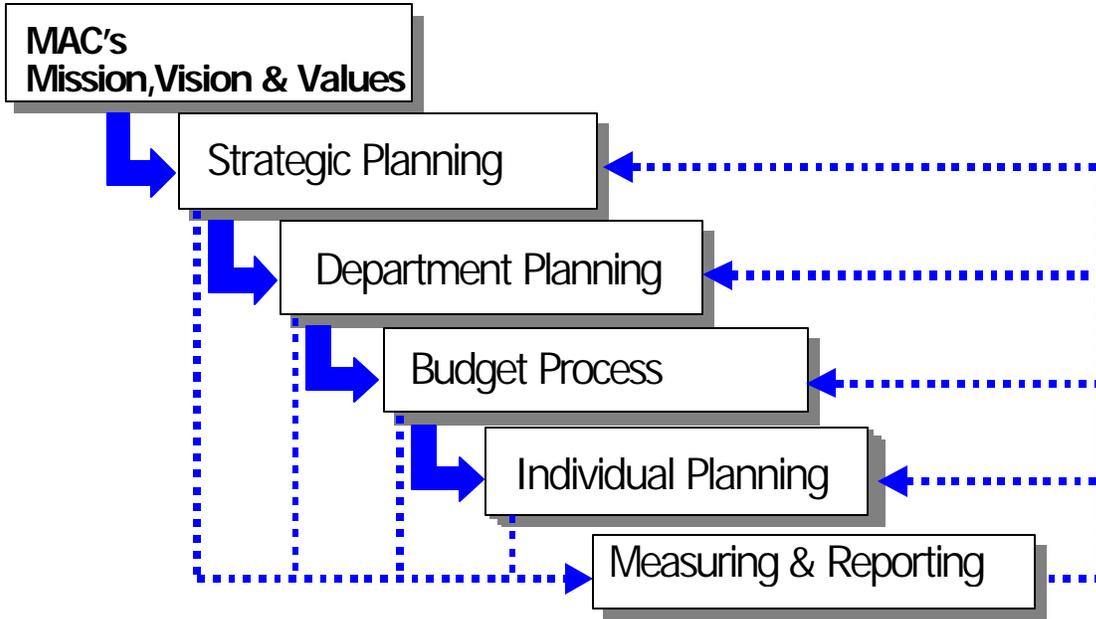
Because of these conditions, staff continued to work through December on six variations of the budget. The final budget as compared to the original targets is shown below:

<u>\$=000</u>	<u>Target</u>	<u>Final 2003 Budget</u>
Revenue	\$179,344	\$172,436 ₁
Expense ₂	\$95,998	\$90,201
Coverage	1.4X	1.48X
Total Airline Costs	\$85,354	\$78,997
₁ Includes \$3.3 million one-time rate reduction for airlines		
₂ Excludes Depreciation		

DESCRIPTION OF BUDGET PREPARATION & AMENDMENT PROCESS

BUDGET PROCESS

The budget process is the fourth step in MAC's overall strategic planning process, as indicated in the following chart. Planning at the Metropolitan Airports Commission (MAC) is essentially a year-round process. The first step of the process reviews MAC's Mission, Vision, and Values. They define the reason we exist, what we aspire to become, and how we conduct our day to day activities. The next step is the Organizations Strategic Plan that lays out broad plans for the organization. Department Performance Plans that support the strategic plan are then developed. In the budget process dollars are attached to departmental objectives. Approved plans are then supported by Individual Performance Plans. Throughout the year plans are measured, reviewed, and in some cases changed due to changing conditions and priorities.



Headcount Additions	
First priority	Headcount necessary to meet mandatory security requirements.
Other Costs	
First priority	Additional costs required to meet security requirements.
Second priority	Imbedded cost increases (i.e., scheduled increases in contracts, salary adjustments for organized labor, utility rate increases, etc.)
Third priority	Costs to maintain additional facilities completed in 2002 and 2003.

The fourth step, the budget process, is prepared on an accrual basis in accordance with GAAP (Generally Accepted Accounting Principles). The accrual basis of accounting attempts to record financial transactions in the period they occur rather than recording them in the period they are paid.

DESCRIPTION OF BUDGET PREPARATION & AMENDMENT PROCESS

Preparation for the entire process begins in April. As related to the budget process, the Finance Department prepares the following for each service center: historical reports, budget-input templates, and database design. An assessment of the necessary training is completed and training materials are created. Each department assigns a Budget Specialist to input the budget and coordinate budget information for their service center.

In late May, the Finance Committee provides direction to staff regarding growth and allocation of funds or budget targets. The direction provided by the Finance Committee is communicated to staff at various informational meetings and included in their budget packages.

Budget packages are distributed in June. All service centers have four weeks to complete their budget. Finance reviews all packages and summarizes information. The staffing matrix is the first item reviewed by Senior Staff. The Executive Director requests preliminary approval for additional positions, if any, from the Finance Committee. The interim approval permits the organization to plan accurate projections.

August is spent compiling summary reports and completing the revenue budget, with the exception of airline rates and charges. Senior staff determines final budget cuts and revenue figures are compiled. Airline rates and charges are calculated based on a break-even philosophy. Expense incurred for the operation of the airport will be recovered through the airline rates and charges. The expense budget must be complete in order to determine the rates and subsequent revenue. Once airline rates and charges are calculated and final revenue figures are available, total revenue and expense is completed. Staff revisions are completed as required. During September, presentations and supporting documents are prepared for the Finance Committee, senior staff, and airlines. The month of October is reserved for presentations to the Finance Committee and revisions prior to requesting final approval.

The Finance Committee will receive updates from staff during October and November. The recommendation from the Finance Committee for final approval is typically requested at the December Commission meeting. Final approval of the 2003 Operating Budget was given at the December Commission meeting. Rate changes are sent out as usual at the beginning of December based upon approval from the full Commission.

AMENDING PROCESS

The process to amend the budget is set forth in the MAC bylaws, Article IV, Section 8(a), and presented below:

"8(a) Establishment of the annual budget setting out anticipated expenditures by type of expenditure and/or upward or downward revision of that budget in the course of the corporation's fiscal year shall constitute prior approval of each type of expenditure. Authorization by vote of the Commission is required for transfer of budgeted amounts between or among line items or to appropriate additional funds for each line item. The Executive Director is directed to provide for the daily operation and management of the Commission within the expenditure guidelines of the annual budget. Commission approval of a contract shall constitute prior approval of the disbursements made pursuant to terms of the contract within the constraints of the budget for all contract payments, except final construction contract payments which shall require Commission approval.

DESCRIPTION OF BUDGET PREPARATION & AMENDMENT PROCESS

The Executive Director shall have the responsibility of securing adequate quantities of office, janitorial, maintenance and repair materials and supplies, and the rent of sufficient equipment necessary for the smooth, continuous operation of the Commission's system of airports and all facilities associated with the system of airports. The Executive Director's authority to secure these items shall be subject to the Commission's purchasing procedures and be subject to the line-item budget constraints of the annual budget.

At any time during the fiscal year, the Executive Director may recommend to the full Commission that all or any unencumbered appropriation balances of individual line-items be transferred to those line-items that require additional budgeted funds. In addition, the Executive Director may recommend to the full Commission the appropriation of additional funds above and beyond those approved at the time of budget adoption."

The individual line-items will include the following:

Personnel

- Salaries & Wages
- Benefits
- Commissioner Per Diem
- Total Personnel

Administrative Expenses

Professional Services

Utilities

Operating Services

- Parking Management
- Shuttle Bus Services
- Service Agreements
- Storm Water Monitoring
- Other

Total Operating Services

Maintenance

- Trades
- Building
- Field
- Equipment
- Cleaning
- Total Maintenance

Depreciation

Other

- General Insurance
- Other
- Reimbursed Expense
- Total Other

Total Expense

DESCRIPTION OF BUDGET PREPARATION & AMENDMENT PROCESS

This calendar gives an overview of the process:

Month	Responsibility	Task
April	Finance Committee Finance Department Department Management Finance Department	<ol style="list-style-type: none"> 1. Establishes budget direction for expenses of following year. 2. Prepares Service Center historical information. 3. Identifies Budget Specialist 4. Determines templates necessary for budget input.
May	Finance Department	<ol style="list-style-type: none"> 5. Begins training of Budget Specialists. 6. Distributes budget packages (in late May and/or early June). 7. Recommends information regarding inflation factors, wage, and contract adjustments to the Departments. 8. Starts the historical information gathering process. 9. Prepares preliminary budget.
June	Finance Department	<ol style="list-style-type: none"> 10. Presents preliminary budget to Finance Committee.
July	Finance Department Finance Department and MAC Staff	<ol style="list-style-type: none"> 11. Compiles positions and headcount requests summary. 12. Compiles summary of capital assets requests. 13. Presents budget update to Finance Committee. 14. Presents budget requests to Executive Director
August	Senior Staff Executive Director Finance Department	<ol style="list-style-type: none"> 15. Approves preliminary position and headcount requests, also; 16. Approves preliminary summary of capital assets requests. 17. Prepares summary of controllable expense requests and supporting schedules. 18. Concurrently, initiates budget revisions, as needed, for controllable expenses. 19. Compile revenue analysis and projections. 20. Presents budget update to Finance Committee. 21. Completes revenue forecast.
September	Finance Department MAC Staff Finance Department and Senior Staff Finance Department	<ol style="list-style-type: none"> 22. Compiles presentation information. 23. Distributes Budget Packages to airlines and the Finance Committee. 24. Implements revisions, as needed, to projected expenses. 25. Presents budget to the airlines. 26. Presents budget to MAC Staff.
October	Finance Department and Senior Staff	<ol style="list-style-type: none"> 27. Presents budget update to the Finance Committee. 28. Revise Budget as required.
November	Finance Department	<ol style="list-style-type: none"> 29. Present budget update to Finance Committee. 30. Revise Budget as required. 31. Presents preliminary notice of rate changes to all tenants.
December	Finance Committee Full Commission	<ol style="list-style-type: none"> 32. Approves budget for recommendation to Full Commission. 33. Approves Budget. 34. Notice of any changes in rates from preliminary information to all tenants.
December/ January	Finance Department	<ol style="list-style-type: none"> 35. Complete Budget Book.

2003 OPERATING BUDGET SUMMARY

FINANCIAL POLICIES – OPERATING BUDGET

The following represent the basic Operating Budget and Cash Management/Investment Policies under which this portion of the budget were prepared:

A. Operating Budget Policies

1. The Commission will pay all current expenditures from current revenues.
2. The Commission will maintain a working capital balance approximately four months of operating expenses. If the Commission deems it appropriate to reduce working capital for the portion above the formula amount, such reductions shall not exceed 50% of the excess in any one year.
3. The operating budget will be submitted with revenues exceeding expenditures with a sufficient margin to provide for replacement of property, plant and equipment.
4. In the event of a revenue shortfall in a current budget year, the Executive Director may recommend a transfer from the Commission's Operating Fund.
5. The budget will provide for adequate funding of all retirement systems.
6. The Finance Department will prepare monthly variance reports comparing actual versus budget revenue and expense.
7. The budget will provide summary information regarding the Operating Fund, Construction Fund and Debt Service Fund projected for the next three years.
8. Where possible the Commission will integrate performance measurement and/or efficiency indicators in the budget.
9. Department heads will review monthly reports comparing actual revenues and expenses to budgeted amounts. Any variance in revenue, spending category or capital expenditures for their department as a whole projected to exceed \$100,000 by year-end, will be reported in writing to the Director of Finance and the Executive Director.
10. The operating budget shall be submitted which has adequate revenues to cover all accrual based expenses except for depreciation on PFC or non-airport owned assets (airport noise abatement of off airport property).

B. Operating Reserve - established by staff at four months working capital.

C. Investment/Cash Management Policies

1. Cash Management
 - a) All securities are safekept at one institution.
 - b) All deposits must be insured or collateralized.
2. Investments
 - a) Investment purchases are made only from dealers with offices located in the state of Minnesota.
 - b) All investment purchases require bids to be taken from several different dealers.
 - c) Investments purchased will be diversified under legal requirements trying to maximize Rate of Return.
 - d) The average Rate of Return will exceed the six month treasury bill.
 - e) All repurchase agreements are required to be collateralized.
 - f) The maturity of any investment shall not exceed three years.
 - g) To the extent possible, the MAC will attempt to match its investments with anticipated cash flow requirements.
 - h) The MAC will have at least 98% of its cash funds earning interest.
 - i) The addition of new accounts to the approved wire transfer list shall require the written authorization of the Finance Director and Executive Director.

2003 OPERATING BUDGET SUMMARY

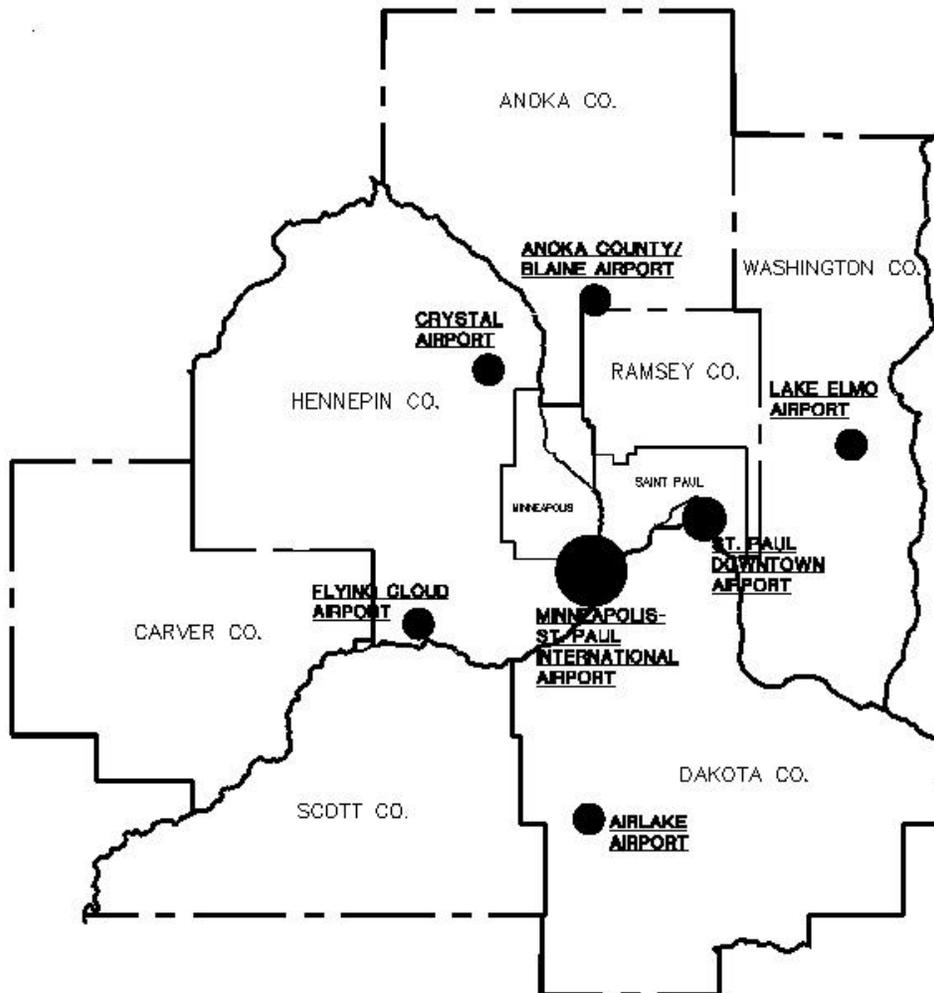
C. Investment/Cash Management Policies (cont)

3. Collateral

- a) Collateral must always be held by an independent third party with whom the MAC has a custodial agreement.
- b) A clear marked evidence of ownership (safekeeping) must be supplied to the entity and retained.
- c) To the extent that funds deposited are in excess of the available Federal Deposit Insurance, the MAC shall require the financial institutions to furnish collateral, security or corporate surety bond executed by a company authorized to do business in the state.
- d) The MAC shall not own investments held in Government Accounting Standard No. 3 Risk Category Three for longer than four days and in no event shall Risk Category Three exceed 5% of the MAC's investment.

ORGANIZATIONAL STRUCTURE – 2003 OPERATING BUDGET

The Minneapolis/St. Paul Metropolitan Airports Commission was created by an act of the Minnesota State Legislature in 1943 as a public corporation of the State. This was done for the following reasons: 1) to promote air navigation and transportation, international, national and local, in and through the State of Minnesota; 2) to promote the efficient, safe and economic handling of air commerce; and 3) to assure residents of the Metropolitan Area of minimum environmental impact from air navigation and transportation. The area over which the Commission exercises its jurisdiction is the Minneapolis/St. Paul Metropolitan Area which includes Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington Counties, and which extends approximately 35 miles out in all directions from the Minneapolis and St. Paul City Halls. The Commission owns and operates seven airports within the Metropolitan Area including the Minneapolis/St. Paul International Airport, which serves the scheduled air carriers, and six reliever airports, serving business and general aviation.



Commission Jurisdiction 35 Mile Radius

ORGANIZATIONAL STRUCTURE – 2003 OPERATING BUDGET

Fourteen Commissioners and a Chairman govern the Airports Commission. The Governor of the State of Minnesota appoints twelve Commissioners. Of these twelve, eight are from designated districts within the Metropolitan area and four are from outstate. The Mayor of St. Paul and the Mayor of Minneapolis also have seats on the Commission with the option to appoint a surrogate to serve in their place. The Chairperson of the Commission is appointed by the Governor for a four-year term.

Chairperson: Vicki Grunseth

Commissioners:

District A Tammy McGee

District B Daniel Fortier

District C Coral Houle

District D John Williams

District E William Erhart

District F John Lanners

District G Thomas Foley

District H Bert McKasy

City of Minneapolis Daniel Boivin

City of St. Paul Dick Long

Representing Greater

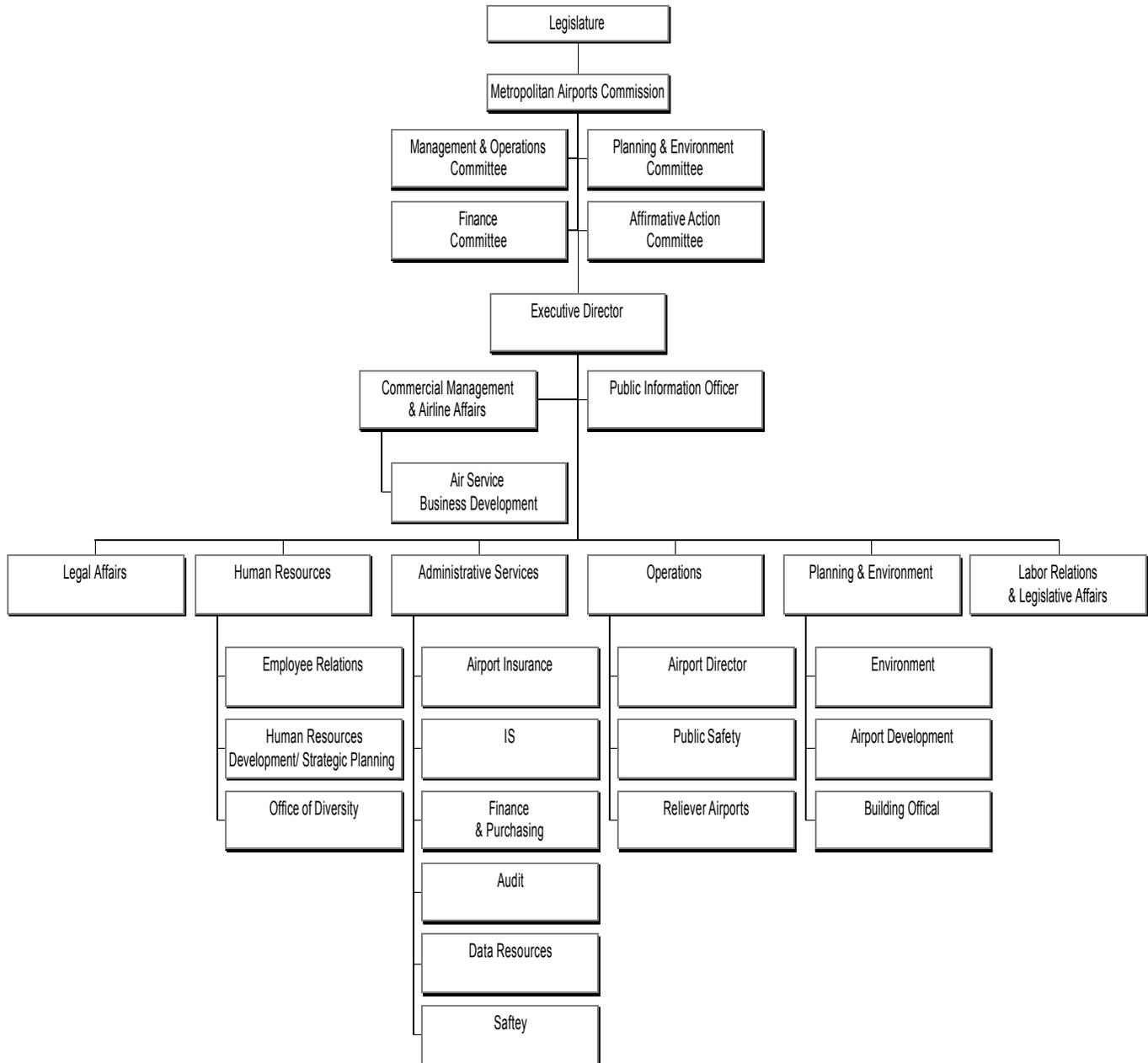
Minnesota Area: Carl D'Aquila
Mike Landy
Paul Rehkamp
Robert Mars

Executive Director: Jeffrey W. Hamiel

The Commission has set up four standing committees. Three of the committees, Planning & Environment, Management & Operations and Finance meet on a monthly basis. The remaining committee, Affirmative Action, meets on an as-needed basis. The committees are responsible for all aspects of business which fall under their respective jurisdiction. Recommendations on all action items are made by the committees to the full Commission which meets monthly.

ORGANIZATIONAL STRUCTURE – 2003 OPERATING BUDGET

This section details information on the organizational structure. The organizational chart below identifies the structure and departmental levels. This chart is followed by a table which lists the departments and the associated service centers roll-up. The seven division summary sections contain the following information by department or service center: expenses by major category, explanation of major changes, position summary, and a brief description of the department's responsibility/function.



ORGANIZATIONAL STRUCTURE – 2003 OPERATING BUDGET

Divisions

There are seven divisions at the Metropolitan Airports Commission which are directly responsible for the oversight and management of all the day to day functions associated with the departments reporting through each respective division. The Deputy Executive Directors of each division comprise the senior staff and report directly to the Executive Director. The divisions and associated departmental structure are detailed later in this section.

Department

A department represents a combination of service centers. These service centers are responsible for specific functions that relate to one another. The department format is also a way that department directors can review functions they control.

Service Center

Service Centers are the lowest levels of the department detail. Many of the departments at MAC include several areas of responsibility and control. These areas have been identified as service centers. Previously there was not a separate budget for each service center. Budgeting for these areas was included in the department balance. This prevented a department director from having a separate budget for each service center. Now departments can budget at the service center level of detail.

Subledgers

Revenues collected for rates and charges from the airlines are governed by the airline agreement. The airline agreement is based on a break-even philosophy, expenses incurred for the operation of the airport facility are divided among the airlines based on their participation. The budget is prepared using the same formula. Expenses were budgeted to the appropriate subledger, activity area, through either allocation or direct cost. Managing the multiple allocations and maintaining department budgets became overwhelming. Adding the subledger code to the object account for each line item helped to simplify the process. The summarized costs from the subledgers determine the calculation of various rates and charges. The line item details of the subledgers are in the Operating Budget Expense section.

Budget Specialist

The budget specialist is an employee from each department or service center who is responsible for making sure all budget forms are completed and processed for signature. The Finance department considers the specialist the department budget expert. Each year budget process overviews are conducted specifically for the Budget Specialist.

Controllable Expenses

MAC prepares a line item budget for each service center. Controllable expenses allow a service center to budget for those line items for which they have direct responsibility and control, regardless of subledger association.

Bottom Line Management

Monthly and quarterly budget variance reports are reviewed based on budget line item. In addition, the budget is prepared by line item, but department directors have the authority to make alternate decisions for actual expenditures based upon department needs.

ORGANIZATIONAL STRUCTURE – 2003 OPERATING BUDGET

Organizational Structure by Division, Department, and Service Center			
Division	Department	Service Center	
		Number	Name
Executive Director / Commissioner	Executive / Commission	75000	Executive – General / Special Projects
		75100	Executive – Commissioners / Chairman
	Public Affairs	76000	Public Affairs
	Air Service Business Development	76100	Air Service Business Development
	Commercial Management / Airline Affairs	80000	Commercial Management / Airline Affairs
Human Resources	Human Resources	75700	Human Resources
	Human Resources Development	76600	Human Resources Development
	Employee Relations	81500	Employee Relations
	Office Of Diversity	80600	Office Of Diversity
Legislative and Labor Relations	Legislative and Labor Relations	79500	Legislative and Labor Relations
Administrative Services	Administrative Services	75600	Administrative Services /Data Resources
	Wellness	76700	Wellness
	Airports Insurance	76800	Airports Insurance
	Safety	85400	Safety
	IS	79000	IS
	Finance	78000	Finance
		78200	Purchasing
	Internal Audit	78300	Internal Audit
Legal Affairs	General Counsel	81000	General Counsel
Environment / Development	Planning	75500	Planning
	Environment	85000	Environment – General
		85100	Environment – Environmental
		85300	Environment – Aviation Noise Program
	Airport Development	77000	Airport Development
	Airport Development – Building Official	77100	Airport Development – Building Official

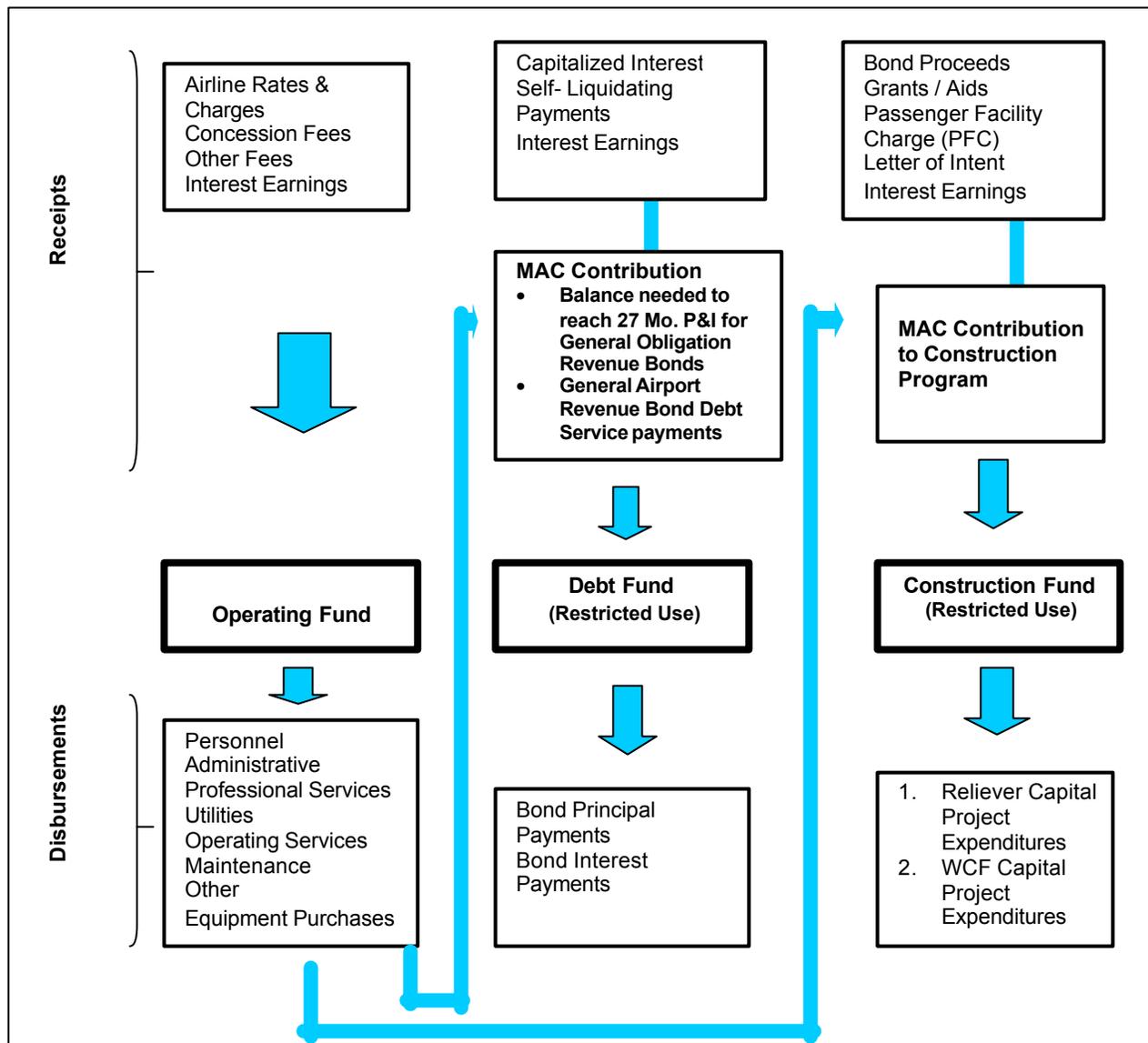
ORGANIZATIONAL STRUCTURE – 2003 OPERATING BUDGET

Organizational Structure by Division, Department, and Service Center			
Division	Department	Service Center	
		Number	Name
Operations	Deputy – Operations	75800	Deputy – Operations
	Airport Directors Office	82000	ADO – General
		82050	Conference Center
		82060	Call Center
	Airside Operations	82600	Airside Operations
		83000	Landside – Operations
	Landside Operations	83300	Landside – Parking
	Airline Operation/Facility	83400	Landside – Administration
	Facilities – Lindbergh Terminal	85500	Airline Operation/Facility
		86100	Facilities – Lindbergh Terminal
	Trades	86300	Facilities – Energy Management Center
		88000	Trades – Electricians
		88100	Trades – Painters
		88200	Trades – Carpenters
	Maintenance	88300	Trades – Plumbers
	Communications	89000	Maintenance
	Fire	82700	Communications
	Police	83600	Fire
	Reliever Airports	84200	Police
		90000	Relievers – Administration
		90200	Relievers – St. Paul
	90300	Reliever – Lake Elmo	
	90400	Reliever – Air Lake	
	90500	Reliever – Flying Cloud	
	90600	Reliever – Crystal	
	90700	Reliever – Anoka	
MAC General	MAC General	78100	MAC General

FLOW OF FUNDS - 2003 OPERATING BUDGET

The MAC is accounted for as an Enterprise Fund. An Enterprise Fund accounts for all cost allocations including depreciation while its cost of services are recovered through user fees/charges. Amounts are restricted for construction and debt redemption. For internal purposes, MAC maintains three funds corresponding to three major functions: Operating Fund, Construction Fund and Debt Redemption Fund.

The Flow of Funds chart below identifies the sources and uses of dollars within each fund and between funds.



FLOW OF FUNDS - 2003 OPERATING BUDGET

The table below is presented to show the general flow of funds and the amount of dollars moving through each fund on an annual basis. The details for each fund are shown in their respective sections of the budget.

FUND BALANCE SUMMARY - 2003 BUDGET

(\$ = 000)

	<u>2002 Estimate</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>2004 Projection</u>	<u>2005 Projection</u>
OPERATING FUND					
1/1 Balance	\$ 28,473	\$ 28,451	\$ 30,067	\$ 31,571	\$ 33,465
Total Sources Of Funds	173,666	171,843	180,392	193,570	207,519
Total Uses Of Funds	(157,236)	(158,396)	(166,461)	(171,853)	(180,007)
Transfers & Working Capital Changes	<u>(14,836)</u>	<u>(11,636)</u>	<u>(12,427)</u>	<u>(19,823)</u>	<u>(24,750)</u>
Ending Balance	\$ 30,067	\$ 30,262	\$ 31,571	\$ 33,465	\$ 36,227
CONSTRUCTION FUND					
1/1 Balance	\$ 494,809	\$ 472,156	\$ 136,831	\$ 139,961	\$ 149,139
Total Sources Of Funds	172,069	71,782	192,160	190,654	503,943
Total Uses Of Funds	<u>(530,047)</u>	<u>(487,793)</u>	<u>(189,030)</u>	<u>(181,476)</u>	<u>(302,344)</u>
Ending Balance	\$ 136,831	\$ 56,145	\$ 139,961	\$ 149,139	\$ 350,738
DEBT SERVICE FUND					
1/1 Balance	\$ 236,851	\$ 252,849	\$ 221,435	\$ 222,590	\$ 220,776
Total Sources Of Funds	93,974	246,963	125,003	125,712	128,683
Total Uses Of Funds	<u>(109,390)</u>	<u>(246,672)</u>	<u>(123,848)</u>	<u>(127,526)</u>	<u>(130,534)</u>
Ending Balance	\$ 221,435	\$ 253,140	\$ 222,590	\$ 220,776	\$ 218,925

(1) Funds are described in detail and show all sources and uses of funds in their respective section of the document.

(2) Net change in working capital represents fluctuations in year end operating payments, receivables and transfers.

TAXING AUTHORITY

The Commission has the ability to levy ad valorem property taxes upon properties at the Airport and under certain circumstances, upon all taxable property within the Metropolitan Area. Such taxing authority includes:

1. The power to levy property taxes on land leased at the Airport for police and fire protection, operation, and maintenance of roadway systems.
2. The power to levy property taxes not in excess of .00806 percent in each year upon the taxable market value of all property in the Metropolitan Area for Airport operation and maintenance costs of airport facilities, provided revenues are not otherwise available.

Although the Commission may levy property taxes for operation and maintenance expenses, the Commission is not currently levying taxes for these purposes. The Commission has entered into agreements in accordance with the Airport Law and the Resolution, whereby rental received by the Commission, together with other charges, rates, and fees imposed by the Commission, are sufficient to meet all expense of operation and maintenance of the Commission's property.

If the Commission were to have levied a tax based on the 2001/2002 taxable market value, the maximum amount available for maintenance and operations of the Commission would have been approximately \$13.0 Million.

TOTAL OPERATING BUDGET SUMMARY

In this section of the Operating Budget revenues and expenses from operating the facilities are combined with non-operating revenues and expenses.

The summary below illustrates how dollars are received and disbursed.

OPERATING FUND	2001 <u>Actual</u>	2002 <u>Estimate</u>	2002 <u>Budget</u>	2003 <u>Budget</u>	2004 <u>Projection</u>	2005 <u>Projection</u>
1/1 Balance	\$ 30,201	\$ 28,473	\$ 28,451	\$ 30,067	\$ 31,571	\$ 33,465
Sources of Funds						
Operating Revenues	170,066	167,306	164,807	172,435	185,368	199,270
Interest Earnings 1	1,663	1,151	2,000	1,100	1,100	1,100
Other Self-Liquidating Income	<u>4,294</u>	<u>5,209</u>	<u>5,036</u>	<u>6,857</u>	<u>7,102</u>	<u>7,149</u>
Total Sources of Funds	176,023	173,666	171,843	180,392	193,570	207,519
Uses of Funds						
Operating Expenses (excludes depreciation)	(90,604)	(85,418)	(85,354)	(90,201)	(94,711)	(100,394)
Equipment Purchases	(10,000)	(1,000)	(1,000)	(712)	(3,500)	(6,000)
Debt Service Transfer	(50,409)	(66,818)	(72,042)	(73,968)	(72,262)	(72,233)
Construction Transfer	-	-	-	-	-	-
Other Operating Expenses 3	<u>(10,700)</u>	<u>(4,000)</u>	<u>-</u>	<u>(1,580)</u>	<u>(1,380)</u>	<u>(1,380)</u>
Total Uses of Funds	(161,713)	(157,236)	(158,396)	(166,461)	(171,853)	(180,007)
Working Capital Changes/Transfers 2	<u>(16,044)</u>	<u>(14,836)</u>	<u>(11,636)</u>	<u>(12,427)</u>	<u>(19,823)</u>	<u>(24,750)</u>
12/31 Balance	\$ 28,467	\$ 30,067	\$ 30,262	\$ 31,571	\$ 33,465	\$ 36,227
1 Interest Rate Assumed 2.0% in 2002 - 2004.						
2 Change in working capital represents fluctuations in year-end operating payments and receivables and transfers.						
3 Equals payments from the Operating Fund for Coverage account, City of Richfield and to bring balance for 2003 up to 4 mth level.						

SOURCES AND USES

SOURCES

There are three sources of funding: operating revenues (airline rates and charges, concessions, and other rentals/miscellaneous) which are described in detail in the Revenue Assumptions section Self-Liquidating revenue, and interest earnings. Self-Liquidating revenue represents payments from tenants for facilities constructed with MAC cash not debt related. Interest earnings are assumed to be at 2.0% for 2002 and 2005. The interest is earned on the balance in the Operating Fund and on MAC funded leases (i.e. Self-Liquidating—those facilities built by MAC and then leased to tenant).

TOTAL OPERATING BUDGET SUMMARY

USES

The Operating Fund will start 2003 with a \$30,067,000 balance in January and builds to a \$30–\$50 million balance toward September. On October 10th of each year, MAC must contribute from its Operating Fund to the Debt Service Fund an amount necessary to bring that fund balance up to the 27 month principal and interest level required by law (For General Obligation Bonds and Airport Improvement Bonds) (See Debt Service Budget for complete details.) The balance then increases until December at which time the Commission transfers the required amount for the GARB reserve and analyzes the fund. Making sure that all operating expenses have been paid including capital equipment purchases, the debt service transfers were made and the four months working capital balance is funded at \$30,067,000 for 2003.

For 2002 there has been added another line item under uses; Other Operating Fund Expenses. This item includes other cash payments and/or transfers made in 2001 and 2002. These are a payment to the City of Richfield for property acquisition, funding the Operating Reserve up to four months and a transfer to the Coverage Account.

There is one related significant change between the 2001 and 2002 budget years. The significant change is seen in the Debt Service Fund Transfer. The increase in the Debt Service transfer for the General Airport Revenue Bonds (GARB's) issued in 2001 is required to ensure all balances are maintained according to the Master Trust Indenture. The Construction Fund Transfer and Debt Service Transfer are explained in detail in their respective sections.

2003 OPERATING BUDGET SUMMARY

	<u>2001 Actual</u>	<u>2002 Estimate</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	2002 Budget vs 2003 Budget	
					<u>Dollar Change</u>	<u>% Change</u>
REVENUE						
Airline Rates & Charges	70,361,096	71,541,000	71,577,898	71,577,898		0.00%
Concessions	69,707,270	66,290,000	64,821,047	69,178,400	4,357,353	6.72%
Other	29,998,027	29,475,000	28,408,135	31,679,387	3,271,252	11.52%
Total Operating Revenue	<u>170,066,393</u>	<u>167,306,000</u>	<u>164,807,080</u>	<u>172,435,685</u>	<u>7,628,605</u>	<u>4.63%</u>
EXPENSE						
Personnel	42,626,489	42,600,000	41,580,954	42,568,349	987,394	2.37%
Administrative Expenses	1,708,295	1,025,000	1,172,285	1,013,554	(158,730)	-13.54%
Professional Services	5,177,078	3,825,000	3,954,289	3,679,931	(274,358)	-6.94%
Utilities	11,207,798	10,650,000	10,755,267	11,273,625	518,358	4.82%
Operating Services/Expenses	13,633,740	12,800,000	12,925,142	13,364,422	439,280	3.40%
Maintenance	15,250,457	13,760,000	14,342,662	16,716,065	2,373,403	16.55%
Other	1,000,297	758,000	623,196	1,584,931	961,735	154.32%
Total Operating Expense (Excludes Depreciation)	<u>\$90,604,154</u>	<u>\$85,418,000</u>	<u>\$85,353,795</u>	<u>\$90,200,877</u>	<u>\$4,847,082</u>	<u>5.68%</u>
Capital Assets	65,647,435	76,750,000	76,517,352	80,804,757	4,287,405	5.60%
Total Operating Expense	<u>156,251,589</u>	<u>162,168,000</u>	<u>161,871,147</u>	<u>171,005,634</u>	<u>9,134,487</u>	<u>5.64%</u>
Operating Income	<u>13,814,803</u>	<u>5,138,000</u>	<u>2,935,933</u>	<u>1,430,051</u>	<u>(1,505,882)</u>	<u>-51.29%</u>

OPERATING REVENUES - 2003 OPERATING BUDGET

	2001 Actual	2002 Estimate	2002 Budget	2003 Budget	2002 Budget vs 2003 Budget	
					Dollar Change	% Change
Airline Rates & Charges						
Landing Fees	39,208,985	40,600,000	40,601,778	37,948,994	(2,652,784)	-6.53%
Ramp Fees	5,746,166	5,570,000	5,569,458	5,366,998	(202,460)	-3.64%
Terminal Rentals - Agreement	22,404,663	22,400,000	22,433,939	25,225,278	2,791,339	12.44%
Terminal Rentals - Other	420,765	421,000	420,765	420,765		0.00%
Terminal Rentals - IAF	2,439,695	2,325,000	2,332,606	2,383,844	51,238	2.20%
Carrousel & Conveyors	140,820	225,000	219,352	232,019	12,667	5.77%
Total Airline Rates & Charges	70,361,096	71,541,000	71,577,898	71,577,898		0.00%
Concessions						
Landside						
Parking	39,338,706	36,000,000	36,042,518	38,814,517	2,771,999	7.69%
Auto Rental	12,793,171	14,000,000	13,597,000	13,707,758	110,758	0.81%
Ground Transportation Fees	3,695,350	2,890,000	2,895,677	2,723,478	(172,199)	-5.95%
Total Landside	55,827,227	52,890,000	52,535,195	55,245,753	2,710,558	5.16%
Terminal/Other						
Food & Beverage	4,053,072	4,200,000	3,610,000	4,560,000	950,000	26.32%
Merchandise	4,571,521	4,500,000	4,006,000	4,641,000	635,000	15.85%
Terminal Services	4,256,863	3,800,000	3,849,732	3,776,447	(73,285)	-1.90%
Other Concessions	998,587	900,000	820,120	955,200	135,080	16.47%
Total Terminal/Other	13,880,043	13,400,000	12,285,852	13,932,647	1,646,795	13.40%
Total All Concessions	69,707,270	66,290,000	64,821,047	69,178,400	4,357,353	6.72%
Other						
Building Rentals	15,594,185	14,900,000	14,650,746	15,662,067	1,011,321	6.90%
Lobby Fees - HHH Terminal	562,616	2,500,000	2,201,055	2,812,929	611,874	27.80%
Ground - SW Cargo	636,978	625,000	1,016,016	1,597,979	581,963	57.28%
Ground - Other	4,628,608	3,800,000	3,564,914	3,475,689	(89,225)	-2.50%
Utilities	2,671,519	1,750,000	1,923,570	1,871,670	(51,900)	-2.70%
Other	5,904,120	5,900,000	5,051,834	6,259,053	1,207,219	23.90%
Total Other	29,998,027	29,475,000	28,408,135	31,679,387	3,271,252	11.52%
Total Operating Revenue	<u>170,066,393</u>	<u>167,306,000</u>	<u>164,807,080</u>	<u>172,435,685</u>	<u>7,628,605</u>	<u>4.63%</u>

OPERATING REVENUES - 2003 OPERATING BUDGET

	<u>Mpls.-St.Paul International</u>	<u>Reliever Airports</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	2002 Budget vs 2003 Budget	
					<u>Dollar Change</u>	<u>% Change</u>
Airline Rates & Charges						
Landing Fees	37,948,994		40,601,778	37,948,994	(2,652,784)	-6.53%
Ramp Fees	5,366,998		5,569,458	5,366,998	(202,460)	-3.64%
Terminal Rentals - Agreement	25,225,278		22,433,939	25,225,278	2,791,339	12.44%
Terminal Rentals - Other	420,765		420,765	420,765		0.00%
Terminal Rentals - IAF	2,383,844		2,332,606	2,383,844	51,238	2.20%
Carrousel & Conveyors	232,019		219,352	232,019	12,667	5.77%
Total Airline Rates & Charges	<u>71,577,898</u>		<u>71,577,898</u>	<u>71,577,898</u>		<u>0.00%</u>
Concessions						
Landside						
Parking	38,814,517		36,042,518	38,814,517	2,771,999	7.69%
Auto Rental	13,707,758		13,597,000	13,707,758	110,758	0.81%
Ground Transportation Fees	2,723,478		2,895,677	2,723,478	(172,199)	-5.95%
Total Landside	<u>55,245,753</u>		<u>52,535,195</u>	<u>55,245,753</u>	<u>2,710,558</u>	<u>5.16%</u>
Terminal/Other						
Food & Beverage	4,560,000		3,610,000	4,560,000	950,000	26.32%
Merchandise	4,641,000		4,006,000	4,641,000	635,000	15.85%
Terminal Services	3,776,447		3,849,732	3,776,447	(73,285)	-1.90%
Other Concessions	955,200		820,120	955,200	135,080	16.47%
Total Terminal/Other	<u>13,932,647</u>		<u>12,285,852</u>	<u>13,932,647</u>	<u>1,646,795</u>	<u>13.40%</u>
Total All Concessions	<u>69,178,400</u>		<u>64,821,047</u>	<u>69,178,400</u>	<u>4,357,353</u>	<u>6.72%</u>
Other						
Building Rentals	15,479,516	182,551	14,650,746	15,662,067	1,011,321	6.90%
Lobby Fees - HHH Terminal	2,812,929		2,201,055	2,812,929	611,874	27.80%
Ground - SW Cargo	1,597,979		1,016,016	1,597,979	581,963	57.28%
Ground - Other	1,830,491	1,645,198	3,564,914	3,475,689	(89,225)	-2.50%
Utilities	1,871,670		1,923,570	1,871,670	(51,900)	-2.70%
Other	5,547,477	711,576	5,051,834	6,259,053	1,207,219	23.90%
Total Other	<u>29,140,062</u>	<u>2,539,325</u>	<u>28,408,135</u>	<u>31,679,387</u>	<u>3,271,252</u>	<u>11.52%</u>
Total Operating Revenue	<u><u>169,896,360</u></u>	<u><u>2,539,325</u></u>	<u><u>164,807,080</u></u>	<u><u>172,435,685</u></u>	<u><u>7,628,605</u></u>	<u><u>4.63%</u></u>

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REVENUE ASSUMPTIONS - 2003 OPERATING BUDGET

Total revenue for 2003 is \$172,435,685, which is a \$7,628,605 or 4.63% increase compared to 2002 budget. The greatest increase in revenue is due to Terminal Rentals-Agreement (up \$2,791,339). The detailed explanations for other major changes in revenue are included in this section.

REVENUE CATEGORY	2001		2002		2003		2002 Budget Vs. 2003 Budget	
	Actual	Budget	Estimate*	Budget	Budget	Budget	Dollar Change	Percent age Change
Airline Rates & Charges	\$ 70,361	\$ 73,397	\$ 71,541	\$ 74,896	\$ 71,578	\$ (3,318)	-4.43%	
Concessions	69,707	76,436	66,290	61,503	69,178	7,675	12.48%	
Other	29,998	29,757	29,475	28,408	31,679	3,271	11.51%	
Total Operating Revenue	\$ 170,066	\$ 179,590	\$ 167,306	\$ 164,807	\$ 172,435	\$ 7,628	4.63%	

*Preliminary - Not Final

The revenue budget is divided into three categories, Airline Rates and Charges, Concessions, and Other. Airline Rates and Charges, which is \$71,577,898 or 42% of MAC total revenue for 2003, consists primarily of revenue paid by the airlines as user fees for landing fees, ramp fees, and terminal building rates. For 2003, because of the continued sluggish economy and the foreseen lack of any recovery in the aviation industry, a one-time reduction in airline fees of \$3.3 million is included. The Concession category, which is \$69,178,400 or 40% of total revenue for 2003, includes revenue from the following areas: parking, ground transportation fees, taxicab license fees, auto rental, food, beverage, merchandise and personnel services. The rates charged for parking, ground transportation fees, and taxicab license fees are authorized according to MAC ordinances. The revenues from auto rental, food, beverage, merchandise and personnel services are based on various lease agreements, which allow the concessionaires to operate MAC facilities. Other revenue, which is \$31,679,387 or 18% of total revenue, consists of building rental (excluding the terminal building), ground space, utilities, and general aviation fees. All of these Other revenue sources are based on leases and agreements. In addition, Other revenue includes HHH terminal common use fees that are based on MAC ordinances.

Revenue Assumptions/Guidelines:

The revenue projections for 2003 are based on the following assumptions and guidelines:

- Revenue will be prepared on an accrual basis
- The revenue projections are based on estimates compiled from the following sources:
 - Lease agreements
 - Contracts
 - Projected enplaned passengers and operations activity provided by the airlines and other users of MAC facilities
 - Expense projections which determine rates and charges per the airline agreement
 - Historical trends
- All tenants will remit the minimum revenue based on their lease agreements unless otherwise specified

The explanations for revenue assumptions are based on a comparison of 2002 budget versus 2003 budget figures.

REVENUE ASSUMPTIONS - 2003 OPERATING BUDGET

AIRLINE RATES AND CHARGES

Approximately \$72 million, or 42%, of MAC's \$172 million in revenue is generated from rates charged to the airlines. The formulas for the rates (landing fee, ramp fee, terminal rates, and the Lindbergh Terminal International Arrivals Facility (IAF)) are established in the airline use agreement. In accordance with this agreement, expenses from the Police, Fire, Maintenance Labor, Maintenance Equipment, and Administration service centers are allocated to the Field & Runway, Ramp, Terminal Building, and IAF service centers (detailed in the Operating Budget Expense section of the book). Total costs plus the allocations are then used to determine the airline rates and charges. As a result, fluctuations in the allocated costs can cause a change in the airline rates.

<u>Category</u>	<u>Percentage of Airline Rates and Charges Revenue</u>
Landing Fees	53.02%
Ramp Fees	7.50%
Terminal Rentals-Agreement	35.24%
Terminal Rentals-Other	0.59%
Terminal Rentals-IAF Facility	3.33%
Carrouseles & Conveyors	0.32%

LANDING FEES

The Landing Fee is based upon total estimated expense in the Field & Runway service center. By dividing total field and runway expenses by the estimated landed weight (provided by the airlines and historical data), a budgeted landing fee is established for use during the year. In 2003 the landing fee rate is based upon a break even philosophy in which total revenue equals total expense, except for the on-time airline rate reduction (see table below). (Except for the one-time rate reduction of \$3.3 million)

A comparison of estimated 2002, 2002 budgeted, 2003 budget without one-time rate reduction and final 2003 budgeted landing fee rates, landed weight and revenue of the major carriers follows:

	<u>2002 Estimate*</u>	<u>2002 Budget</u>	<u>2003 Budget Without Rate Reduction</u>	<u>Final 2003 Budget</u>	<u>% Change Budget to Budget</u>
Landing Fee	\$ 1.61	\$ 1.67	\$ 1.59	\$ 1.46	-12.57%
Landed Weight	25,217,391	24,290,624	26,011,805	26,011,805	7.09%
Revenue	\$40,600,000	\$40,601,778	\$ 41,230,334	\$37,948,994	-6.53%
*Preliminary – Not Final					

The decrease in the landing fee as shown above from \$1.67 to \$1.46 can be attributed to the following reasons:

1. Due to current and forecasted economic conditions in general, and the airline industry in particular, the Commission authorized a one-time rate reduction of \$3,281,340. The affect on the landing fee was \$.13.
2. In general, overall expenses associated with the Field and Runway area increased from \$40,602,459 to \$41,230,335 or 1.5%. The primary causes of this increase were depreciation (associated with the Naval Air Reserve relocation and the 30R Deicing Pad) and increased maintenance labor costs. The added expense, however, was more than offset by the projected increase in landed weight provided by the airlines (From 24,290,624 1000 lb. units to 26,011,805 1000 lb. units or 7.1%).

REVENUE ASSUMPTIONS - 2003 OPERATING BUDGET

RAMP FEES

Aircraft parking ramp fees are calculated in the same manner as landing fees. Ramp fees are determined by dividing the total estimated Terminal Ramp expenses by total lineal feet of ramp available. The rate is based upon a break even philosophy. This is a change from the prior airline agreement (MAC subsidized the regional portion in the past) now all costs are recovered.

The following is a comparison of estimated 2002, budgeted 2002, and budgeted 2003 ramp rates and revenue.

	<u>2002 Estimate*</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>% Change Budget to Budget</u>
Ramp Fee (Per Lineal Ft.)	\$ 536.40	\$ 536.35	\$ 480.40	-10.43%
Ramp Footage	10,384	10,384	11,172	7.59%
Revenue	\$ 5,570,000	\$ 5,569,436	\$ 5,366,998	-3.63%

*Preliminary - Not Final

The decrease in the rate between the two years can be attributed to the following:

1. The lineal footage increased from 10,384 to 11,172 an increase of 788 lineal feet or 7.59%. the Regional Terminal ramp opened in June of 2002, a portion of the additional lineal footage was added to the 2002 calculation.
2. Depreciation & Interest results in a decrease of \$27.37/LF or \$229,844.
 - Per the airline agreement, part of the capital costs of the new ramp area were paid for with Passenger Facility Charges (PFCs) which reduce the charge for depreciation and interest.
3. Equipment allocation will decrease \$26.30/LF with a slight decrease in expense, due to increased ramp footage.

REVENUE ASSUMPTIONS - 2003 OPERATING BUDGET

TERMINAL AIRLINES – AGREEMENT

Airline building rates are calculated by allocating expense over the total rentable square footage in the Lindbergh Terminal. Airlines are charged for the space they occupy. Unlike landing fees and ramp fees, airline terminal building rates are not based upon a near break even or break even philosophy. Under this calculation, costs are recovered from the airlines in proportion to the rentable space they occupy in the terminal building. Previously the Concourse C was a separate lease and not included in the Terminal calculation. Under the new airline lease agreement all costs associated with the Concourse C are now included in the Terminal rates and charges. Phase one of Concourse C was completed and added to the rentable square footage in June 2000. Phase two came on line in June 2002, the additional square footage was prorated and the average weight was used to determine the 2002 rates. The 2003 calculation includes the expansion for a full year.

A comparison of estimated 2002, budgeted 2002 and 2003 rates follows:

	<u>2002 Estimate*</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>% Change Budget to Budget</u>
Exclusive (Per Sq. Ft.)	\$ 39.00	\$ 39.05	\$ 41.70	6.79%
Exclusive Janitored (Per Sq. Ft.)	\$ 44.05	\$ 43.87	\$ 46.93	6.98%
*Preliminary - Not Final				

Total terminal expenses change from \$38,525,087 to \$41,473,945 or 7.65%.

The rate change for exclusive space results from the items listed below:

1. Terminal building – Direct Expenses increased \$0.63/SF or \$715,367
 - The increase resulted from additional utility costs associated with the terminal facility electricity. (\$334,000)
 - Maintenance contracts for mechanical areas including automated people movers, moving walkways, escalators, elevators and doors increased because of new contracts and the concourse expansion (\$370,000).

2. Depreciation & Interest increase \$1.02/SF or \$1,159,034 associated with the expansion
 - Per the airline agreement, a portion of depreciation and interest costs on Concourse C are deferred until 2006. This figure reflects the net expansion calculation.

REVENUE ASSUMPTIONS - 2003 OPERATING BUDGET

LINDBERGH TERMINAL INTERNATIONAL ARRIVAL FACILITY (IAF)

The agreement for this facility includes a fee calculation similar to the ramp and landing fees (break even/revenue equals expense). Users of the facility will be charged a use fee based upon projected expenses. At year-end an adjustment will be made for any overage or shortage.

The table below shows the fees for estimated 2002, budgeted 2002 and budgeted 2003:

	<u>2002 Estimate*</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>% Change Budget to Budget</u>
Total Costs	\$ 2,325,000	\$ 2,332,606	\$ 2,383,844	2.20%
Passengers	580,000	589,042	624,000	5.93%
Fee Per Passenger	4.01	\$ 3.96	\$ 3.82	0.00%
*Preliminary - Not Final				

The decrease in the fee is directly associated with the increase in passengers.

CARROUSELS AND CONVEYORS

Carrouseles and conveyors revenue will rise slightly from the 2002 budget (\$219,352 to \$232,019).

CONCESSIONS

The 2003 Budget for Concessions revenue is projected to increase \$4,357,353 or 6.72% from the 2002 budget. Concession revenue consists of the following categories:

	<u>2002 Estimate*</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>% Change Budget to Budget</u>	<u>% of Total Concessions</u>
Parking	\$36,000,000	\$36,042,518	\$ 38,814,517	7.69%	56.11%
Auto Rental	14,000,000	13,597,000	13,707,758	0.81%	19.82%
Ground Transportation Fees	2,890,000	2,895,677	2,723,478	-5.95%	3.94%
Food and Beverage	4,200,000	3,610,000	4,560,000	26.32%	6.59%
Merchandise	4,500,000	4,006,000	4,641,000	15.85%	6.71%
Terminal Services	3,800,000	3,849,732	3,776,447	-1.90%	5.46%
Other Concessions	<u>900,000</u>	<u>820,120</u>	<u>955,200</u>	16.47%	1.37%
Total	\$66,290,000	\$64,821,047	\$ 69,178,400	6.72%	100.00%
*Preliminary - Not Final					

PARKING

Parking as shown is projected to increase \$2,771,999 or 7.69%. The anticipated increase above can be attributed to a gradual increase in patrons along with additional spaces available at the Humphrey Terminal. The new parking facility at that location was opened in October 2002.

REVENUE ASSUMPTIONS - 2003 OPERATING BUDGET

AUTO RENTAL

Auto rental fees are projected to increase by \$110,758 or 0.81% from the 2002 budget. Based on the Auto Rental Concession Agreement, auto rental firms pay a minimum rental fee (which is a guarantee that the firm bids) plus a percentage of gross revenue above the minimum fee. The 2003 budget is based primarily on the minimum guarantees only. During the 3rd quarter of 2002, National and Alamo (both of which are owned by the same parent company) were successful in combining operations. As a result, the minimum annual guarantee for this concession went down. However, the Commission was able to through a bidding process have Enterprise fill the vacancy. This combination along with two of the auto rental firms anticipated being over their minimums for most of the year result in the slight increase.

GROUND TRANSPORTATION FEES

Ground Transportation Fees are projected to decrease \$172,199 or 5.95%. This decrease can be attributed to Off-Airport car rentals. Enterprise Car Rental was the successful bidder to fill the vacancy resulting from the combination of Alamo and National. This caused Enterprise's revenue to shift from this category to Auto Rental.

FOOD/BEVERAGE

Food and beverage is projected to increase by \$950,000 or 26.32% from the 2002 budget. The 2002 budget was based on minimum rental fees and an increase resulting from the dwell time of passengers. Year-to-date food and beverage revenue continues to be strong. The continued strength in revenue growth is the result of gradual passenger growth along with the new facilities from the A/B/C concourses being in operation for a full year in 2003.

MERCHANDISE

Merchandise and Personal Services are projected to increase \$635,000 or 15.85% from the 2002 budget. The same reasons for the increase in Food and Beverage also apply to Merchandise.

TERMINAL SERVICES

Terminal Services are projected to decrease \$73,285 or 1.9%. This decrease was caused by a lower revenue amount expected from the telephone concession area.

OTHER CONCESSIONS

Other Concessions is projected to increase \$135,080 or 16.47% from the 2002 budget. This area includes advertising (indoor and outdoor), auto services and in-flight catering. The increase is in advertising (outdoor). Based on the current contract agreements the minimum guarantees for outdoor advertising will increase for 2003.

REVENUE ASSUMPTIONS - 2003 OPERATING BUDGET

OTHER

In total this category is projected to increase \$3,271,252 or 11.52% from the 2002 budget. Included in this category are Building Rental, HHH Terminal Common Use, and Ground Rent – Southwest Cargo Area, Ground Rental – Other, Utilities and Other.

BUILDING RENTALS

Building Rentals are projected to increase \$1,011,321 or 6.90% from the 2002 budget. This category includes all building rental not included in airline rates and charges. The increase in revenue is the result of lease contract increases for a number of different facilities including the Reliever Airports.

HHH TERMINAL COMMON USE/LOBBY

HHH Terminal Common Use is projected to increase \$611,874 or 27.80% from 2002 budget. Rates and charges for the HHH Terminal are based on the recovery of operating and maintenance costs plus growth in activity. New Ordinance rates went into affect in the third quarter of 2002. The increased rates along with additional activity through the reemergence of Sun Country Airlines are the factors behind this increase.

GROUND – SW CARGO

This category is projected to increase \$581,963 or 57.28%. During the past few years this area has shown a regular decline in revenue caused by the elimination of facilities to make way for the construction of the 17/35 runway. Some tenants moved off airport while others saw facilities shrink or be significantly constrained. In late 2002, Federal Express was able to open its new expanded facility. In 2003 UPS will open its new expanded facility. The rents associated with this lease are the factors for this increase.

OTHER

Other is projected to increase \$1,207,219 or 23.90% from the 2002 budget. Other includes non-signatory airline landing fees and ramp fees. Based on the current activity and the increase in Sun Country operations, the 2003 budget is projected to move upward.

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OPERATING EXPENSES - 2003 OPERATING BUDGET

	<u>2001 Actual</u>	<u>2001 Budget</u>	<u>2002 Estimate</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	2002 Budget vs 2003 Budget	
						<u>Dollar Change</u>	<u>% Change</u>
Personnel							
Salaries & Wages	31,340,459	30,558,416	30,772,500	30,387,671	31,075,690	688,019	2.26%
Benefits	11,256,180	11,729,368	11,800,000	11,163,933	11,465,309	301,375	2.70%
Commissioner PerDiem	29,850	29,350	27,500	29,350	27,350	-2,000	-6.81%
Total Personnel	<u>42,626,489</u>	<u>42,317,134</u>	<u>42,600,000</u>	<u>41,580,954</u>	<u>42,568,349</u>	<u>987,394</u>	<u>2.37%</u>
Administrative Expenses	1,708,295	2,099,576	1,025,000	1,172,285	1,013,554	-158,730	-13.54%
Professional Services	5,177,078	5,821,880	3,825,000	3,954,289	3,679,931	-274,358	-6.94%
Utilities							
Electricity	5,340,057	5,295,000	5,750,000	5,860,041	6,164,000	303,959	5.19%
Heating Fuel	2,726,303	1,511,630	2,000,000	1,935,576	2,187,900	252,324	13.04%
Water & Sewer	2,442,754	2,207,029	2,500,000	2,571,034	2,466,517	-104,517	-4.07%
Telephones	698,684	503,161	400,000	388,616	455,208	66,592	17.14%
Total Utilities	<u>11,207,798</u>	<u>9,516,820</u>	<u>10,650,000</u>	<u>10,755,267</u>	<u>11,273,625</u>	<u>518,358</u>	<u>4.82%</u>
Operating Services/Expenses							
Parking Management	5,933,219	6,772,020	6,000,000	6,376,135	6,998,000	621,865	9.75%
Shuttle Bus Services	2,689,166	2,049,605	1,925,000	1,647,000	1,783,500	136,500	8.29%
Service Agreements	1,219,004	1,402,757	1,400,000	1,573,017	1,777,132	204,115	12.98%
Storm Water Monitoring	1,716,577	1,100,000	1,275,000	1,100,000	1,060,500	-39,500	-3.59%
Other	2,075,775	2,452,580	2,200,000	2,228,990	1,745,290	-483,700	-21.70%
Total Operating Services/Expenses	<u>13,633,740</u>	<u>13,776,962</u>	<u>12,800,000</u>	<u>12,925,142</u>	<u>13,364,422</u>	<u>439,280</u>	<u>3.40%</u>
Maintenance							
Trades	946,454	930,664	770,000	881,824	1,187,562	305,738	34.67%
Field	3,378,952	2,579,626	2,200,000	2,193,136	2,605,870	412,734	18.82%
Building	3,077,232	3,334,656	3,800,000	4,283,855	4,711,037	427,183	9.97%
Equipment	1,635,922	1,231,984	1,175,000	1,277,078	1,437,988	160,911	12.60%
Cleaning	6,211,897	5,997,216	5,815,000	5,706,770	6,773,608	1,066,838	18.69%
Total Maintenance	<u>15,250,457</u>	<u>14,074,146</u>	<u>13,760,000</u>	<u>14,342,662</u>	<u>16,716,065</u>	<u>2,373,403</u>	<u>16.55%</u>
Other							
General Insurance	1,172,458	1,540,000	1,725,000	1,857,830	2,638,633	780,803	42.03%
Minor Equipment	409,071	398,021	150,000	160,462	233,656	73,195	45.61%
Other	1,148,227	396,560	458,000	341,618	442,719	101,102	29.59%
Reimbursed Expense	-1,729,459	-1,387,939	-1,575,000	-1,736,713	-1,730,077	6,636	-0.38%
Total Other	<u>1,000,297</u>	<u>946,642</u>	<u>758,000</u>	<u>623,196</u>	<u>1,584,931</u>	<u>961,735</u>	<u>154.32%</u>
Gross depreciation	65,647,435	67,442,110	76,750,000	76,517,352	80,804,757	4,287,405	5.60%
Total Operating Expenses	<u><u>156,251,589</u></u>	<u><u>155,995,270</u></u>	<u><u>162,168,000</u></u>	<u><u>161,871,147</u></u>	<u><u>171,005,634</u></u>	<u><u>9,134,487</u></u>	<u><u>5.64%</u></u>

EXPENSE ASSUMPTIONS - 2003 OPERATING BUDGET

Total Expense for 2003 is \$171,005,633, which is an increase of \$9,134,487 or a 5.6% increase compared to the 2002 budget. Personnel, Utilities, and Operating Expenses are projected to minimally increase while Administrative Expenses and Professional Services are decreasing. The largest increases are in the Maintenance, Other and Depreciation categories. General insurance, parking management contract, cleaning agreements and maintenance, employee insurance and depreciation account for the largest budget dollar increases in those areas. The detailed explanation for the major changes is included in this section.

	<u>2001 Actual</u>	<u>2001 Budget</u>	<u>2002 Estimate</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>Dollar Change</u>	<u>% Change</u>
Personnel	\$ 42,626,489	\$ 42,317,133	\$ 42,600,000	\$ 41,580,954	\$ 42,568,348	\$ 987,394	2.4%
Administrative Expenses	1,708,295	2,099,576	1,025,000	1,172,285	1,013,554	(158,730)	(13.5)%
Professional Services	5,177,078	5,821,880	3,825,000	3,954,289	3,679,931	(274,358)	(6.9)%
Utilities	11,207,798	9,516,820	10,650,000	10,755,267	11,273,625	518,358	4.8%
Operating Services	13,633,740	13,776,962	12,800,000	12,925,142	13,364,422	439,280	3.4%
Total Maintenance	15,250,457	14,074,146	13,760,000	14,342,662	16,716,065	2,373,403	16.5%
Other *	<u>1,000,297</u>	<u>946,642</u>	<u>758,000</u>	<u>623,196</u>	<u>1,584,931</u>	<u>961,736</u>	<u>154.3%</u>
W/O Depreciation	\$90,604,154	\$88,553,159	\$85,418,000	\$85,353,795	\$90,200,876	\$4,847,082	5.7%
Depreciation	<u>\$65,647,435</u>	<u>\$67,442,111</u>	<u>\$76,750,000</u>	<u>\$76,517,352</u>	<u>\$80,804,757</u>	<u>\$4,287,405</u>	<u>5.6%</u>
Total Operating Expenses	<u>\$ 156,251,589</u>	<u>\$155,995,271</u>	<u>\$162,168,000</u>	<u>\$ 161,871,147</u>	<u>\$ 171,005,633</u>	<u>\$ 9,134,487</u>	<u>5.6%</u>

- Includes General Insurance, Minor Equipment, Reimbursed Expense, and miscellaneous items.

Expense Assumptions and Guidelines

The operating expense budget is based on information provided by MAC departments, utility companies, vendors, and historical analysis. The expense budget projections for 2003 are based on the following assumptions and guidelines:

- MAC will continue to maintain all facilities at the standard established with our tenants and traveling public.
- MAC will provide a safe and secure airport.
- 26.5 positions continue to remain on administrative hold. Critical positions that experience turnover will be reviewed on a case by case basis. An additional, 23.5 open positions have also been put on hold status and FTE's will be managed at 543.5 in 2003.
- Only a limited number of interns and temporary employees will be retained in 2003.
- Only essential travel will be approved. All travel requests must be reviewed and approved by a Senior Staff member.
- Additional costs necessary to meet new security requirements have been included.
- Imbedded cost increases such as scheduled contract increases, salary adjustments for existing organized workforce, utility rate increases, insurance rate adjustments, etc. have been included.
- Additional costs necessary to maintain existing and new facilities completed in 2002 and 2003 have been included.
- Discretionary cost increases were considered only if offset by corresponding annual reduction in expenses or an annual increase in revenue.

EXPENSE ASSUMPTIONS - 2003 OPERATING BUDGET

Personnel

Personnel costs will increase 2.4% or \$987,394. A breakdown of the Personnel Budget is shown below.

Personnel Budget Summary					
	<u>2001 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Salaries & Wages	\$31,340,459	\$30,387,671	\$31,075,690	\$688,019	2.3%
Benefits	11,256,179	11,163,933	11,465,309	301,375	2.7%
Commission Per Diem	<u>29,850</u>	<u>29,350</u>	<u>27,350</u>	<u>(2,000)</u>	(6.8%)
Total Personnel	\$42,626,488	\$41,580,954	\$42,568,348	\$987,394	2.4%

The following information explains the difference between the 2002 and 2003 budgets.

Wages – Regular – The increase in regular wages is .4% or \$121,018. This includes an increase for organized employees only and does not include a wage adjustment for non-organized personnel. Because of the current condition of the economy and the airline industry. MAC initiated a hiring freeze for year-end 2002 and throughout 2003. 26.5 full-time equivalent positions were placed on administrative hold in 2002 and will continue to be on hold in 2003. These positions were not included in the 2002 budget. In addition, 23.5 positions currently open will not be filled. As employees retire or leave employment, each position will be evaluated on a case by case basis. The following table illustrates the 2003 budgeted FTE's:

Full Time Equivalent Position Summary					
	Authorized FTE's	2002 Reductions	2002 Budget	2003 Reductions	2003 Budget Approved
Positions	593.5	26.5	567	23.5	543.5

Overtime – Regular - The majority of the increase in overtime (\$105,268) is related to the fire department and Federal Labor Standards Act (FLSA) requirements. FLSA requires firefighters working 24 hour shifts to be compensated in a manner that reflects additional overtime per pay period. For the 2002 budget, these overtime dollars were reflected in regular wages however, in the 2003 budget have been reclassified to Overtime. Other service centers have decreased overtime based upon historical use of hours throughout the past 6 years.

Double-time - Double-time (\$137,392), increased as a result of historical data from the past four years. The largest dollar growth is in the maintenance department (\$176,888) followed by painters (\$12,308) and electricians (\$11,521). Other service centers have decreased double time based upon historical use of hours throughout the past 6 years,

Benefits – Included in benefits are all employee insurance, retirement plans, severance, post retirement, etc. This category experienced the largest increase of 2.7% and is due to an assessment to the special compensation fund for workers comp and the rising cost of employee insurance.

Temporary Employees – Increases (\$56,092) are attributable to the Call Center temps, and Passenger Service Assistants, (PSA's) in the Landside Department.

Snow Shovelers/Temporary 49ers/Temporary Trades – Part of the increase (\$119,363) is related to snow removal in the winter. These temporary personnel will clear the sidewalks and assist in snow removal at locations throughout the airport. Also contributing to the increase is a reclassification of Temporary Trade wages. In the 2002 budget, these wages were included in temporary trade benefits.

EXPENSE ASSUMPTIONS - 2003 OPERATING BUDGET
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Administrative

Administrative Expenses have decreased \$158,730 or 13.5%. The decrease is the result of the following:

Badging supplies – A reduction was made in badging supplies of \$40,000.

Travel - The travel budget was eliminated in several departments. Minimal travel remains in a limited number of departments. Travel will be approved based on the essential requirements of the trip. This reflects a cost savings of \$25,493.

Printing/Postage – The total decrease (\$31,245) is the result of the elimination or reduction of expenses related to annual brochures, reports to the public, passenger assistance brochures and duplicate documentation available at public meetings.

Professional Services

Professional Services have decreased by 6.9% or \$274,358. This is related to the following:

Pollution/Environmental Fees - Permit violations due to extreme weather conditions during the winter deicing season of 2000/2001 resulted in fines. In addition, the 2010 development plan requires a NPDES(National Pollutant Discharge Elimination System) permit for construction project dewatering. This allows for ground water to be discharged in the Minnesota River within the established limits. These fines are not anticipated in the 2003 Budget.

Consulting Fees/Engineering Fees – Safety consultants, communication consultants, hardware and planning consultants, along with engineering fees have been decreased (\$393,500). The reduction was based upon a reevaluation in determining the necessity of the projects and programs, and historical amounts.

Other/Miscellaneous – Goose control fees; weather service fees; monitoring systems and upgrades; and fees associated with the selection of a new public parking management contract, have increased the Other category by \$41,943. Contract increases and additional coverage for monitoring systems related to plumbing, and the canines utilized by the Police department also contribute to the rise in expenses

The following table indicates the cost associated with the major consulting services for 2003:

<u>Type of Service</u>	<u>Department</u>	<u>2001 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>Variance 2002 vs. 2003</u>
Accounting & Audit	Finance/Internal Audit	\$200,158	\$212,280	\$230,280	\$18,000
Software Consulting	Information Services, Finance, Airport Development-Building Official, Noise Aviation Satellite Program	52,952	331,500	344,700	13,200
Legal Fees	General Counsel	1,239,555	880,500	880,500	0
Engineering Fees	Airport Development Landside- Parking, Environment- Environmental, Planning & Development-MSP	971,152	797,800	640,300	(157,500)
Planning	Planning-MSP Intl.	477,008	508,297	360,297	(148,000)
Legislative	Labor/Legislative	<u>256,055</u>	<u>260,000</u>	<u>260,000</u>	0
Total		\$3,196,880	\$2,990,377	\$2,716,077	(274,300)

EXPENSE ASSUMPTIONS - 2003 OPERATING BUDGET
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Utilities

A 4.8% increase or \$518,358 is projected for utilities.

The following facilities were opened and became operational in 2002, and are included in the 2003 budgeting for an entire year.

- Concourses A, B and C – Lindbergh Terminal
- Humphrey Parking Facility

The following explanation is provided for the rise in costs between the 2002 and 2003 budget.

Electricity – The anticipated rise in electricity of 5.2% or \$303,959 is based upon the expansion of the Lindbergh Terminal. This expansion adds a significant amount of square footage to the terminal building. The budget is based upon the forecast provided by the utility company and an outside consultant. MAC continues to pursue alternative energy saving options.

Heating Fuel – The projected budget increase is \$252,324 or 13.0% for heating fuel. The increase in natural gas can be attributed to both projected rate increases and the expansion of MAC facilities. The expansion of the Lindbergh Terminal adds a significant amount of square footage to the terminal building. Jet fuel is replacing fuel oil as the alternative source of energy at the Lindbergh Terminal and is budgeted to decrease because of the price. This reduces the overall increase. In addition, the 2003 budget includes a 2-degree temperature difference in the winter and summer to aid in cost containment.

Sewer/Water – Sewer is expected to decrease from the 2002 budget based upon actual usage. Water is anticipated to increase based upon the forecast provided by the utility company and the expansion of the terminal building space. The total effect of water and sewer on the utility budget is a reduction of \$104,517.

Telephone - An increase in telephone has been budgeted of 40.0% or \$110,000. This is based on the actual installation of the Private Branch Exchange (PBX) and its related costs. The 2003 budget for telephone is lower than actual expenditures for prior years. This telephone system allows MAC to administer the majority of telephone services and lines provided by an outside firm.

Telephone – Cellular – Cell phone expenses are projected to decrease by \$43,408 or 38.2%. This decline is due to a reassessment and reduction of the number of cell phones provided to employees.

The following table compares utility costs for 2002 and 2003.

<u>Type of Service</u>	<u>2001 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Electricity	\$5,340,057	\$5,860,041	\$6,164,000	\$303,959	5.2%
Heating Fuel	2,726,303	1,935,576	2,187,900	252,324	13.0%
Sewer	1,476,110	1,613,990	1,461,620	(152,370)	(9.4)%
Water	966,645	957,044	1,004,897	47,853	5.0%
Telephone Regular	535,768	275,000	385,000	110,000	40.0%
Telephone Cellular	<u>162,916</u>	<u>113,616</u>	<u>70,208</u>	<u>(43,408)</u>	<u>(38.2)%</u>
Total	\$11,207,799	\$10,755,267	\$11,273,625	\$518,358	4.8%

EXPENSE ASSUMPTIONS - 2003 OPERATING BUDGET
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Operating Services

Operating Service expenses have increased 3.4% or \$439,280. The significant changes for 2003 are in Parking Management, Shuttle Bus Service, and Service Agreements. The following chart lists the major components in this category.

Type of Service	2001 Actual	2002 Budget	2003 Budget	\$ Variance	%Variance
Parking	\$5,933,219	\$6,376,135	\$6,998,000	\$621,865	9.8%
Shuttle Bus Services	2,000,161	1,647,000	1,783,500	136,500	8.3%
Service Agreements	1,219,002	1,573,017	1,777,132	204,115	13.0%
Storm Water Monitoring	1,716,577	1,100,000	1,060,500	(39,500)	(3.6%)
Other	<u>2,764,781</u>	<u>2,228,990</u>	<u>1,745,290</u>	<u>(483,700)</u>	<u>(21.7%)</u>
Total	\$13,633,740	\$12,925,142	\$13,364,422	\$439,280	3.4%

Parking Management - The agreement with APOCA, MAC's parking management firm, stipulates that all personnel and operating costs are reimbursable expenses. The budget projects increases in wages and benefits for APCOA employees. Additional costs have been incurred as a result of the HHH parking facility opening in October 2002.

Shuttle Bus Service - Shuttle bus service to the HHH Terminal was reduced in the 2002 budget. The 2003 budget, however, shows an increase of \$136,500 or 8.3%, due to extending of the route (resulting from the FAA directive of not using one of the airfield tunnels). The addition of 800 Security Transportation Administration (TSA) employees also increases the level of service required. Other adjustments in service have also been incorporated for the 2003 budget to help offset part of the increased costs.

Service Agreements - Service agreements have increased \$204,115 or 13.0%. This is due to the addition of the new facilities and warranty expiration dates; increase in contract pricing for computer hardware and software agreements; increase in radio contract service agreements; ground transportation AVI equipment maintenance increases at the HHH Terminal; and new telephones in the Lindbergh Terminal expansion requiring maintenance.

Storm Water Monitoring – A decrease of \$39,500 or 3.6% is anticipated over the 2002 budget. This is the cost for maintaining the National Pollutant Discharge Elimination System (NPDES) and Glycol Recover Operations.

Other - The majority of this decline is attributable to a decrease in security services due to the installation of security gates. The copy machine agreement has also been reduced due to rebidding at the expiration of the current contract, other programs including advertising, and the conference center have also been decreased.

EXPENSE ASSUMPTIONS - 2003 OPERATING BUDGET

Maintenance

This category has five components: Trades (Painters, Carpenters, Electricians, and Plumbers), Field (Snow Removal, Surface Repair, and Landscaping) Building (Carrousel/Conveyors, Elevators/Escalators, Moving Walks, and Automated People Mover), Equipment (Parts, Shop Supplies, and Gas), Cleaning (Janitorial, Windows, Cleaning Supplies, and Rubbish). Total maintenance will increase 16.5% or \$2,373,403.

The following facilities became operational in 2002, and are included in the 2003 budget.

- Concourses A, B and C – Lindbergh Terminal
- Humphrey Parking Facility

The following table identifies the changes in the five major components:

	2001 Actual	2002 Budget	2003 Budget	\$ Variance	%Variance
Trades	\$946,454	\$881,824	\$1,187,562	\$305,738	34.7%
Field	3,378,953	2,193,136	2,605,870	412,734	18.8%
Building	3,077,233	4,283,855	4,711,037	427,182	10.0%
Equipment	1,635,923	1,277,078	1,487,988	210,910	16.5%
Cleaning	<u>6,211,895</u>	<u>5,706,770</u>	<u>6,723,608</u>	<u>1,016,838</u>	<u>17.8%</u>
Total	\$15,250,458	\$14,342,662	\$16,716,065	\$2,373,403	16.5%

Trades – The increase in Trades of 34.7% or \$305,738 is related to the necessary repairs and supplies deferred from 2002, along with the addition of building space (Concourses A & B and expansion of Concourse C). Major areas of increase include, Paint (\$22,025); Floor Coverings (\$24,300); Automatic Door Replacement (\$30,000); Seating Replacement (\$22,000); Generator Maintenance Contract (\$40,000); Field Lights/Sensors (\$15,000) and General Electrical, Paint and Plumbing Supplies (\$71,533). Many of the increases are also directly related to new government requirements, expiration of warranties, and the depletion of supply inventories.

Field - The majority of the increase of 18.8% or \$412,734 is due to Snow Removal Materials-Liquid Anti Icer and Sodium Acetate and Potassium Acetate (\$244,000), Snow Removal Equipment (\$105,164) and Snow Melter maintenance (additional \$100,000) in new areas. These costs were increased to more accurately reflect actual expenses over the past four years.

Building - Building expenses have increased \$427,182 or 10.0%. Temperature Control-Contracts and Filters are up \$348,550. The mechanical areas of Elevators, Escalators and Moving Walks have also experienced significant increases of \$230,322. The primary reason is due to the A/B/C concourses and the number of areas coming out of warranty. The Automated People Mover (APM) for the A & D Concourses, reflects a decrease between the 2002 and 2003 budgets due to the delay in opening of the tram.

Equipment – A 16.5% or \$210,910 increase in equipment is partially the result of incorrect budgeting for prior period for Gas-Diesel in the 2002 (\$108,000) and an increase in Gas-Unleaded of \$20,537. The remainder of the increase in the budget for equipment is related to Parts-Equipment.

Cleaning – Cleaning has increased 17.8% or \$1,016,838. This is attributed to a full year of operation and maintenance for both the HUB and a partial year for the Concourse Tram, as well as increases in the contracted amounts for the cleaning of the existing buildings and glass. (The C/G connector, the new A and B concourses and the concourse C expansion.)

EXPENSE ASSUMPTIONS - 2003 OPERATING BUDGET

OTHER

The Other expense category is projected to increase 154.3% or \$961,735.

General Insurance – The expansion of the MAC facility increases the property value, therefore increasing the premiums. Along with this, the insurance market based upon factors worldwide, losses under the deductible, litigation costs, history of costs, and inflationary factors have contributed to the increase in premiums of \$780,803.

Miscellaneous Expenses - Miscellaneous expense increased \$65,335. This is related to identifying the approximate 12,000 drivers on the AOA (Airfield Operations Area) and providing them with training materials as required by Federal Regulations. The additional police staff requires more firearms and ammunition also increased the 2003 budget for this section.

Minor Equipment – The primary amount of the increase is in the Minor Assets-Computers line item. This equipment is necessary for replacements and upgrades of existing equipment.

Gross Depreciation

Gross Depreciation is projected to increase \$4,287,405 or 5.6% from the 2002 budget. The increase is the result of the completion of several projects throughout MAC. The budget is based upon Gross Depreciation, which is used for both the operating budget and financial statements. Net depreciation is used to calculate rates and charges. In accordance with Generally Accepted Accounting Principles, MAC must record the entire amount of the depreciation on facilities constructed with PFC's and federal and state aid as an operation expense.

The estimates for depreciation are derived from the following sources:

1. Current outstanding fixed assets
2. Items budgeted for 2002 but not yet purchased or constructed. (These items are reviewed and a status determined, i.e. to extending the completion date or place on hold).
3. The Preliminary Capital Improvement Plan

The following table identifies the major projects to be closed in 2002 and 2003.

MAJOR PROJECTS SCHEDULED FOR CLOSING 2002/2003	GROSS DEPRECIATION
2000 Green Concourse Apron Expansion	218,890
Green Concourse – Expansion Phase 2 – Concourses A, B, & C	2,377,589
Runway 12R Deicing Pad	158,333
Several projects – HHH Parking Ramp	2,213,334

OBJECT ACCOUNT BY SUBLEDGER - 2003 OPERATING BUDGET

	Total	Lindbergh Terminal	Lindbergh Int'l Facility	Energy Management Center	Ramp Fees	Field & Runways	Control Tower	Terminal Roads/ Landside	Parking Facilities
Personnel									
Wages									
Regular	27,914,625	559,271	-	879,309	-	-	-	839,236	-
Overtime/Doubletime									
Doubletime - Regular	1,185,274	-	-	21,000	-	-	-	-	-
Overtime - Regular	1,410,455	12,441	-	65,000	-	-	-	-	-
Total Overtime/Doubletime	2,595,729	12,441	-	86,000	-	-	-	-	-
Commissioner PerDiem	27,350	-	-	-	-	-	-	-	-
Temps - Administration	193,391	61,776	-	-	-	-	-	121,615	-
Snow Shovellers	103,744	-	-	-	-	-	-	-	-
Temporary 49ers	119,315	-	-	-	-	-	-	-	-
Temporary Trades	148,886	-	-	-	-	-	-	-	-
Total Wages	31,103,040	633,488	-	965,309	-	-	-	960,851	-
Benefits									
Employee Insurance									
Employee Insurance Dental	369,040	8,970	-	10,892	-	-	-	17,939	-
EmPLY Insurance Disability	140,860	3,424	-	4,157	-	-	-	6,847	-
Employee Insurance Family	4,583,603	111,407	-	135,280	-	-	-	222,814	-
Employee Insurance Life	110,210	2,426	-	3,409	-	-	-	3,496	-
Total Employee Insurance	5,203,713	126,227	-	153,738	-	-	-	251,097	-
Pension									
Fica (Social Security)Base	1,354,990	32,400	-	57,503	-	-	-	48,706	-
Fica(Social Security)Medic	411,654	7,807	-	13,549	-	-	-	11,667	-
Mpls EmPLY Retirement Fund	232,912	-	-	-	-	-	-	-	-
Public EmPLY - Police/Fire	616,008	-	-	-	-	-	-	-	-
Public EmPLY - Coordinated	1,226,505	30,765	-	53,382	-	-	-	46,410	-
Total Pension	3,842,069	70,973	-	124,434	-	-	-	106,783	-
Training									
Management Requirement	3,251	-	-	-	-	-	-	-	-
Regulatory Requirements	57,581	-	-	279	-	-	-	-	-
Local Seminars	63,618	-	-	-	-	-	-	-	-
Total Training	124,450	-	-	279	-	-	-	-	-
Post Retirement Benefits	1,218,401	11,229	-	36,496	-	-	-	50,533	-
Workers Compensation	280,006	6,701	-	8,136	-	-	-	13,880	-
Post EmPLY Health Plan	103,000	3,090	-	1,030	-	-	-	6,180	-
Unemployment Tax	15,000	-	-	-	-	-	-	-	-
Uniforms									
Uniforms-Police/Fire Allow	123,590	-	-	-	-	-	-	-	-
Uniforms-Rental	70,780	2,500	-	3,005	-	-	-	9,200	-
Uniforms - Safety Shoes	27,818	1,100	-	2,000	-	-	-	-	-
Total Uniforms	222,188	3,600	-	5,005	-	-	-	9,200	-
Severance									
Contract Allowance	83,770	-	-	-	-	-	-	-	-
Regular Severance	185,999	4,126	-	5,333	-	-	-	7,362	-
Total Severance	269,769	4,126	-	5,333	-	-	-	7,362	-
Temporary Trade Benefits	186,713	-	-	-	-	-	-	-	-
Total Benefits	11,465,309	225,945	-	334,451	-	-	-	445,035	-
Total Personnel	42,568,349	859,433	-	1,299,760	-	-	-	1,405,887	-

OBJECT ACCOUNT BY SUBLEDGER - 2003 OPERATING BUDGET

	Total	Lindbergh Terminal	Lindbergh Int'l Facility	Energy Management Center	Ramp Fees	Field & Runways	Control Tower	Terminal Roads/ Landside	Parking Facilities
Administrative Expenses									
Supplies									
Office Supplies -Materials	142,509	7,000	-	600	-	-	-	12,100	-
Computer Supplies									
Computer Supplies-General	32,980	700	-	-	-	-	-	-	-
Computer Supplies-Software	63,278	1,500	-	800	-	3,500	-	-	5,100
Total Computer Supplies	96,258	2,200	-	800	-	3,500	-	-	5,100
Special Supplies									
Special Supplies-Badging	18,000	-	-	-	-	-	-	-	-
Special Supply-Film/Photo	20,557	-	-	-	-	1,000	-	-	-
Special Supplies-Other	29,935	-	-	-	-	-	-	4,223	-
Total Special Supplies	68,492	-	-	-	-	1,000	-	4,223	-
Total Supplies	307,259	9,200	-	1,400	-	4,500	-	16,323	5,100
Travel									
Travel - Lodging	15,150	500	-	-	-	3,000	-	-	-
Travel - Meals	4,275	200	-	-	-	500	-	-	-
Travel - Miscellaneous	1,850	-	-	-	-	-	-	-	-
Travel - Transportation									
Travel - Transport/Airfare	78,600	-	-	-	-	8,000	-	-	-
Travel - Shuttle/Taxi/Auto	2,250	-	-	-	-	-	-	-	-
Total Travel - Transportation	80,850	-	-	-	-	8,000	-	-	-
Registration Fees	10,150	500	-	-	-	3,000	-	-	-
Mileage	39,655	500	-	250	-	480	-	1,000	-
Total Travel	151,930	1,700	-	250	-	14,980	-	1,000	-
Other Administrative Expense									
Local Meetings									
Local Mtgs - On Airport/GO	9,535	500	-	-	-	-	-	2,000	-
Local Mtgs - Off Airport	15,830	500	-	50	-	-	-	360	-
Total Local Meetings	25,365	1,000	-	50	-	-	-	2,360	-
Information Sources									
Memberships/Dues/Pro Assoc	172,504	100	-	-	-	900	-	3,600	-
Other Information Sources	60,450	100	-	50	-	-	-	-	-
Publications/Subscriptions	43,725	100	-	-	-	1,500	-	-	-
Total Information Sources	276,679	300	-	50	-	2,400	-	3,600	-
Printing Costs									
Printing-Publications	78,300	-	-	-	-	-	-	-	-
Printing - Color Charts	2,000	-	-	-	-	-	-	-	-
Printing - Forms	44,900	-	-	-	-	-	-	31,000	-
Printing-Stationary/Envel	32,745	-	-	-	-	1,000	-	-	-
Total Printing Costs	157,945	-	-	-	-	1,000	-	31,000	-
Delivery Services	22,539	100	-	50	-	500	-	600	-
Freight Charges	1,250	100	-	50	-	-	-	-	-
Postage	70,588	-	-	-	-	1,000	-	10,988	-
Total Other Administrative Expen	554,365	1,500	-	200	-	4,900	-	48,548	-
Total Administrative Expenses	1,013,554	12,400	-	1,850	-	24,380	-	65,871	5,100

OBJECT ACCOUNT BY SUBLEDGER - 2003 OPERATING BUDGET

	Total	Lindbergh Terminal	Lindbergh Int'l Facility	Energy Management Center	Ramp Fees	Field & Runways	Control Tower	Terminal Roads/ Landside	Parking Facilities
Professional Services									
Accounting/Audit Fees	230,280	-	-	-	-	12,000	-	-	-
Affirmative Action Fees	13,000	-	-	-	-	-	-	-	-
Appraisal/RFP/Lease Fees	20,000	-	-	-	-	-	-	-	-
Computer Services									
General									
Hardware Consulting	7,000	-	-	-	-	-	-	-	-
Software Consulting	337,700	-	-	-	-	-	-	75,000	-
Total General	344,700	-	-	-	-	-	-	75,000	-
Terminal Services									
Terminal Services-Parking	10,000	-	-	-	-	-	-	-	10,000
Terminal Lan	20,000	-	-	-	-	-	-	20,000	-
Total Terminal Services	30,000	-	-	-	-	-	-	20,000	10,000
Total Computer Services	374,700	-	-	-	-	-	-	95,000	10,000
Engineering Fees	640,300	112,300	-	8,000	9,300	134,000	-	12,500	-
Graphic Design	27,500	-	-	-	-	-	-	-	-
Labor Relations	15,000	-	-	-	-	-	-	-	-
Legal Fees									
Legal - Environmental	257,750	-	-	-	-	-	-	-	-
Legal - General	345,000	-	-	-	-	-	-	-	5,000
Legal - Federal	127,500	-	-	-	-	-	-	-	-
Legal - Relievers	150,250	-	-	-	-	-	-	-	-
Total Legal Fees	880,500	-	-	-	-	-	-	-	5,000
Legislative									
Legislative - Local	100,000	-	-	-	-	-	-	-	-
Legislative - National	160,000	-	-	-	-	-	-	-	-
Total Legislative	260,000	-	-	-	-	-	-	-	-
Medical Fees	38,900	-	-	-	-	-	-	-	-
Planning									
Pollution/Environmental Fees	45,000	-	-	-	-	41,000	-	-	-
Public Information Services	59,000	-	-	-	-	-	-	-	-
Recruiting Employment Fees	20,000	-	-	-	-	-	-	-	-
Safety Consultants									
Safety - Training	6,100	295	-	295	-	-	-	-	-
Safety - General	1,500	-	-	-	-	-	-	-	-
Total Safety Consultants	7,600	295	-	295	-	-	-	-	-
Communications Consultant	41,500	-	-	-	-	-	-	-	-
Other/Miscellaneous	646,354	116,000	-	-	-	12,422	-	12,000	27,500
Total Professional Services	3,679,931	228,595	-	8,295	9,300	559,719	-	119,500	42,500
Utilities									
Electricity	6,164,000	3,937,000	-	-	-	510,000	-	585,000	-
Heating Fuel									
Heating - Natural Gas	2,098,200	108,000	-	1,335,500	-	12,900	600	30,000	-
Heating - Fuel Oil	89,700	16,200	-	54,000	-	-	-	-	18,000
Total Heating Fuel	2,187,900	124,200	-	1,389,500	-	12,900	600	30,000	18,000
Sewer	1,461,620	450,178	-	29,904	-	-	917	543	9,641
Water	1,004,897	252,559	-	21,841	-	-	669	6,083	8,392
Telephone									
Telephone - Regular	385,000	2,709	-	-	-	4,172	-	-	-
Telephone - Cellular	70,208	-	-	1,560	-	14,507	-	-	-
Total Telephone	455,208	2,709	-	1,560	-	18,679	-	-	-
Total Utilities	11,273,625	4,766,646	-	1,442,805	-	541,579	2,186	621,626	36,033

OBJECT ACCOUNT BY SUBLEDGER - 2003 OPERATING BUDGET

	Total	Lindbergh Terminal	Lindbergh Int'l Facility	Energy Management Center	Ramp Fees	Field & Runways	Control Tower	Terminal Roads/ Landside	Parking Facilities
Operating Services/Expenses									
Advertising									
Advertising - Bids	2,100	-	-	-	-	-	-	-	-
Advertising - Employment	30,000	-	-	-	-	-	-	-	-
Advertising - General	60,000	-	-	-	-	-	-	-	222
Advertising - Parking	50,000	-	-	-	-	-	-	-	50,000
Advertising - Relievers	8,000	-	-	-	-	-	-	-	-
Total Advertising	150,100	-	-	-	-	-	-	-	50,222
Environmental Control									
Hazardous Waste									
Hazardous Waste - FLOuresc	6,000	6,000	-	-	-	-	-	-	-
Hazardous Waste - General	11,450	1,200	-	500	-	-	-	-	-
Total Hazardous Waste	17,450	7,200	-	500	-	-	-	-	-
Pollution Control									
Pollution Ctrl-Booms	9,000	-	-	-	-	-	-	-	-
Pollution Ctrl-Supplies	2,000	-	-	500	1,000	-	-	-	-
Total Pollution Control	11,000	-	-	500	1,000	-	-	-	-
Industrial Waste Mgmt	30,000	-	-	-	-	30,000	-	-	-
Laboratory Services	2,000	-	-	-	-	-	-	-	-
Solvent Reclamation Service	19,000	-	-	-	-	-	-	-	-
Spill Response	1,500	-	-	-	-	-	-	-	-
Tire Disposal	2,040	-	-	-	-	-	-	-	-
Other	124,400	-	-	-	-	-	-	-	-
Total Environmental Control	207,390	7,200	-	1,000	1,000	30,000	-	-	-
Grd Transportation Services									
AV ID Readers/Controllers	11,000	-	-	-	-	-	-	11,000	-
AV ID Tags	5,000	-	-	-	-	-	-	5,000	-
Commercial Roadway Tickets	3,500	-	-	-	-	-	-	3,500	-
Total Grd Transportation Service	19,500	-	-	-	-	-	-	19,500	-
Shuttle Services	1,783,500	694,080	-	-	-	-	-	694,080	-
Parking Lots	6,998,000	-	-	-	-	-	-	-	6,998,000
Met Council Fees	100,000	-	-	-	-	100,000	-	-	-
Employee Programs									
Retirement									
Retirement - Awards	650	-	-	-	-	-	-	-	-
Retirement - Reception	300	-	-	-	-	-	-	-	-
Total Retirement	950	-	-	-	-	-	-	-	-
Wellness	5,000	-	-	-	-	-	-	-	-
Total Employee Programs	5,950	-	-	-	-	-	-	-	-
Events									
Conference Center	30,000	-	-	-	-	-	-	-	-
Career Days	2,500	-	-	-	-	-	-	-	-
Emergency Response Exercise	11,750	-	-	-	-	5,000	-	-	-
Other Programs/Events	4,000	-	-	-	-	-	-	1,000	-
Call Back Service	7,000	-	-	-	-	7,000	-	-	-
Total Events	55,250	-	-	-	-	12,000	-	1,000	-
Other Charges/Fees									
Bank Charges	201,600	-	-	-	-	-	-	-	65,000
Security Services	645,850	-	-	-	-	155,000	-	-	-
Recycling	1,700	-	-	-	-	-	-	-	-
Copy Agreement	100,000	-	-	-	-	-	-	-	-
Mediation Fees	7,500	-	-	-	-	-	-	-	-
Miscellaneous Charges/Fees	243,450	-	-	-	-	-	-	138,000	-
Jail Fees	7,000	-	-	-	-	-	-	-	-
Total Other Charges/Fees	1,207,100	-	-	-	-	155,000	-	138,000	65,000
Service Agreements									
Service - Bldg Inspection	15,000	15,000	-	-	-	-	-	-	-
Service - Facilities C.M.M.I.S	30,000	30,000	-	-	-	-	-	-	-
Service-Computers	421,500	-	-	-	-	-	-	-	-
Service-Fitness Equipment	4,000	-	-	-	-	-	-	-	-
Service-Grd Trans Equip	178,600	-	-	-	-	-	-	178,600	-
Service-Office Equipment	53,633	2,700	-	-	-	2,200	-	-	-
Service-Other Equipment	524,312	5,500	-	-	-	-	-	11,172	-
Service-Parking Equipment	329,096	-	-	-	-	-	-	-	329,096
Service-Telephone Systems	47,938	1,300	-	-	-	-	-	-	-
Service-Secured Access	90,000	-	-	-	-	90,000	-	-	-
Service-Radios	83,053	-	-	-	-	43,553	-	-	-
Storm Water Monitoring	1,060,500	-	-	-	-	1,060,500	-	-	-
Total Service Agreements	2,837,632	54,500	-	-	-	1,196,253	-	189,772	329,096
Total Operating Services/Expense	13,364,422	755,780	-	1,000	1,000	1,493,253	-	1,042,352	7,442,318

OBJECT ACCOUNT BY SUBLEDGER - 2003 OPERATING BUDGET

	Total	Lindbergh Terminal	Lindbergh Int'l Facility	Energy Management Center	Ramp Fees	Field & Runways	Control Tower	Terminal Roads/ Landside	Parking Facilities
Trades - Plumbers									
Contractor Requirements	3,914	-	-	-	-	-	-	-	-
Fire Protection System	31,185	7,045	-	1,170	-	-	-	-	-
General Plumbing Supplies	34,347	18,000	-	-	-	-	-	-	-
Irrigation Supplies	7,650	850	-	-	-	-	-	3,000	-
Pumps	8,424	5,874	-	850	-	-	-	-	-
Underground Utilities	5,000	5,000	-	-	-	-	-	-	-
Water Distribution Systems	2,736	2,736	-	-	-	-	-	-	-
Water Meters	8,000	-	-	-	-	4,000	-	-	-
Plumbing - Other	16,500	-	-	-	-	-	-	-	-
Total Trades - Plumbers	<u>117,756</u>	<u>39,505</u>	<u>-</u>	<u>2,020</u>	<u>-</u>	<u>4,000</u>	<u>-</u>	<u>3,000</u>	<u>-</u>
Trades - Electricians									
Repairs									
Electrical _ Exterior	10,000	-	-	-	-	-	-	-	-
Generator Maint. Contract	50,000	50,000	-	-	-	-	-	-	-
Electrical - Interior	30,000	-	-	-	-	-	-	-	-
Unit Maint. Contract	10,000	10,000	-	-	-	-	-	-	-
Total Repairs	<u>100,000</u>	<u>60,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other									
Other - Batteries	3,000	182	-	91	-	-	-	-	-
Other-Field Lights/Sensors	215,000	-	-	-	-	215,000	-	-	-
Other - Gate Supplies	30,000	-	-	-	-	30,000	-	-	-
Other - General Supplies	229,400	60,000	-	1,500	1,500	400	-	3,500	70,000
Other - Miscellaneous	1,000	-	-	-	-	-	-	-	-
Other - Motor	5,900	2,500	-	-	-	-	-	-	500
Other - Secured Access Sys	8,000	889	-	-	-	7,111	-	-	-
Other - Tools	12,000	-	-	-	-	-	-	-	-
Total Other	<u>504,300</u>	<u>63,571</u>	<u>-</u>	<u>1,591</u>	<u>1,500</u>	<u>252,511</u>	<u>-</u>	<u>3,500</u>	<u>70,500</u>
Total Trades - Electricians	<u>604,300</u>	<u>123,571</u>	<u>-</u>	<u>1,591</u>	<u>1,500</u>	<u>252,511</u>	<u>-</u>	<u>3,500</u>	<u>70,500</u>

OBJECT ACCOUNT BY SUBLEDGER - 2003 OPERATING BUDGET

	Total	Lindbergh Terminal	Lindbergh Int'l Facility	Energy Management Center	Ramp Fees	Field & Runways	Control Tower	Terminal Roads/ Landside	Parking Facilities
Maintenance - Field									
Snow Removal - Materials									
Materials-Liquid Anti Icer	440,000	-	-	-	40,000	400,000	-	-	-
Materials - Sodum Formate	234,000	-	-	-	-	234,000	-	-	-
Materials-Other Ice Ctrl	18,000	-	-	-	2,520	11,700	-	720	2,340
Materials - Salt	41,500	-	-	-	-	-	-	20,000	-
Materials - Sand	115,000	-	-	-	-	82,000	-	9,000	9,000
Materials - Urea	8,500	-	-	-	-	-	-	-	-
Total Snow Removal - Materials	857,000	-	-	-	42,520	727,700	-	29,720	11,340
Snow Removal - Equipment									
Equipment - Bobcats	172,998	-	-	-	-	-	-	-	172,998
Equipment - Four Wheel Dr	134,837	-	-	-	-	-	-	27,137	107,700
Equipment - Snow Haulers	1,696	-	-	-	-	-	-	-	-
Equipment - Other	97,311	-	-	-	1,611	1,060	-	-	1,611
Equip Rent-No Operator-5.5	255,304	-	-	-	89,357	89,357	-	12,765	12,765
Equipment-Rent-No Operator	174,868	-	-	-	39,240	39,240	-	5,605	5,605
Total Snow Removal - Equipme	837,014	-	-	-	130,208	129,657	-	45,507	300,679
Snow Removal - Miscellan									
Snow Removal - Meals	31,395	-	-	-	-	31,395	-	-	-
Snow Removal - Plow Blades	67,500	-	-	-	13,500	13,500	-	13,500	13,500
Snow Removal - Runway Brm	198,000	-	-	-	-	198,000	-	-	-
Snow Melters	100,000	-	-	-	-	50,000	-	-	50,000
Total Snow Removal - Miscellan	396,895	-	-	-	13,500	292,895	-	13,500	63,500
Summer Maintenance-Surface									
Surface Repair-Aggregate	12,400	-	-	-	-	-	-	-	6,370
Surface Repair-Asphalt	52,100	-	-	-	10,000	10,000	-	-	2,500
Surface Repair-Cement	8,000	-	-	-	2,250	2,250	-	-	250
Surface Rubber Removal	32,500	-	-	-	-	25,000	-	-	-
Surface Repair-Saw Blades	10,000	-	-	-	3,000	7,000	-	-	-
Total Summer Maintenance-Sur	115,000	-	-	-	15,250	44,250	-	-	9,120
Summer Maint-Landscape									
Summer Maintenance-Fencing	34,500	-	-	-	-	21,500	-	-	-
Landscape/Turf-Materials	49,000	-	-	-	-	18,000	-	6,000	-
Summer Maint-Equip Rent LT	133,205	-	-	-	46,272	46,272	-	6,610	6,610
Summer Maint-Equip Rent No O	9,896	-	-	-	-	9,896	-	-	-
Landscape/Turf-Agreement	91,000	-	-	-	-	-	-	61,750	-
Total Summer Maint-Landscape	317,601	-	-	-	46,272	95,668	-	74,360	6,610
Maintenance Field-Other									
Non Runway Brooms	23,600	-	-	-	-	-	-	23,600	-
Field Maint-Other/Emerg	30,000	10,000	-	-	-	10,000	10,000	-	-
Field Maint-Other-Material	2,000	-	-	-	-	-	-	-	-
Field Maint-Other-Supplies	13,100	-	-	-	4,800	4,800	-	-	-
Field Maint-Other-Tools	13,660	-	-	-	5,360	5,800	-	-	-
Total Maintenance Field-Other	82,360	10,000	-	-	10,160	20,600	10,000	23,600	-
Total Maintenance - Field	2,605,870	10,000	-	-	257,910	1,310,770	10,000	186,687	391,249
Maintenance Building									
Building-Temp Control									
Temp Control-Contracts	913,564	490,844	-	53,002	-	1,000	11,500	32,991	92,246
Temp Control-Filters	140,707	79,900	-	-	-	-	280	-	-
Total Building-Temp Control	1,054,271	570,744	-	53,002	-	1,000	11,780	32,991	92,246
Building-Mechanical Areas									
Mechanical Areas-APM	1,791,640	1,035,044	-	-	-	-	-	605,277	151,319
Mechanical Areas-Conveyors	358,556	232,091	37,253	-	-	-	-	-	-
Mechanical Areas-Doors	7,500	-	-	-	-	-	-	-	-
Mechanical Areas-Doors/Pub	33,602	19,814	-	-	-	-	-	2,231	8,166
Mechanical Areas-Doors/Tug	16,176	16,176	-	-	-	-	-	-	-
Mechanical Areas-Elevators	313,036	228,462	4,742	-	-	-	-	18,672	38,993
Mechanical Areas-Escalator	294,014	214,209	3,581	-	-	-	-	8,952	24,044
Mechanical-Moving Walks	294,014	294,014	-	-	-	-	-	-	-
Mechanical Areas-Other	6,002	-	-	-	-	-	-	-	-
Total Building-Mechanical Area	3,114,540	2,039,810	45,576	-	-	-	-	635,132	222,522
Building-Other									
Other-Boiler Chemicals	155,500	6,000	-	44,000	-	-	-	-	-
Other-Floors/Repairs	6,800	4,300	-	-	-	-	-	-	-
Other-Jetbridge Repairs	80,000	-	-	-	-	-	-	-	-
Other-Outside Plumb/Sewer	9,630	-	-	-	-	-	-	-	-
Other-Pageing Systems Contrac	50,000	50,000	-	-	-	-	-	-	-
Other-Roofing	52,079	23,300	-	-	-	-	-	2,300	-
Sump/Septic Pumping	13,132	-	-	-	-	-	-	-	-
Other-Supplies	160,645	64,200	-	8,000	-	-	-	43,000	15,912
Other-Tools	13,590	2,000	-	3,000	-	-	-	1,000	1,000
Total Building-Other	541,376	149,800	-	55,000	-	-	-	46,300	16,912
Apt Development Projects	850	-	-	-	-	-	-	-	-
Total Maintenance Building	4,711,037	2,760,354	45,576	108,002	-	1,000	11,780	714,423	331,680

OBJECT ACCOUNT BY SUBLEDGER - 2003 OPERATING BUDGET

	Total	Lindbergh Terminal	Lindbergh Int'l Facility	Energy Management Center	Ramp Fees	Field & Runways	Control Tower	Terminal Roads/ Landside	Parking Facilities
Maintenance-Cleaning									
Cleaning Services									
Cleaning Services-Janitor	5,508,346	4,432,165	283,913	-	-	-	-	30,284	113,565
Cleaning Services-Windows	295,287	212,660	8,422	-	-	-	-	17,688	28,116
Total Cleaning Services	5,803,633	4,644,825	292,335	-	-	-	-	47,972	141,681
Cleaning Supplies									
Cleaning Supplies-Bathroom	396,168	329,136	-	-	-	-	-	11,797	12,238
Cleaning Supplies-General	23,124	4,630	-	100	-	-	-	-	-
Total Cleaning Supplies	419,292	333,766	-	100	-	-	-	11,797	12,238
Rubbish Disposal									
Rubbish Disposal-Recycle	51,664	44,149	-	-	-	1,084	-	-	-
Rubbish Disposal-Regular	443,999	97,190	-	-	-	171,421	-	2,265	12,653
Total Rubbish Disposal	495,663	141,339	-	-	-	172,505	-	2,265	12,653
Towel Laundry Services	3,520	-	-	-	-	-	-	-	-
Other Cleaning Expenses	1,500	-	-	-	-	-	-	-	-
Total Maintenance-Cleaning	6,723,608	5,119,930	292,335	100	-	172,505	-	62,034	166,572
Maintenance-Equipment									
Equipment-Parts									
Parts-Automobiles	127,500	-	-	-	-	-	-	-	-
Parts-Boilers Energy Mgmt	18,800	-	-	18,800	-	-	-	-	-
Parts-Chiller Energy Mgmt	73,110	8,000	-	58,000	-	-	-	1,050	1,400
Parts-Other Equipment	50,000	50,000	-	-	-	-	-	-	-
Total Equipment-Parts	269,410	58,000	-	76,800	-	-	-	1,050	1,400
Parts-Equipment									
Parts-Equipment	487,324	-	-	-	-	-	-	-	70,000
Parts-Other Equipment	109,527	4,675	-	8,000	-	34,000	-	-	-
Total Parts-Equipment	596,851	4,675	-	8,000	-	34,000	-	-	70,000
Equipment-Shop									
Shop-Garbage Bags	7,500	-	-	-	-	7,000	-	-	-
Shop-Batteries	12,000	-	-	-	-	-	-	-	-
Shop-Cleaners/Degreasers	37,000	-	-	-	-	-	-	-	-
Shop-Oil Filters	42,500	-	-	-	-	-	-	-	-
Shop-Other Supplies	76,627	-	-	2,000	-	2,500	-	-	-
Shop-Tires	68,000	-	-	-	-	-	-	-	-
Shop-Tools	41,938	-	-	-	-	-	-	-	-
Total Equipment-Shop	285,565	-	-	2,000	-	9,500	-	-	-
Equipment-Gas									
Gas-Diesal	108,000	-	-	-	-	-	-	-	-
Gas-Propane	5,479	1,200	-	-	-	-	-	-	-
Gas-Unleaded	150,001	-	-	1,466	-	3,352	-	7,232	6,766
Total Equipment-Gas	263,480	1,200	-	1,466	-	3,352	-	7,232	6,766
Equipment-Extinguishers									
Extinguishers-Purchase	800	-	-	-	-	-	-	-	-
Extinguishers-Repair	800	-	-	-	-	-	-	-	-
Extinguishers-Reservice	800	-	-	-	-	-	-	-	-
Total Equipment-Extinguishers	2,400	-	-	-	-	-	-	-	-
Equipment-Miscellaneous Exp	70,282	-	-	-	-	-	-	57,782	-
Total Maintenance-Equipment	1,487,988	63,875	-	88,266	-	46,852	-	66,064	78,166
Total Maintenance	16,716,065	8,375,235	337,911	200,729	259,410	1,823,138	21,780	1,039,408	1,052,167

OBJECT ACCOUNT BY SUBLEDGER - 2003 OPERATING BUDGET

	Total	Lindbergh Terminal	Lindbergh Int'l Facility	Energy Management Center	Ramp Fees	Field & Runways	Control Tower	Terminal Roads/ Landside	Parking Facilities
Other									
General Insurance									
Gen Ins-Airport Liability	1,261,977	304,916	-	-	41,003	69,721	-	23,762	85,736
Gen Ins-Property	1,127,000	272,964	-	-	36,707	62,415	-	21,272	76,752
Gen Ins-Crime	10,000	2,416	-	-	325	552	-	188	679
Gen Ins-Auto/Equipment	147,624	35,755	-	-	4,808	8,176	-	2,786	10,054
Gen Ins-Other	92,032	22,291	-	-	2,997	5,097	-	1,737	6,268
Total General Insurance	2,638,633	638,342	-	-	85,840	145,962	-	49,745	179,490
Safety									
Safety-Training Materials	2,050	-	-	100	-	-	-	-	-
Safety-Supplies	26,382	400	-	2,800	-	-	-	-	-
Safety-Equipment	7,000	-	-	-	-	-	-	-	-
Total Safety	35,432	400	-	2,900	-	-	-	-	-
Medical Information/Supply									
Medical-Routine Supplies	20,497	300	-	487	-	9,000	-	-	-
Medical-Emergency Response	3,000	3,000	-	-	-	-	-	-	-
Total Medical Information/Supply	23,497	3,300	-	487	-	9,000	-	-	-
Rentals									
Rental-Copier	43,150	-	-	-	-	-	-	-	-
Rental-Pagers	26,700	-	-	-	-	-	-	-	-
Rental-Other Equipment	63,500	25,000	-	-	-	-	-	11,300	-
Total Rentals	133,350	25,000	-	-	-	-	-	11,300	-
Licenses/Permits									
Licenses-Autos/Equipment	2,520	-	-	-	-	-	-	-	-
Licenses-Environmental	9,020	-	-	-	-	-	-	-	-
Licenses-Other	6,675	-	-	-	-	-	-	-	-
Total Licenses/Permits	18,215	-	-	-	-	-	-	-	-
Miscellaneous Expenses									
Misc-Firearm/Equip/Supplies	90,435	-	-	-	-	-	-	-	-
Misc-Emergency Response	48,100	600	-	-	-	-	-	-	-
Misc-Other	93,690	600	-	-	-	-	-	-	-
Total Miscellaneous Expenses	232,225	1,200	-	-	-	-	-	-	-
Reimbursed Expense	-1,730,077	-	-	-	-	-6,572	-	-250,000	-
Capital Assets									
Minor Equipment/Assets									
Minor Assets-Tools	46,450	3,250	-	-	-	-	-	2,500	-
Minor Assets-Office Furn	35,633	10,000	-	-	-	5,500	-	3,120	-
Minor Assets-Computers	64,900	-	-	-	-	-	-	-	-
Minor Assets-Radios	51,283	650	-	-	-	-	-	-	-
Minor Assets-Other	35,390	-	-	-	-	-	-	1,370	-
Total Minor Equipment/Assets	233,656	13,900	-	-	-	5,500	-	6,990	-
Total Capital Assets	233,656	13,900	-	-	-	5,500	-	6,990	-
Total Other	1,584,931	682,142	-	3,387	85,840	153,890	-	-181,965	179,490
Gross Depreciation	80,804,757	16,565,254	1,441,639	912,645	1,442,042	14,873,844	-	7,842,436	8,890,664
Grand Total Excluding Depreciation	90,200,877	15,680,232	337,911	2,957,826	355,550	4,595,959	23,966	4,112,679	8,757,608
Grand Total With Depreciation	171,005,634	32,245,486	1,779,550	3,870,471	1,797,592	19,469,803	23,966	11,955,115	17,648,272

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OBJECT ACCOUNT BY SUBLEDGER - 2003 OPERATING BUDGET

	Cargo Area	HHH Terminal	Public Area/ Roads	West Terminal	Hangars & Other Bldgs	Maintenance Employees	Equipment Maintenance	Inventory/ Trades
Personnel								
Wages								
Regular	-	156,428	-	-	-	7,320,329	-	-
Overtime/Doubletime								
Doubletime - Regular	-	-	-	-	-	1,055,014	-	-
Overtime - Regular	-	-	-	-	-	475,327	-	-
Total Overtime/Doubletime	-	-	-	-	-	1,530,341	-	-
Commissioner PerDiem	-	-	-	-	-	-	-	-
Temps - Administration	-	-	-	-	-	-	-	-
Snow Shovellers	-	-	-	-	-	103,744	-	-
Temporary 49ers	-	-	-	-	-	119,315	-	-
Temporary Trades	-	-	-	-	-	148,886	-	-
Total Wages	-	156,428	-	-	-	9,222,615	-	-
Benefits								
Employee Insurance								
Employee Insurance Dental	-	1,281	-	-	-	98,026	-	-
Emply Insurance Disability	-	489	-	-	-	37,416	-	-
Employee Insurance Family	-	15,915	-	-	-	1,217,520	-	-
Employee Insurance Life	-	629	-	-	-	27,697	-	-
Total Employee Insurance	-	18,315	-	-	-	1,380,659	-	-
Pension								
Fica (Social Security)Base	-	9,037	-	-	-	487,856	-	-
Fica(Social Security)Medic	-	2,186	-	-	-	115,061	-	-
Mpls Emly Retirement Fund	-	-	-	-	-	61,957	-	-
Public Emly - Police/Fire	-	-	-	-	-	-	-	-
Public Emly - Coordinated	-	8,650	-	-	-	432,667	-	-
Total Pension	-	19,873	-	-	-	1,097,541	-	-
Training								
Management Requirement	-	-	-	-	-	-	-	-
Regulatory Requirements	-	-	-	-	-	8,359	-	-
Local Seminars	-	-	-	-	-	15,788	-	-
Total Training	-	-	-	-	-	24,147	-	-
Post Retirement Benefits	-	2,807	-	5,615	-	342,499	-	-
Workers Compensation	-	1,436	-	-	-	79,933	-	-
Post Emly Health Plan	-	1,030	-	-	-	6,180	-	-
Unemployment Tax	-	-	-	-	-	15,000	-	-
Uniforms								
Uniforms-Police/Fire Allow	-	-	-	-	-	-	-	-
Uniforms-Rental	-	-	-	-	-	37,977	-	5,065
Uniforms - Safety Shoes	-	-	-	-	-	21,156	-	968
Total Uniforms	-	-	-	-	-	59,133	-	6,033
Severance								
Contract Allowance	-	-	-	-	-	78,282	-	-
Regular Severance	-	1,085	-	-	-	52,278	-	-
Total Severance	-	1,085	-	-	-	130,560	-	-
Temporary Trade Benefits	-	-	-	-	-	186,713	-	-
Total Benefits	-	44,546	-	5,615	-	3,322,365	-	6,033
Total Personnel	-	200,975	-	5,615	-	12,544,980	-	6,033

OBJECT ACCOUNT BY SUBLEDGER - 2003 OPERATING BUDGET

	Cargo Area	HHH Terminal	Public Area/ Roads	West Terminal	Hangars & Other Bldgs	Maintenance Employees	Equipment Maintenance	Inventory/ Trades
Administrative Expenses								
Supplies								
Office Supplies -Materials	-	1,250	-	-	-	-	9,000	7,809
Computer Supplies								
Computer Supplies-General	-	500	-	-	-	-	-	-
Computer Supplies-Software	-	-	-	-	-	-	-	2,388
Total Computer Supplies	-	500	-	-	-	-	-	2,388
Special Supplies								
Special Supplies-Badging	-	-	-	-	-	-	-	-
Special Supply-Film/Photo	-	150	-	-	-	-	-	807
Special Supplies-Other	-	1,200	-	-	-	-	-	1,000
Total Special Supplies	-	1,350	-	-	-	-	-	1,807
Total Supplies	-	3,100	-	-	-	-	9,000	12,004
Travel								
Travel - Lodging	-	-	-	-	-	-	-	1,500
Travel - Meals	-	-	-	-	-	-	-	400
Travel - Miscellaneous	-	-	-	-	-	-	-	200
Travel - Transportation								
Travel - Transport/Airfare	-	-	-	-	-	-	-	-
Travel - Shuttle/Taxi/Auto	-	-	-	-	-	-	-	50
Total Travel - Transportation	-	-	-	-	-	-	-	50
Registration Fees	-	-	-	-	-	-	-	-
Mileage	-	1,000	-	-	-	-	-	500
Total Travel	-	1,000	-	-	-	-	-	2,650
Other Administrative Expense								
Local Meetings								
Local Mtgs - On Airport/GO	-	-	-	-	-	-	-	-
Local Mtgs - Off Airport	-	-	-	-	-	-	-	-
Total Local Meetings	-	-	-	-	-	-	-	-
Information Sources								
Memberships/Dues/Pro Assoc	-	-	-	-	-	-	-	434
Other Information Sources	-	-	-	-	-	-	-	-
Publications/Subscriptions	-	450	-	-	-	-	-	75
Total Information Sources	-	450	-	-	-	-	-	509
Printing Costs								
Printing-Publications	-	-	-	-	-	-	-	-
Printing - Color Charts	-	-	-	-	-	-	-	-
Printing - Forms	-	-	-	-	-	-	-	-
Printing-Stationary/Envel	-	-	-	-	-	-	-	-
Total Printing Costs	-	-	-	-	-	-	-	-
Delivery Services	-	-	-	-	-	-	-	156
Freight Charges	-	-	-	-	-	-	-	600
Postage	-	-	-	-	-	-	-	-
Total Other Administrative Expen	-	450	-	-	-	-	-	1,265
Total Administrative Expenses	-	4,550	-	-	-	-	9,000	15,919

OBJECT ACCOUNT BY SUBLEDGER - 2003 OPERATING BUDGET

	Cargo Area	HHH Terminal	Public Area/ Roads	West Terminal	Hangars & Other Bldgs	Maintenance Employees	Equipment Maintenance	Inventory/ Trades
Professional Services								
Accounting/Audit Fees	-	-	-	-	-	-	-	-
Affirmative Action Fees	-	-	-	-	-	-	-	-
Appraisal/RFP/Lease Fees	-	-	-	-	-	-	-	-
Computer Services								
General								
Hardware Consulting	-	-	-	-	-	-	-	-
Software Consulting	-	-	-	-	-	-	-	-
Total General	-	-	-	-	-	-	-	-
Terminal Services								
Terminal Services-Parking	-	-	-	-	-	-	-	-
Terminal Lan	-	-	-	-	-	-	-	-
Total Terminal Services	-	-	-	-	-	-	-	-
Total Computer Services	-	-	-	-	-	-	-	-
Engineering Fees	-	7,500	12,500	-	-	-	-	-
Graphic Design	-	-	-	-	-	-	-	-
Labor Relations	-	-	-	-	-	-	-	-
Legal Fees								
Legal - Environmental	-	-	-	-	-	-	-	-
Legal - General	-	-	-	-	-	-	-	-
Legal - Federal	-	-	-	-	-	-	-	-
Legal - Relievers	-	-	-	-	-	-	-	-
Total Legal Fees	-	-	-	-	-	-	-	-
Legislative								
Legislative - Local	-	-	-	-	-	-	-	-
Legislative - National	-	-	-	-	-	-	-	-
Total Legislative	-	-	-	-	-	-	-	-
Medical Fees	-	-	-	-	-	-	-	-
Planning								
Pollution/Environmental Fees	-	-	-	-	-	-	-	-
Public Information Services	-	-	-	-	-	-	-	-
Recruiting Employment Fees	-	-	-	-	-	-	-	-
Safety Consultants								
Safety - Training	-	-	-	-	-	1,960	-	1,372
Safety - General	-	-	-	-	-	-	-	-
Total Safety Consultants	-	-	-	-	-	1,960	-	1,372
Communications Consultant	-	-	-	-	-	-	-	-
Other/Miscellaneous	-	1,250	-	-	-	-	7,500	14,520
Total Professional Services	-	8,750	12,500	-	-	1,960	7,500	15,892
Utilities								
Electricity	2,400	426,000	45,000	-	174,000	-	1,200	198,000
Heating Fuel								
Heating - Natural Gas	-	180,000	21,000	36,000	180,000	-	-	130,000
Heating - Fuel Oil	-	1,500	-	-	-	-	-	-
Total Heating Fuel	-	181,500	21,000	36,000	180,000	-	-	130,000
Sewer	-	-	955,568	1,108	-	-	-	9,375
Water	-	11,183	639,688	37,026	7,412	-	-	14,935
Telephone								
Telephone - Regular	-	660	-	-	-	-	-	788
Telephone - Cellular	-	1,403	-	-	-	-	-	19,161
Total Telephone	-	2,063	-	-	-	-	-	19,949
Total Utilities	2,400	620,746	1,661,256	74,134	361,412	-	1,200	372,259

OBJECT ACCOUNT BY SUBLEDGER - 2003 OPERATING BUDGET

	Cargo Area	HHH Terminal	Public Area/ Roads	West Terminal	Hangars & Other Bldgs	Maintenance Employees	Equipment Maintenance	Inventory/ Trades
Operating Services/Expenses								
Advertising								
Advertising - Bids	-	-	-	-	-	-	-	-
Advertising - Employment	-	-	-	-	-	-	-	-
Advertising - General	-	-	-	-	-	-	-	-
Advertising - Parking	-	-	-	-	-	-	-	-
Advertising - Relievers	-	-	-	-	-	-	-	-
Total Advertising	-	-	-	-	-	-	-	-
Environmental Control								
Hazardous Waste								
Hazardous Waste - FLOuresc	-	-	-	-	-	-	-	-
Hazardous Waste - General	-	-	-	-	-	-	1,000	7,750
Total Hazardous Waste	-	-	-	-	-	-	1,000	7,750
Pollution Control								
Pollution Ctrl-Booms	-	-	9,000	-	-	-	-	-
Pollution Ctrl-Supplies	-	-	-	-	-	-	500	-
Total Pollution Control	-	-	9,000	-	-	-	500	-
Industrial Waste Mgmt	-	-	-	-	-	-	-	-
Laboratory Services	-	-	-	-	-	-	-	-
Solvent Reclamation Service	-	-	-	-	-	-	13,000	-
Spill Response	-	-	-	-	-	-	250	250
Tire Disposal	-	-	-	-	-	-	840	-
Other	-	-	-	-	-	-	-	-
Total Environmental Control	-	-	9,000	-	-	-	15,590	8,000
Grd Transportation Services								
AV ID Readers/Controllers	-	-	-	-	-	-	-	-
AV ID Tags	-	-	-	-	-	-	-	-
Commercial Roadway Tickets	-	-	-	-	-	-	-	-
Total Grd Transportation Service	-	-	-	-	-	-	-	-
Shuttle Services	-	395,340	-	-	-	-	-	-
Parking Lots	-	-	-	-	-	-	-	-
Met Council Fees	-	-	-	-	-	-	-	-
Employee Programs								
Retirement								
Retirement - Awards	-	-	-	-	-	-	-	-
Retirement - Reception	-	-	-	-	-	-	-	-
Total Retirement	-	-	-	-	-	-	-	-
Wellness	-	-	-	-	-	-	-	-
Total Employee Programs	-	-	-	-	-	-	-	-
Events								
Conference Center								
Career Days	-	-	-	-	-	-	-	-
Emergency Response Exercise	-	-	-	-	-	500	-	1,000
Other Programs/Events	-	-	-	-	-	-	-	-
Call Back Service	-	-	-	-	-	-	-	-
Total Events	-	-	-	-	-	500	-	1,000
Other Charges/Fees								
Bank Charges	-	-	-	-	-	-	-	-
Security Services	-	-	-	-	-	-	-	-
Recycling	-	-	-	-	-	-	-	-
Copy Agreement	-	-	-	-	-	-	-	-
Mediation Fees	-	-	-	-	-	-	-	-
Miscellaneous Charges/Fees	-	-	-	-	-	40,000	-	-
Jail Fees	-	-	-	-	-	-	-	-
Total Other Charges/Fees	-	-	-	-	-	40,000	-	-
Service Agreements								
Service - Bldg Inspection	-	-	-	-	-	-	-	-
Service - Facilities C.M.I.S	-	-	-	-	-	-	-	-
Service-Computers	-	-	-	-	-	-	-	-
Service-Fitness Equipment	-	-	-	-	-	-	-	-
Service-Grd Trans Equip	-	-	-	-	-	-	-	-
Service-Office Equipment	-	1,500	-	-	-	-	-	-
Service-Other Equipment	-	359,000	-	-	-	-	2,200	4,240
Service-Parking Equipment	-	-	-	-	-	-	-	-
Service-Telephone Systems	-	4,500	-	-	-	-	-	-
Service-Secured Access	-	-	-	-	-	-	-	-
Service-Radios	-	-	-	-	-	-	27,500	-
Storm Water Monitoring	-	-	-	-	-	-	-	-
Total Service Agreements	-	365,000	-	-	-	-	29,700	4,240
Total Operating Services/Expense	-	760,340	9,000	-	-	40,500	45,290	13,240

OBJECT ACCOUNT BY SUBLEDGER - 2003 OPERATING BUDGET

	Cargo Area	HHH Terminal	Public Area/ Roads	West Terminal	Hangars & Other Bldgs	Maintenance Employees	Equipment Maintenance	Inventory/ Trades
Trades - Plumbers								
Contractor Requirements	-	-	-	-	-	-	-	3,914
Fire Protection System	-	4,740	-	2,340	-	-	-	1,600
General Plumbing Supplies	-	2,000	-	1,370	-	-	2,677	5,500
Irrigation Supplies	-	-	3,000	100	-	-	-	-
Pumps	-	-	-	1,700	-	-	-	-
Underground Utilities	-	-	-	-	-	-	-	-
Water Distribution Systems	-	-	-	-	-	-	-	-
Water Meters	-	-	-	-	-	-	-	4,000
Plumbing - Other	-	-	-	-	-	-	-	-
Total Trades - Plumbers	-	6,740	3,000	5,510	-	-	2,677	15,014
Trades - Electricians								
Repairs								
Electrical _ Exterior	-	-	-	-	-	-	-	1,000
Generator Maint. Contract	-	-	-	-	-	-	-	-
Electrical - Interior	-	-	-	-	-	-	-	1,000
Unit Maint. Contract	-	-	-	-	-	-	-	-
Total Repairs	-	-	-	-	-	-	-	2,000
Other								
Other - Batteries	-	-	-	91	-	-	-	2,272
Other-Field Lights/Sensors	-	-	-	-	-	-	-	-
Other - Gate Supplies	-	-	-	-	-	-	-	-
Other - General Supplies	-	3,500	5,000	4,000	-	-	40,000	36,000
Other - Miscellaneous	-	-	-	-	-	-	-	1,000
Other - Motor	-	500	-	1,500	-	-	-	-
Other - Secured Access Sys	-	-	-	-	-	-	-	-
Other - Tools	-	-	-	-	-	-	-	12,000
Total Other	-	4,000	5,000	5,591	-	-	40,000	51,272
Total Trades - Electricians	-	4,000	5,000	5,591	-	-	40,000	53,272

OBJECT ACCOUNT BY SUBLEDGER - 2003 OPERATING BUDGET

	Cargo Area	HHH Terminal	Public Area/ Roads	West Terminal	Hangars & Other Bldgs	Maintenance Employees	Equipment Maintenance	Inventory/ Trades
Maintenance - Field								
Snow Removal - Materials								
Materials-Liquid Anti Icer	-	-	-	-	-	-	-	-
Materials - Sodaum Formate	-	-	-	-	-	-	-	-
Materials-Other Ice Ctrl	-	-	720	-	-	-	-	-
Materials - Salt	-	-	20,000	-	-	-	-	-
Materials - Sand	-	-	-	-	-	-	-	-
Materials - Urea	-	-	-	-	-	-	-	-
Total Snow Removal - Materials	-	-	20,720	-	-	-	-	-
Snow Removal - Equipment								
Equipment - Bobcats	-	-	-	-	-	-	-	-
Equipment - Four Wheel Dr	-	-	-	-	-	-	-	-
Equipment - Snow Haulers	-	-	-	-	-	-	-	-
Equipment - Other	-	-	-	-	-	88,195	-	-
Equip Rent-No Operator-5.5	-	-	51,061	-	-	-	-	-
Equipment-Rent-No Operator	-	-	22,423	-	-	-	-	-
Total Snow Removal - Equipme	-	-	73,483	-	-	88,195	-	-
Snow Removal - Miscellan								
Snow Removal - Meals	-	-	-	-	-	-	-	-
Snow Removal - Plow Blades	-	-	13,500	-	-	-	-	-
Snow Removal - Runway Brm	-	-	-	-	-	-	-	-
Snow Melters	-	-	-	-	-	-	-	-
Total Snow Removal - Miscellan	-	-	13,500	-	-	-	-	-
Summer Maintenance-Surface								
Surface Repair-Aggregate	-	-	630	-	-	-	-	-
Surface Repair-Asphalt	-	-	2,500	-	-	-	-	-
Surface Repair-Cement	-	-	250	-	-	-	-	-
Surface Rubber Removal	-	-	-	-	-	-	-	-
Surface Repair-Saw Blades	-	-	-	-	-	-	-	-
Total Summer Maintenance-Sur	-	-	3,380	-	-	-	-	-
Summer Maint-Landscape								
Summer Maintenance-Fencing	-	-	-	-	-	-	-	-
Landscape/Turf-Materials	-	-	2,100	-	-	-	-	-
Summer Maint-Equip Rent LT	-	-	26,441	-	-	-	-	-
Summer Maint-Equip Rent No O	-	-	-	-	-	-	-	-
Landscape/Turf-Agreement	-	-	4,200	-	-	-	-	-
Total Summer Maint-Landscape	-	-	32,741	-	-	-	-	-
Maintenance Field-Other								
Non Runway Brooms	-	-	-	-	-	-	-	-
Field Maint-Other/Emerg	-	-	-	-	-	-	-	-
Field Maint-Other-Material	-	-	-	-	-	-	-	-
Field Maint-Other-Supplies	-	-	-	-	-	-	-	-
Field Maint-Other-Tools	-	-	-	-	-	-	-	-
Total Maintenance Field-Other	-	-	-	-	-	-	-	-
Total Maintenance - Field	-	-	143,824	-	-	88,195	-	-
Maintenance Building								
Building-Temp Control								
Temp Control-Contracts	-	83,481	-	46,000	18,000	-	-	32,800
Temp Control-Filters	-	48,000	-	385	484	-	-	800
Total Building-Temp Control	-	131,481	-	46,385	18,484	-	-	33,600
Building-Mechanical Areas								
Mechanical Areas-APM	-	-	-	-	-	-	-	-
Mechanical Areas-Conveyors	-	89,212	-	-	-	-	-	-
Mechanical Areas-Doors	-	-	-	-	-	-	-	-
Mechanical Areas-Doors/Pub	-	3,391	-	-	-	-	-	-
Mechanical Areas-Doors/Tug	-	-	-	-	-	-	-	-
Mechanical Areas-Elevators	-	5,993	-	-	-	-	-	-
Mechanical Areas-Escalator	-	-	-	-	-	-	-	-
Mechanical-Moving Walks	-	-	-	-	-	-	-	-
Mechanical Areas-Other	-	-	-	-	-	-	-	-
Total Building-Mechanical Area	-	98,596	-	-	-	-	-	-
Building-Other								
Other-Boiler Chemicals	-	102,000	-	3,000	-	-	-	-
Other-Floors/Repairs	-	-	-	-	-	-	-	2,500
Other-Jetbridge Repairs	-	80,000	-	-	-	-	-	-
Other-Outside Plumb/Sewer	-	-	-	-	-	-	-	9,630
Other-Pageing Systems Contrac	-	-	-	-	-	-	-	-
Other-Roofing	-	2,300	-	3,200	-	-	-	-
Sump/Septic Pumping	-	-	-	-	-	-	-	13,132
Other-Supplies	-	12,044	-	3,900	-	-	-	3,589
Other-Tools	-	1,000	-	400	-	-	-	3,290
Total Building-Other	-	197,344	-	10,500	-	-	-	32,141
Apt Development Projects	-	-	-	-	-	-	-	850
Total Maintenance Building	-	427,421	-	56,885	18,484	-	-	66,591

OBJECT ACCOUNT BY SUBLEDGER - 2003 OPERATING BUDGET

	Cargo Area	HHH Terminal	Public Area/ Roads	West Terminal	Hangars & Other Bldgs	Maintenance Employees	Equipment Maintenance	Inventory/ Trades
Maintenance-Cleaning								
Cleaning Services								
Cleaning Services-Janitor	-	473,189	-	81,480	-	-	-	-
Cleaning Services-Windows	-	21,569	-	1,432	-	-	-	-
Total Cleaning Services	-	494,758	-	82,912	-	-	-	-
Cleaning Supplies								
Cleaning Supplies-Bathroom	-	35,280	-	4,630	-	-	-	-
Cleaning Supplies-General	-	-	-	6,174	-	-	2,000	120
Total Cleaning Supplies	-	35,280	-	10,804	-	-	2,000	120
Rubbish Disposal								
Rubbish Disposal-Recycle	-	1,900	1,622	1,805	-	-	296	-
Rubbish Disposal-Regular	-	66,846	2,352	38,050	-	-	-	7,815
Total Rubbish Disposal	-	68,746	3,974	39,855	-	-	296	7,815
Towel Laundry Services	-	-	-	-	-	-	720	-
Other Cleaning Expenses	-	-	-	-	-	-	-	-
Total Maintenance-Cleaning	-	598,784	3,974	133,571	-	-	3,016	7,935
Maintenance-Equipment								
Equipment-Parts								
Parts-Automobiles	-	-	-	-	-	-	60,000	-
Parts-Boilers Energy Mgmt	-	-	-	-	-	-	-	-
Parts-Chiller Energy Mgmt	100	110	-	1,500	2,400	-	-	-
Parts-Other Equipment	-	-	-	-	-	-	-	-
Total Equipment-Parts	100	110	-	1,500	2,400	-	60,000	-
Parts-Equipment								
Parts-Equipment	-	-	-	-	-	-	343,624	-
Parts-Other Equipment	-	3,000	-	-	-	-	30,000	3,852
Total Parts-Equipment	-	3,000	-	-	-	-	373,624	3,852
Equipment-Shop								
Shop-Garbage Bags	-	-	-	-	-	-	-	-
Shop-Batteries	-	-	-	-	-	-	10,000	-
Shop-Cleaners/Degreasers	-	-	-	-	-	-	36,000	-
Shop-Oil Filters	-	-	-	-	-	-	38,000	-
Shop-Other Supplies	-	-	-	-	-	-	50,000	3,127
Shop-Tires	-	-	-	-	-	-	60,000	-
Shop-Tools	-	-	-	-	-	-	30,000	5,938
Total Equipment-Shop	-	-	-	-	-	-	224,000	9,065
Equipment-Gas								
Gas-Diesel	-	-	-	-	-	-	88,786	104
Gas-Propane	-	-	-	-	-	-	3,500	779
Gas-Unleaded	-	-	-	-	-	-	46,371	12,576
Total Equipment-Gas	-	-	-	-	-	-	138,657	13,459
Equipment-Extinguishers								
Extinguishers-Purchase	-	-	-	-	-	-	-	-
Extinguishers-Repair	-	-	-	-	-	-	-	-
Extinguishers-Reservice	-	-	-	-	-	-	-	-
Total Equipment-Extinguishers	-	-	-	-	-	-	-	-
Equipment-Miscellaneous Exp	-	2,000	-	-	-	-	-	-
Total Maintenance-Equipment	100	5,110	-	1,500	2,400	-	796,281	26,376
Total Maintenance	100	1,046,555	164,498	209,057	20,884	103,195	844,974	254,994

OBJECT ACCOUNT BY SUBLEDGER - 2003 OPERATING BUDGET

	Cargo Area	HHH Terminal	Public Area/ Roads	West Terminal	Hangars & Other Bldgs	Maintenance Employees	Equipment Maintenance	Inventory/ Trades
Other								
General Insurance								
Gen Ins-Airport Liability	-	42,550	23,762	20,579	6,072	-	132,246	7,699
Gen Ins-Property	-	38,091	21,272	18,423	5,436	-	118,388	6,892
Gen Ins-Crime	-	337	188	163	48	-	1,048	61
Gen Ins-Auto/Equipment	-	4,989	2,786	2,413	712	-	15,508	903
Gen Ins-Other	-	3,110	1,737	1,504	444	-	9,668	563
Total General Insurance	-	89,078	49,745	43,083	12,712	-	276,858	16,118
Safety								
Safety-Training Materials	-	-	-	-	-	-	400	300
Safety-Supplies	-	-	10,000	-	-	500	-	7,357
Safety-Equipment	-	-	-	-	-	-	-	1,000
Total Safety	-	-	10,000	-	-	500	400	8,657
Medical Information/Supply								
Medical-Routine Supplies	-	-	-	-	-	-	-	455
Medical-Emergency Response	-	-	-	-	-	-	-	-
Total Medical Information/Supply	-	-	-	-	-	-	-	455
Rentals								
Rental-Copier	-	-	-	-	-	-	-	7,500
Rental-Pagers	-	-	-	-	-	-	-	-
Rental-Other Equipment	-	4,000	-	-	-	-	-	10,500
Total Rentals	-	4,000	-	-	-	-	-	18,000
Licenses/Permits								
Licenses-Autos/Equipment	-	-	-	-	-	-	-	-
Licenses-Environmental	-	-	-	-	-	-	-	-
Licenses-Other	-	-	-	-	-	-	-	2,400
Total Licenses/Permits	-	-	-	-	-	-	-	2,400
Miscellaneous Expenses								
Misc-Firearm/Equip/Supplies	-	-	-	-	-	-	-	-
Misc-Emergency Response	-	-	-	-	-	-	-	-
Misc-Other	-	-	-	-	-	-	-	-
Total Miscellaneous Expenses	-	-	-	-	-	-	-	-
Reimbursed Expense	-	200	-	-	-	-	-	-
Capital Assets								
Minor Equipment/Assets								
Minor Assets-Tools	-	-	-	-	-	-	15,000	16,400
Minor Assets-Office Furn	-	1,500	-	-	-	-	2,500	-
Minor Assets-Computers	-	-	-	-	-	-	-	-
Minor Assets-Radios	-	-	-	-	-	-	30,000	-
Minor Assets-Other	-	500	-	-	-	-	-	8,000
Total Minor Equipment/Assets	-	2,000	-	-	-	-	47,500	24,400
Total Capital Assets	-	2,000	-	-	-	-	47,500	24,400
Total Other	-	95,278	59,745	43,083	12,712	500	324,758	70,030
Gross Depreciation	261,313	6,059,997	1,057,984	144,241	376,450	-	2,017,037	1,442,648
Grand Total Excluding Depreciation	2,500	2,737,194	1,907,000	331,888	395,008	12,691,135	1,232,722	748,367
Grand Total With Depreciation	263,813	8,797,191	2,964,984	476,129	771,458	12,691,135	3,249,759	2,191,015

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OBJECT ACCOUNT BY SUBLEDGER - 2003 OPERATING BUDGET

	Concourses A-D	Police	Fire	Admin- istration	Building Official	Comm- unication/ Operations	Noise & Environment	Total Reliever Airports
Personnel								
Wages								
Regular	-	5,102,352	2,424,249	6,689,463	305,897	1,418,810	724,063	1,495,218
Overtime/Doubletime								
Doubletime - Regular	-	-	-	-	-	-	-	109,260
Overtime - Regular	-	350,000	225,000	16,838	-	142,567	-	123,282
Total Overtime/Doubletime	-	350,000	225,000	16,838	-	142,567	-	232,542
Commissioner PerDiem	-	-	-	27,350	-	-	-	-
Temps - Administration	-	-	-	10,000	-	-	-	-
Snow Shovellers	-	-	-	-	-	-	-	-
Temporary 49ers	-	-	-	-	-	-	-	-
Temporary Trades	-	-	-	-	-	-	-	-
Total Wages	-	5,452,352	2,649,249	6,743,651	305,897	1,561,377	724,063	1,727,760
Benefits								
Employee Insurance								
Employee Insurance Dental	-	76,883	29,472	76,243	5,126	16,658	8,970	18,580
EmPLY Insurance Disability	-	29,346	11,249	29,101	1,956	6,358	3,424	7,092
Employee Insurance Family	-	954,917	366,052	946,960	63,661	206,899	111,407	230,772
Employee Insurance Life	-	20,417	9,448	27,524	1,237	5,376	2,950	5,600
Total Employee Insurance	-	1,081,564	416,221	1,079,827	71,980	235,291	126,750	262,044
Pension								
Fica (Social Security)Base	-	93,519	13,950	386,368	18,593	86,931	42,402	77,724
Fica(Social Security)Medic	-	72,445	39,315	95,800	4,372	20,656	10,117	18,680
Mpls EmPLY Retirement Fund	-	36,657	5,328	84,158	-	-	-	44,811
Public EmPLY - Police/Fire	-	357,721	258,286	-	-	-	-	-
Public EmPLY - Coordinated	-	68,163	-	378,690	16,916	81,662	40,041	69,160
Total Pension	-	628,506	316,880	945,016	39,881	189,249	92,559	210,375
Training								
Management Requirement	-	-	-	-	-	3,251	-	-
Regulatory Requirements	-	-	26,004	9,752	1,114	12,074	-	-
Local Seminars	-	32,506	371	11,934	-	2,786	232	-
Total Training	-	32,506	26,376	21,686	1,114	18,110	232	-
Post Retirement Benefits	-	230,205	112,295	258,278	-	53,341	39,303	75,800
Workers Compensation	-	46,428	22,018	64,617	-	14,360	7,658	14,838
Post EmPLY Health Plan	-	14,420	4,120	48,410	1,030	9,270	5,150	3,090
Unemployment Tax	-	-	-	-	-	-	-	-
Uniforms								
Uniforms-Police/Fire Allow	-	95,465	28,125	-	-	-	-	-
Uniforms-Rental	-	-	-	-	-	-	-	13,033
Uniforms - Safety Shoes	-	-	-	-	-	-	-	2,594
Total Uniforms	-	95,465	28,125	-	-	-	-	15,627
Severance								
Contract Allowance	-	-	-	-	-	-	-	5,488
Regular Severance	-	27,868	15,044	46,225	801	9,356	5,319	11,202
Total Severance	-	27,868	15,044	46,225	801	9,356	5,319	16,690
Temporary Trade Benefits	-	-	-	-	-	-	-	-
Total Benefits	-	2,156,961	941,079	2,464,059	114,807	528,977	276,972	598,464
Total Personnel	-	7,609,313	3,590,328	9,207,710	420,704	2,090,354	1,001,034	2,326,224

OBJECT ACCOUNT BY SUBLEDGER - 2003 OPERATING BUDGET

	Concourses A-D	Police	Fire	Admin- istration	Building Official	Comm- unication/ Operations	Noise & Environment	Total Reliever Airports
Administrative Expenses								
Supplies								
Office Supplies -Materials	-	14,500	6,000	58,025	2,500	9,500	7,725	6,500
Computer Supplies								
Computer Supplies-General	-	-	-	12,555	-	13,000	3,225	3,000
Computer Supplies-Software	-	2,000	800	23,465	-	15,000	6,725	2,000
Total Computer Supplies	-	2,000	800	36,020	-	28,000	9,950	5,000
Special Supplies								
Special Supplies-Badging	-	18,000	-	-	-	-	-	-
Special Supply-Film/Photo	-	10,800	-	7,100	-	500	200	-
Special Supplies-Other	-	3,500	-	4,850	4,500	2,212	-	8,450
Total Special Supplies	-	32,300	-	11,950	4,500	2,712	200	8,450
Total Supplies	-	48,800	6,800	105,995	7,000	40,212	17,875	19,950
Travel								
Travel - Lodging	-	6,000	-	1,000	-	-	1,150	2,000
Travel - Meals	-	2,050	-	300	-	-	450	375
Travel - Miscellaneous	-	500	-	50	-	-	-	1,100
Travel - Transportation								
Travel - Transport/Airfare	-	4,000	5,500	58,000	-	1,000	2,100	-
Travel - Shuttle/Taxi/Auto	-	2,000	-	100	-	-	-	100
Total Travel - Transportation	-	6,000	5,500	58,100	-	1,000	2,100	100
Registration Fees	-	3,000	-	2,150	-	-	100	1,400
Mileage	-	1,500	700	32,155	300	100	670	500
Total Travel	-	19,050	6,200	93,755	300	1,100	4,470	5,475
Other Administrative Expense								
Local Meetings								
Local Mtgs - On Airport/GO	-	500	-	5,785	-	400	250	100
Local Mtgs - Off Airport	-	1,000	-	11,250	-	270	400	2,000
Total Local Meetings	-	1,500	-	17,035	-	670	650	2,100
Information Sources								
Memberships/Dues/Pro Assoc	-	4,500	400	157,645	-	3,875	750	300
Other Information Sources	-	500	4,800	42,450	-	3,050	7,700	1,800
Publications/Subscriptions	-	1,250	1,200	35,050	-	2,200	700	1,200
Total Information Sources	-	6,250	6,400	235,145	-	9,125	9,150	3,300
Printing Costs								
Printing-Publications	-	4,250	-	57,050	-	5,000	8,000	4,000
Printing - Color Charts	-	-	-	1,000	-	-	1,000	-
Printing - Forms	-	1,500	-	10,900	1,500	-	-	-
Printing-Stationary/Envel	-	1,500	300	25,085	4,860	-	-	-
Total Printing Costs	-	7,250	300	94,035	6,360	5,000	9,000	4,000
Delivery Services	-	300	40	19,968	100	225	200	300
Freight Charges	-	100	-	400	-	-	-	-
Postage	-	1,100	-	57,000	-	-	-	500
Total Other Administrative Expen	-	16,500	6,740	423,583	6,460	15,020	19,000	10,200
Total Administrative Expenses	-	84,350	19,740	623,333	13,760	56,332	41,345	35,625

OBJECT ACCOUNT BY SUBLEDGER - 2003 OPERATING BUDGET

	Concourses A-D	Police	Fire	Admin- istration	Building Official	Comm- unication/ Operations	Noise & Environment	Total Reliever Airports
Professional Services								
Accounting/Audit Fees	-	-	-	218,280	-	-	-	-
Affirmative Action Fees	-	-	-	13,000	-	-	-	-
Appraisal/RFP/Lease Fees	-	-	-	20,000	-	-	-	-
Computer Services								
General								
Hardware Consulting	-	-	-	-	-	-	7,000	-
Software Consulting	-	-	-	216,200	11,500	-	35,000	-
Total General	-	-	-	216,200	11,500	-	42,000	-
Terminal Services								
Terminal Services-Parking	-	-	-	-	-	-	-	-
Terminal Lan	-	-	-	-	-	-	-	-
Total Terminal Services	-	-	-	-	-	-	-	-
Total Computer Services	-	-	-	216,200	11,500	-	42,000	-
Engineering Fees	-	-	-	40,000	-	-	117,500	186,700
Graphic Design	-	-	-	25,000	-	-	-	2,500
Labor Relations	-	-	-	15,000	-	-	-	-
Legal Fees								
Legal - Environmental	-	-	-	-	-	-	257,750	-
Legal - General	-	-	-	340,000	-	-	-	-
Legal - Federal	-	-	-	127,500	-	-	-	-
Legal - Relievers	-	-	-	-	-	-	-	150,250
Total Legal Fees	-	-	-	467,500	-	-	257,750	150,250
Legislative								
Legislative - Local	-	-	-	100,000	-	-	-	-
Legislative - National	-	-	-	160,000	-	-	-	-
Total Legislative	-	-	-	260,000	-	-	-	-
Medical Fees	-	-	8,900	30,000	-	-	-	-
Planning								
Pollution/Environmental Fees	-	-	-	-	-	-	2,000	2,000
Public Information Services	-	-	-	55,000	-	-	-	4,000
Recruiting Employment Fees	-	-	-	20,000	-	-	-	-
Safety Consultants								
Safety - Training	-	510	393	295	-	-	-	980
Safety - General	-	-	-	1,500	-	-	-	-
Total Safety Consultants	-	510	393	1,795	-	-	-	980
Communications Consultant	-	-	-	41,000	-	500	-	-
Other/Miscellaneous	2,000	14,000	-	175,162	-	190,000	62,000	12,000
Total Professional Services	2,000	14,510	9,293	1,597,937	11,500	190,500	481,250	358,430
Utilities								
Electricity	-	-	7,200	84,000	-	-	3,000	191,200
Heating Fuel								
Heating - Natural Gas	-	-	-	25,800	-	-	-	38,400
Heating - Fuel Oil	-	-	-	-	-	-	-	-
Total Heating Fuel	-	-	-	25,800	-	-	-	38,400
Sewer	-	-	839	779	-	-	-	2,768
Water	-	-	1,220	792	-	-	-	3,097
Telephone								
Telephone - Regular	-	1,049	1,143	187,172	-	110,928	39,244	37,134
Telephone - Cellular	-	5,850	6,862	11,935	545	6,590	-	1,795
Total Telephone	-	6,899	8,005	199,107	545	117,518	39,244	38,929
Total Utilities	-	6,899	17,264	310,478	545	117,518	42,244	274,394

OBJECT ACCOUNT BY SUBLEDGER - 2003 OPERATING BUDGET

	Concourses A-D	Police	Fire	Admin- istration	Building Official	Comm- unication/ Operations	Noise & Environment	Total Reliever Airports
Operating Services/Expenses								
Advertising								
Advertising - Bids	-	-	-	2,100	-	-	-	-
Advertising - Employment	-	-	-	30,000	-	-	-	-
Advertising - General	-	1,359	-	56,384	2,035	-	-	-
Advertising - Parking	-	-	-	-	-	-	-	-
Advertising - Relievers	-	-	-	-	-	-	-	8,000
Total Advertising	-	1,359	-	88,484	2,035	-	-	8,000
Environmental Control								
Hazardous Waste								
Hazardous Waste - FLOuresc	-	-	-	-	-	-	-	-
Hazardous Waste - General	-	-	-	-	-	-	-	1,000
Total Hazardous Waste	-	-	-	-	-	-	-	1,000
Pollution Control								
Pollution Ctrl-Booms	-	-	-	-	-	-	-	-
Pollution Ctrl-Supplies	-	-	-	-	-	-	-	-
Total Pollution Control	-	-	-	-	-	-	-	-
Industrial Waste Mgmt	-	-	-	-	-	-	-	-
Laboratory Services	-	-	-	2,000	-	-	-	-
Solvent Reclamation Service	-	-	-	-	-	-	-	6,000
Spill Response	-	-	250	-	-	-	500	250
Tire Disposal	-	-	-	-	-	-	-	1,200
Other	-	-	-	-	-	-	-	124,400
Total Environmental Control	-	-	250	2,000	-	-	500	132,850
Grd Transportation Services								
AV ID Readers/Controllers	-	-	-	-	-	-	-	-
AV ID Tags	-	-	-	-	-	-	-	-
Commercial Roadway Tickets	-	-	-	-	-	-	-	-
Total Grd Transportation Service	-	-	-	-	-	-	-	-
Shuttle Services								
Parking Lots	-	-	-	-	-	-	-	-
Met Council Fees								
Employee Programs								
Retirement								
Retirement - Awards	-	-	-	650	-	-	-	-
Retirement - Reception	-	-	-	300	-	-	-	-
Total Retirement	-	-	-	950	-	-	-	-
Wellness								
Total Employee Programs	-	-	-	5,950	-	-	-	-
Events								
Conference Center								
Career Days	-	2,500	-	-	30,000	-	-	-
Emergency Response Exercise	-	-	-	5,150	-	100	-	-
Other Programs/Events	-	1,500	-	1,500	-	-	-	-
Call Back Service	-	-	-	-	-	-	-	-
Total Events	-	4,000	-	6,650	30,000	100	-	-
Other Charges/Fees								
Bank Charges	-	-	-	136,600	-	-	-	-
Security Services	-	470,850	-	-	-	-	-	20,000
Recycling	-	-	-	1,700	-	-	-	-
Copy Agreement	-	-	-	100,000	-	-	-	-
Mediation Fees	-	-	-	7,500	-	-	-	-
Miscellaneous Charges/Fees	-	9,150	-	21,000	-	-	-	35,300
Jail Fees	-	7,000	-	-	-	-	-	-
Total Other Charges/Fees	-	487,000	-	266,800	-	-	-	55,300
Service Agreements								
Service - Bldg Inspection	-	-	-	-	-	-	-	-
Service - Facilities C.M.I.S	-	-	-	-	-	-	-	-
Service-Computers	-	20,000	-	245,000	-	20,000	136,500	-
Service-Fitness Equipment	-	-	-	4,000	-	-	-	-
Service-Grd Trans Equip	-	-	-	-	-	-	-	-
Service-Office Equipment	-	4,500	-	9,940	2,200	2,993	27,600	-
Service-Other Equipment	-	53,000	12,200	22,900	6,000	40,700	3,400	4,000
Service-Parking Equipment	-	-	-	-	-	-	-	-
Service-Telephone Systems	-	-	1,800	32,640	-	7,698	-	-
Service-Secured Access	-	-	-	-	-	-	-	-
Service-Radios	-	5,000	3,000	1,000	-	-	-	3,000
Storm Water Monitoring	-	-	-	-	-	-	-	-
Total Service Agreements	-	82,500	17,000	315,480	8,200	71,391	167,500	7,000
Total Operating Services/Expense	-	574,859	17,250	685,364	40,235	71,491	168,000	203,150

OBJECT ACCOUNT BY SUBLEDGER - 2003 OPERATING BUDGET

	Concourses A-D	Police	Fire	Admin- istration	Building Official	Comm- unication/ Operations	Noise & Environment	Total Reliever Airports
Trades - Plumbers								
Contractor Requirements								
Fire Protection System	-	-	-	-	-	-	-	-
General Plumbing Supplies	3,400	-	1,170	2,120	-	-	-	11,000
Irrigation Supplies	-	-	-	700	-	-	-	-
Pumps	-	-	-	700	-	-	-	-
Underground Utilities	-	-	-	-	-	-	-	-
Water Distribution Systems	-	-	-	-	-	-	-	-
Water Meters	-	-	-	-	-	-	-	-
Plumbing - Other	-	-	-	-	-	-	-	16,500
Total Trades - Plumbers	<u>3,400</u>	<u>-</u>	<u>1,870</u>	<u>3,520</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,500</u>
Trades - Electricians								
Repairs								
Electrical _ Exterior	-	-	-	-	-	-	-	9,000
Generator Maint. Contract	-	-	-	-	-	-	-	-
Electrical - Interior	-	-	-	-	-	-	-	29,000
Unit Maint. Contract	-	-	-	-	-	-	-	-
Total Repairs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,000</u>
Other								
Other - Batteries	-	-	91	91	-	91	-	91
Other-Field Lights/Sensors	-	-	-	-	-	-	-	-
Other - Gate Supplies	-	-	-	-	-	-	-	-
Other - General Supplies	-	-	3,000	1,000	-	-	-	-
Other - Miscellaneous	-	-	-	-	-	-	-	-
Other - Motor	300	-	300	-	-	300	-	-
Other - Secured Access Sys	-	-	-	-	-	-	-	-
Other - Tools	-	-	-	-	-	-	-	-
Total Other	<u>300</u>	<u>-</u>	<u>3,391</u>	<u>1,091</u>	<u>-</u>	<u>391</u>	<u>-</u>	<u>91</u>
Total Trades - Electricians	<u>300</u>	<u>-</u>	<u>3,391</u>	<u>1,091</u>	<u>-</u>	<u>391</u>	<u>-</u>	<u>38,091</u>

OBJECT ACCOUNT BY SUBLEDGER - 2003 OPERATING BUDGET

	Concourses A-D	Police	Fire	Admin- istration	Building Official	Comm- unication/ Operations	Noise & Environment	Total Reliever Airports
Maintenance - Field								
Snow Removal - Materials								
Materials-Liquid Anti Icer	-	-	-	-	-	-	-	-
Materials - Sodaum Formate	-	-	-	-	-	-	-	-
Materials-Other Ice Ctrl	-	-	-	-	-	-	-	-
Materials - Salt	-	-	-	-	-	-	-	1,500
Materials - Sand	-	-	-	-	-	-	-	15,000
Materials - Urea	-	-	-	-	-	-	-	8,500
Total Snow Removal - Materials	-	-	-	-	-	-	-	25,000
Snow Removal - Equipment								
Equipment - Bobcats	-	-	-	-	-	-	-	-
Equipment - Four Wheel Dr	-	-	-	-	-	-	-	-
Equipment - Snow Haulers	-	-	-	-	-	-	-	1,696
Equipment - Other	-	-	-	-	-	-	-	4,834
Equip Rent-No Operator-5.5	-	-	-	-	-	-	-	-
Equipment-Rent-No Operator	-	-	-	-	-	-	-	62,754
Total Snow Removal - Equipme	-	-	-	-	-	-	-	69,284
Snow Removal - Miscellan								
Snow Removal - Meals	-	-	-	-	-	-	-	-
Snow Removal - Plow Blades	-	-	-	-	-	-	-	-
Snow Removal - Runway Brm	-	-	-	-	-	-	-	-
Snow Melters	-	-	-	-	-	-	-	-
Total Snow Removal - Miscellan	-	-	-	-	-	-	-	-
Summer Maintenance-Surface								
Surface Repair-Aggregate	-	-	-	-	-	-	-	5,400
Surface Repair-Asphalt	-	-	-	-	-	-	-	27,100
Surface Repair-Cement	-	-	-	-	-	-	-	3,000
Surface Rubber Removal	-	-	-	-	-	-	-	7,500
Surface Repair-Saw Blades	-	-	-	-	-	-	-	-
Total Summer Maintenance-Sur	-	-	-	-	-	-	-	43,000
Summer Maint-Landscape								
Summer Maintenance-Fencing	-	-	-	-	-	-	-	13,000
Landscape/Turf-Materials	-	-	-	3,900	-	-	-	19,000
Summer Maint-Equip Rent LT	-	-	-	-	-	-	-	1,000
Summer Maint-Equip Rent No O	-	-	-	-	-	-	-	-
Landscape/Turf-Agreement	-	-	-	25,050	-	-	-	-
Total Summer Maint-Landscape	-	-	-	28,950	-	-	-	33,000
Maintenance Field-Other								
Non Runway Brooms	-	-	-	-	-	-	-	-
Field Maint-Other/Emerg	-	-	-	-	-	-	-	-
Field Maint-Other-Material	-	-	-	-	-	-	-	2,000
Field Maint-Other-Supplies	-	-	-	-	-	-	-	3,500
Field Maint-Other-Tools	-	-	-	-	-	-	-	2,500
Total Maintenance Field-Other	-	-	-	-	-	-	-	8,000
Total Maintenance - Field	-	-	-	28,950	-	-	-	178,284
Maintenance Building								
Building-Temp Control								
Temp Control-Contracts	-	-	14,000	15,000	-	-	6,000	16,700
Temp Control-Filters	-	-	350	350	-	-	158	10,000
Total Building-Temp Control	-	-	14,350	15,350	-	-	6,158	26,700
Building-Mechanical Areas								
Mechanical Areas-APM	-	-	-	-	-	-	-	-
Mechanical Areas-Conveyors	-	-	-	-	-	-	-	-
Mechanical Areas-Doors	-	-	-	-	-	-	-	7,500
Mechanical Areas-Doors/Pub	-	-	-	-	-	-	-	-
Mechanical Areas-Doors/Tug	-	-	-	-	-	-	-	-
Mechanical Areas-Elevators	10,407	-	-	767	-	-	-	5,000
Mechanical Areas-Escalator	43,228	-	-	-	-	-	-	-
Mechanical-Moving Walks	-	-	-	-	-	-	-	-
Mechanical Areas-Other	-	-	-	-	-	-	-	6,002
Total Building-Mechanical Area	53,635	-	-	767	-	-	-	18,502
Building-Other								
Other-Boiler Chemicals	-	-	-	-	-	-	-	500
Other-Floors/Repairs	-	-	-	-	-	-	-	-
Other-Jetbridge Repairs	-	-	-	-	-	-	-	-
Other-Outside Plumb/Sewer	-	-	-	-	-	-	-	-
Other-Pageing Systems Contrac	-	-	-	-	-	-	-	-
Other-Roofing	-	-	4,300	-	-	-	-	16,679
Sump/Septic Pumping	-	-	-	-	-	-	-	-
Other-Supplies	-	-	-	-	-	-	-	10,000
Other-Tools	-	-	-	-	-	-	-	1,900
Total Building-Other	-	-	4,300	-	-	-	-	29,079
Apt Development Projects	-	-	-	-	-	-	-	-
Total Maintenance Building	53,635	-	18,650	16,117	-	-	6,158	74,281

OBJECT ACCOUNT BY SUBLEDGER - 2003 OPERATING BUDGET

	Concourses A-D	Police	Fire	Admin- istration	Building Official	Comm- unication/ Operations	Noise & Environment	Total Reliever Airports
Maintenance-Cleaning								
Cleaning Services								
Cleaning Services-Janitor	-	-	-	47,250	-	-	-	46,500
Cleaning Services-Windows	-	-	-	350	-	-	-	5,050
Total Cleaning Services	-	-	-	47,600	-	-	-	51,550
Cleaning Supplies								
Cleaning Supplies-Bathroom	-	-	-	3,087	-	-	-	-
Cleaning Supplies-General	-	-	-	-	-	-	-	10,100
Total Cleaning Supplies	-	-	-	3,087	-	-	-	10,100
Rubbish Disposal								
Rubbish Disposal-Recycle	404	-	-	404	-	-	-	-
Rubbish Disposal-Regular	10,034	-	-	4,884	-	-	-	30,489
Total Rubbish Disposal	10,438	-	-	5,288	-	-	-	30,489
Towel Laundry Services	-	-	-	-	1,200	-	-	1,600
Other Cleaning Expenses	-	-	1,500	-	-	-	-	-
Total Maintenance-Cleaning	10,438	-	1,500	55,975	1,200	-	-	93,739
Maintenance-Equipment								
Equipment-Parts								
Parts-Automobiles	-	36,000	26,000	-	-	2,000	-	3,500
Parts-Boilers Energy Mgmt	-	-	-	-	-	-	-	-
Parts-Chiller Energy Mgmt	-	-	-	550	-	-	-	-
Parts-Other Equipment	-	-	-	-	-	-	-	-
Total Equipment-Parts	-	36,000	26,000	550	-	2,000	-	3,500
Parts-Equipment								
Parts-Equipment	-	26,500	-	-	-	-	-	47,200
Parts-Other Equipment	-	20,000	-	-	-	-	-	6,000
Total Parts-Equipment	-	46,500	-	-	-	-	-	53,200
Equipment-Shop								
Shop-Garbage Bags	-	-	-	-	-	-	-	500
Shop-Batteries	-	-	-	-	-	-	-	2,000
Shop-Cleaners/Degreasers	-	-	-	-	-	-	-	1,000
Shop-Oil Filters	-	-	-	-	-	-	-	4,500
Shop-Other Supplies	-	-	-	-	-	-	-	19,000
Shop-Tires	-	-	-	-	-	-	-	8,000
Shop-Tools	-	-	-	-	-	-	-	6,000
Total Equipment-Shop	-	-	-	-	-	-	-	41,000
Equipment-Gas								
Gas-Diesal	-	-	2,118	-	-	-	-	16,992
Gas-Propane	-	-	-	-	-	-	-	-
Gas-Unleaded	-	41,041	3,305	5,035	-	6,186	942	15,729
Total Equipment-Gas	-	41,041	5,423	5,035	-	6,186	942	32,721
Equipment-Extinguishers								
Extinguishers-Purchase	-	-	800	-	-	-	-	-
Extinguishers-Repair	-	-	800	-	-	-	-	-
Extinguishers-Reservice	-	-	800	-	-	-	-	-
Total Equipment-Extinguishers	-	-	2,400	-	-	-	-	-
Equipment-Miscellaneous Exp	-	-	-	500	-	-	-	10,000
Total Maintenance-Equipment	-	123,541	33,823	6,085	-	8,186	942	140,421
Total Maintenance	69,773	123,541	59,234	111,738	1,200	8,577	7,100	580,866

OBJECT ACCOUNT BY SUBLEDGER - 2003 OPERATING BUDGET

	Concourses A-D	Police	Fire	Admin- istration	Building Official	Comm- unication/ Operations	Noise & Environment	Total Reliever Airports
Other								
General Insurance								
Gen Ins-Airport Liability	-	150,256	108,226	69,820	-	6,072	4,441	165,115
Gen Ins-Property	-	134,511	96,885	59,766	-	5,436	3,976	147,813
Gen Ins-Crime	-	1,191	858	553	-	48	35	1,308
Gen Ins-Auto/Equipment	-	17,619	12,691	7,829	-	712	521	19,362
Gen Ins-Other	-	10,984	7,912	4,881	-	444	325	12,071
Total General Insurance	-	314,561	226,572	142,848	-	12,712	9,298	345,670
Safety								
Safety-Training Materials	-	750	-	200	-	-	-	300
Safety-Supplies	-	700	825	300	-	-	-	3,500
Safety-Equipment	-	-	-	6,000	-	-	-	-
Total Safety	-	1,450	825	6,500	-	-	-	3,800
Medical Information/Supply								
Medical-Routine Supplies	-	3,500	3,400	500	-	355	-	2,500
Medical-Emergency Response	-	-	-	-	-	-	-	-
Total Medical Information/Supply	-	3,500	3,400	500	-	355	-	2,500
Rentals								
Rental-Copier	-	-	-	29,650	-	6,000	-	-
Rental-Pagers	-	-	-	26,700	-	-	-	-
Rental-Other Equipment	-	-	-	8,700	-	-	3,000	1,000
Total Rentals	-	-	-	65,050	-	6,000	3,000	1,000
Licenses/Permits								
Licenses-Autos/Equipment	-	-	-	2,520	-	-	-	-
Licenses-Environmental	-	-	-	-	-	-	8,000	1,020
Licenses-Other	-	-	-	-	775	-	500	3,000
Total Licenses/Permits	-	-	-	2,520	775	-	8,500	4,020
Miscellaneous Expenses								
Misc-Firearm/Equip/Supplies	-	39,935	35,500	-	-	15,000	-	-
Misc-Emergency Response	-	2,500	39,000	-	-	-	-	6,000
Misc-Other	-	13,440	18,500	17,650	-	40,000	2,500	1,000
Total Miscellaneous Expenses	-	55,875	93,000	17,650	-	55,000	2,500	7,000
Reimbursed Expense	-	-541,440	-241,440	-411,533	-	-	-	-279,292
Capital Assets								
Minor Equipment/Assets								
Minor Assets-Tools	-	2,500	3,400	2,100	-	1,000	-	300
Minor Assets-Office Furn	-	3,000	-	4,300	-	3,213	-	2,500
Minor Assets-Computers	-	-	-	64,900	-	-	-	-
Minor Assets-Radios	-	10,000	3,500	-	-	4,133	-	3,000
Minor Assets-Other	-	-	18,500	1,000	-	5,000	-	1,020
Total Minor Equipment/Assets	-	15,500	25,400	72,300	-	13,346	-	6,820
Total Capital Assets	-	15,500	25,400	72,300	-	13,346	-	6,820
Total Other	-	-150,554	107,757	-104,165	775	87,413	23,298	91,518
Gross Depreciation	-	92,348	236,528	1,399,266	-	192,378	10,698,525	4,857,518
Grand Total Excluding Depreciation	71,773	8,262,917	3,820,866	12,432,395	488,719	2,622,185	1,764,271	3,870,207
Grand Total With Depreciation	71,773	8,355,265	4,057,394	13,831,661	488,719	2,814,563	12,462,796	8,727,725

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APPROVED EQUIPMENT REQUESTS - 2003 OPERATING BUDGET
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Annually MAC completes its capital equipment requests for new and replacement equipment. After the events of September 11, 2001 all equipment requests for 2002 were deferred until 2003. Only essential pieces of equipment were considered in the 2003 budget and were based on cash flow and organizational requirements.

All equipment purchases for 2003 will be expensed based on MAC's capital equipment guidelines:

- The total cost of each piece of equipment is amortized over its useful life through depreciation charges.
- Snow plowing equipment qualifies for state and federal aid. Total eligible aid is limited.
- Aid for equipment purchases must compete with eligible construction projects.
- All equipment purchases must follow MAC's purchasing policies.
- All equipment or project costs must be greater than or equal to \$5,000.

2003 CAPITAL EQUIPMENT SUMMARY

	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Total Equipment	Deferred	\$712,263	\$712,263	100%

<u>DIVISION/ SERVICE CENTER</u>	<u>EQUIPMENT</u>	<u>NEW/ REPLACE</u>	<u>QUANTITY</u>	<u>TOTAL PRICE</u>
ADMINISTRATION DIVISION				
Information Services	Upgrade Network Infrastructure Key pieces of MAC network hardware are no longer manufactured or supported. Changes in the structure of the network will improve its ability to withstand disaster by adding redundancy and failover capabilities. Another benefit is increased capacity. This is important because of the heavy dependence of the organization on network-based activities.	\$243,000		\$243,000
	Mandatory 800 MhZ Radio Upgrade Metropolitan Radio Board requires Public Safety Answering Points to participate in the 800 MhZ system in 2003. The Board will provide 2 RF control stations (value \$11,000) and \$2,00 in assistance in integrating the equipment. The costs to MAC to complete this work including labor, installation and equipment is \$10,600 beyond the Board's contributions.	\$10,600		\$10,600
Service Center Total				\$253,600
ADMINISTRATION DIVISION TOTAL				\$253,600

APPROVED EQUIPMENT REQUESTS - 2003 OPERATING BUDGET
--

<u>DIVISION/ SERVICE CENTER</u>	<u>EQUIPMENT</u>	<u>NEW/ REPLACE</u>	<u>QUANTITY</u>	<u>TOTAL PRICE</u>
OPERATIONS DIVISION				
Facilities	<p>Auto Door Lock System The current door locking & key management system does not meet FAA Part 1542 regulations, in addition to the new TSA requirements for security within the Terminal buildings. The new system (MEDECO, started in 2002) incorporates electronic locking devices into the door and meets all of these requirements. Each electronic door locking mechanism within the system is approx. \$700 per door, thereby allowing MAC to implement 100 doors per year, which are prioritized by the FAA and TSA mandates.</p>	\$70,000		\$70,000
Service Center Total				\$70,000
Landside –Operations	<p>Debit Accounting “Low Balance Signs” Purchase and install four "Low Balance" signs. The installation of these signs plus some software modifications will allow us to utilize "debit balances" in the commercial vehicle lanes.</p>	\$5,000		\$5,000
Service Center Total				\$5,000
Landside –Parking	<p>Server-Database Processing NT server for Landside Operations. Landside currently has overloaded server LANDSIDE_GP with a Pervasive and SQL databases. With this purchase we will move the SQL database onto the new server making both databases run more efficiently. This additional server is necessary to provide server capacity of Landside custom software.</p>	\$12,163		\$12,163
	<p>AVI & POF Lane Designation and Control Install exit lane signage to designate AVI and Pay-on-Foot lanes so that parking customers can use these lanes and avoid the congestion in ticket/cashier lanes. Customer service will be improved by reducing queuing and exiting time. Also the number of labor hours needed for cashiers will be reduced.</p>	\$84,000		\$84,000
Service Center Total				\$96,163

APPROVED EQUIPMENT REQUESTS - 2003 OPERATING BUDGET
--

<u>DIVISION/ SERVICE CENTER</u>	<u>EQUIPMENT</u>	<u>NEW/ REPLACE</u>	<u>QUANTITY</u>	<u>TOTAL PRICE</u>
Maintenance – Field	<p>20FT Pusher Plow These are 20' plows that will be used on loaders that now have snow blowers on them. We can changeover from one to the other in a short amount of time. Purchasing these will save us the need to add two additional rental loaders and pushers to the budget. Rental cost savings of \$66,000 per year.</p>	\$12,500	2	\$25,000
	<p>30FT Pusher Plow These will be attached to rental loaders and used in the huge de-icing pad at the airport. By purchasing these instead of 20' pushers, we improve our efficiency of both personnel and equipment. For 2 additional rental loaders.</p>	\$18,000	2	\$36,000
Service Center Total				\$61,000
Police	<p>Fall Back Server for Secured Access System Set up a daily backup system for the secured area access system.</p>	\$95,000		\$95,000
	<p>Upgrade Secured Access System – IP Addressing Will provide individual IP addresses for each AAP. Will bring a redundant server on-line without complications caused by current configuration. Install a supported network which could eliminate the Opcom MUXLAN that is not supported because the company no longer provides support.</p>	\$60,000		\$60,000
Service Center Total				\$155,000

APPROVED EQUIPMENT REQUESTS - 2003 OPERATING BUDGET
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<u>DIVISION/ SERVICE CENTER</u>	<u>EQUIPMENT</u>	<u>NEW/ REPLACE</u>	<u>QUANTITY</u>	<u>TOTAL PRICE</u>
Trades - Carpenters	<p>Mini Cargo Van This vehicle will be used by the locksmith for transportation to and from the main terminal, perimeter buildings and relievers and will give the locksmith a second place to pin locks, cut keys, research and record data into the database system along with installing in the field.</p> <p>The mini cargo van will have a two piece bulkhead (mandatory), 2) base shelf unit, 18 drawer parts cabinet, stacking shelves, a maintenance radio and AOA radio.</p>	\$32,000		\$32,000
Service Center Total				<hr/> \$32,000
Trades – Electricians	<p>Gene Lift For Narrow & tight places, including narrow doorways & all parking towers.</p>	\$14,000		\$14,000
Service Center Total				<hr/> \$14,000
Trades – Painters	<p>Line Lazer with Line Driver Increase in parking lot and parking ramp/road work load primarily due to new Humphrey Terminal parking ramps & roadways.</p>	\$17,000		\$17,000
Service Center Total				<hr/> \$17,000
Trades – Plumbers	<p>Trailer Mounted Steamer This equipment will thaw drains out on the airfield such as catch basins in the grassy area between the runways and taxi ways. Historical rental costs for 2001/02 have been approx. \$3,000 per rental period.</p>	\$8,500		\$8,500
Service Center Total				<hr/> \$8,500
OPERATION DIVISION TOTAL				<hr/> \$458,663
TOTAL 2003 CAPITAL ASSETS				<hr/> \$712,263

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

ORGANIZATIONAL PERSONNEL

The information in this section is divided into three parts: Full Time Equivalent (FTE) by Service Center within each division, Full Time Equivalent by Classification, and a Detailed Position Summary by Service Center report.

MAC initiated a hiring freeze for year-end 2002 and throughout 2003. 593.5 full-time equivalent positions were authorized in 2002, however, 26.5 of these positions were placed on administrative hold and will continue to be on hold in 2003. These positions were not included in the 2002 budget. In addition, 23.5 positions currently open will not be filled to comprise a total of 50 FTE's postponed indefinitely. As employees retire or leave employment, each position will be evaluated on a case by case basis, and may be reallocated to another service center. The following table illustrates the 2003 budgeted FTE's:

Full Time Equivalent Position Summary					
	Authorized FTE's	2002 Reductions	2002 Budget	2003 Reductions	2003 Budget Approved
Positions	593.5	26.5	567	23.5	543.5

MAC will manage the total FTE's to be at 543.5 for 2003. The detailed explanation of FTE's is included in the Expense Assumption section of the budget book.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

Full Time Equivalent By Service Center within Division

Actual for '99 based on headcount.

Service Center	1999 <u>Actual</u>	2000 <u>Actual</u>	2001 <u>Actual</u>	2002 <u>Actual</u>	2002 <u>Budget</u>	2003 <u>Budget*</u>
Executive						
Executive	2	2	2	2	2	2
Commissioner	1	1	1	1	1	1
Public Affairs	3	3	3	3	3	3
Air Service-Business Development	3	2.5	2.5	2.5	2.5	2.5
Commercial Mgmt & Airline Affairs	6	8	9	9	9	9
Total Executive	<u>15</u>	<u>16.5</u>	<u>17.5</u>	<u>17.5</u>	<u>17.5</u>	<u>17.5</u>
Human Resources						
Human Resources	3	3	3	1	3	1
Human Resource Development/Services	3	3	3.5	3.5	3.5	3.5
Employee Relations	7	5.5	6	6	6	6
Office Of Diversity	3	3	3	3	3	3
Total Human Resources	<u>16</u>	<u>14.5</u>	<u>15.5</u>	<u>13.5</u>	<u>15.5</u>	<u>13.5 **</u>
Legislative and Labor						
Legislative and Labor Relations	3	3	4.5	3.5	4.5	3.5
Total Legislative and Labor Relations	<u>3</u>	<u>3</u>	<u>4.5</u>	<u>3.5</u>	<u>4.5</u>	<u>3.5</u>
Administrative Services						
Administrative Services	5	4	4	4	4	4
Airport Insurance	2	2	1	1	1	1
Safety	2	2	2	2	2	2
IS	8	10	16	16	16	16
Finance	15	15	15	15	15	15
Purchasing	5	4	6	6	6	6
Internal Audit	3	2	2	2	2	2
Total Administrative Services	<u>40</u>	<u>39</u>	<u>46</u>	<u>46</u>	<u>46</u>	<u>46</u>
General Counsel						
General Counsel	6	6	7	7	7	7
Total General Counsel	<u>6</u>	<u>6</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>
Environment/Development						
Planning	2	2	2	2	2	2
Environment -General	2	2	2	2	2	2
Environment-Environmental	3	3	3	3	3	3
Environment-Aviation Noise Program	8	6	7	7	7	6
Airport Development	14	18	18	17	18	18
Building Official	1	2	2	2	2	2
Total Environment/Development	<u>30</u>	<u>33</u>	<u>34</u>	<u>33</u>	<u>34</u>	<u>33</u>

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

Full Time Equivalent By Service Center within Division

Actual for '99 based on headcount.

Service Center	1999	2000	2001	2002	2002	2003
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget*</u>
Operations						
Operations	2	2	2	2	2	2
Airport Directors Office	3	5	5	4	5	5 ***
Conference Center	3	5	5.5	4.5	5.5	2.5 ****
Call Center	0	0	0	0	0	2
Airside Operations	9	10	12	12	12	12
Communications	10	13.5	14	14	14	14
Landside Operations	22	20.5	26.5	22.5	27.5	22.5
Fire	38	41	45	46	46	46
Police	73	79.5	94	110	116.5	110 **
Airline Operations/Facilities	2	2	2	2	2	2
Facilities - Lindbergh Terminal	13	14	14	14	14	13
Energy Management Center	15	15	17	17	17	17
Electricians	14	12	15	17	17	17
Painter	7	7	7	7	8	7
Carpenter	6	7	8	7	8	7
Plumber	6	6	5	5	7	5
Maintenance	109	110	113	111	113	111 ***
Reliever Admin	7	7	8	8	8	8
Reliever - St. Paul	6	6	6	6	6	6
Reliever - Lake Elmo	2	2	2	2	2	2
Reliever - Air Lake	2	2	2	2	2	2
Reliever - Flying Cloud	3	3	3	3	3	3
Reliever - Crystal	4	4	4	4	4	4
Reliever - Anoka	3	3	3	3	3	3
Total Operations	359	376.5	413	423	442.5	423
Total Personnel	469	488.5	537.5	543.5	567	543.5

*Reflects FTE's as of final budget date (12/02)

and may not show transfer of FTE's within service centers
MAC will manage total FTE's to 543.5

**1 FTE included in Police, due to temporary shift of employee,
actual FTE count belongs to Human Resources

*** 1 FTE included in Airport Directors Office, however, FTE transferred
to Maintenance

**** 2 FTE's moved to new service center - Call Center

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

Full Time Equivalent By Classification
 Actual for '99 based on headcount.

	1999 Actual	2000 Actual	2001 (a) Actual	2002 (c) Actual	2002 Budget	2003 Budget
Organized						
Local 70 Operating Engineers	13	13	15	15	15	15
49er's Equipment Maintenance	17	20	20	18	20	18
320's - MSP Int'l - Field	79	77	81	80	82	80
320's - MSP Int'l - Lindbergh Terminal	6	6	6	5	6	5
320's - Reliever Airports	20	19	19	20	19	20
Painters	6	7	7	7	8	7
Carpenters	6	7	8	7	8	7
Plumbers	4	6	5	5	7	5
Electricians	14	10	13	15	15	15
Police Officers	37	39	47	53	59	53
Firefighters	28	31	35	36	36	36
Total Organized	230	235	256	261	275	261
Non-Organized						
Chairperson/Executive Director	2	2	2	2	2	2
Deputy Directors/Directors	16	14	15	14	15	14
Managers/Supervisors (d)	81	82.5	85.5	90.5	79.5	90.5
Police Chief/Fire Chief (b)	0	1	1	2	1	2
Community Service Officers	23	17	21.5	28.5	34	28.5
Passenger Assistants	9	9.5	14.5	12.5	15.5	12.5
Fire Captains/Fire Training/Marshall	9	8	8	8	8	8
Police Sergeants/Commanders/Lieutenants/Other	13	15	17	17	15	17
Administrative/Professional/Technical Support (d)	86	104.5	117	108	122	108
Total Non-Organized	239	253.5	281.5	282.5	292	282.5
Total MAC	469.0	488.5	537.5	543.5	567.0	543.5

- a. As of 12/10/01
- b. Positions shifted as a result of the reorganization
- c. As of 12/11/02
- d. Positions regrouped for reporting purposes

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

Positions	2002 FTE Budget	2003 FTE Budget
Executive - General		
Admin Aide/Exec Dir	1.00	1.00
Executive Director	1.00	1.00
Total	2.00	2.00
Executive - Commissioners/Chmn		
Chairman	1.00	1.00
Total	1.00	1.00
Planning		
Deputy Exec Dir Planning/Envir	1.00	1.00
Planning/Environment Coord	1.00	1.00
Total	2.00	2.00
Administrative Services		
Administrative Assistant	2.00	2.00
Data Resources Manager	1.00	1.00
Deputy Executive Dir Admin Svs	1.00	1.00
Total	4.00	4.00
Human Resources		
Administrative Assistant	1.00	0.00
Deputy Executive Director H.R.	1.00	1.00
Human Resource Project Coord	1.00	0.00
Total	3.00	1.00
Operations		
Administrative Assistant	1.00	1.00
Deputy Executive Director Ops	1.00	1.00
Total	2.00	2.00
Public Affairs		
Assistant Public Info Officer	1.00	1.00
Public Information Officer	1.00	1.00
Public Information Specialist	1.00	1.00
Total	3.00	3.00
Air Service Business Develop		
Air Service - Bus Dev Officer	1.00	1.00
Asst Mgr Cargo&Airside Leasing	0.50	0.50
Marketing Specialist	1.00	1.00
Total	2.50	2.50
HRD/Strategic Planning		
Administrative Assistant (PT)	0.50	0.50
HRD Coordinator	1.00	1.00
Organization Dev Consultant	1.00	1.00
Training & Dev Consultant	1.00	1.00
Total	3.50	3.50

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

Positions	2002 FTE Budget	2003 FTE Budget
Insurance		
Risk Insurance Manager	1.00	1.00
Total	1.00	1.00
Airport Development		
Administrative Assistant	2.00	2.00
Airport Architect	2.00	2.00
Airport Dev Projects Manager	1.00	1.00
Airport Planner	1.00	1.00
Airside Development Director	1.00	1.00
Airside Project Manager	4.00	4.00
Contract/Grants Asst Manager	1.00	1.00
Landside Development Director	1.00	1.00
Landside Project Manager	1.00	1.00
Part 150 Program Manager	1.00	1.00
Project Development Engineer	1.00	1.00
Records Coord-Airport Dev	1.00	1.00
Senior Civil Technician	1.00	1.00
Total	18.00	18.00
Airport Development-Building		
Building Official	1.00	1.00
Permit Technican / Inspector	1.00	1.00
Total	2.00	2.00
Finance		
Accountant	2.00	2.00
Accounting Manager	1.00	1.00
Accounts Payable Specialist	1.00	1.00
Accounts Receivable Clerk	1.00	1.00
Administrative Assistant	1.00	1.00
Associate Accountant	1.00	1.00
Billing Coordinator	1.00	1.00
Finance Coordinator	1.00	1.00
Finance Director	1.00	1.00
Finance/Accounts Payable Asst	1.00	1.00
Financial Analyst	1.00	1.00
Financial Analyst, Senior	1.00	1.00
Parking Vender Svs Supervisor	1.00	1.00
Payroll Specialist	1.00	1.00
Total	15.00	15.00

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

Positions	2002 FTE Budget	2003 FTE Budget
Purchasing		
Administrative Assistant	1.00	1.00
Associate Buyer	1.00	1.00
Buyer	1.00	1.00
General Office Clerk	1.00	1.00
Purchasing Coordinator	1.00	1.00
Purchasing Manager	1.00	1.00
Total	6.00	6.00
Internal Audit		
Audit Manager	1.00	0.00
Auditor	1.00	2.00
Total	2.00	2.00
IS		
Administrative Assistant	1.00	1.00
Application Development Mgr	1.00	1.00
Business Analyst	1.00	1.00
Desktop Support Analyst	1.00	1.00
Desktop Support Specialist	1.00	1.00
Director Information Systems	1.00	1.00
Network Analyst (MACNET)	3.00	3.00
Sr. Programmer Analyst	1.00	1.00
Support Services Manager	1.00	1.00
System Support Analyst	2.00	2.00
Telecommunications Analyst	1.00	1.00
Telecommunications Technician	1.00	1.00
Web Master	1.00	1.00
Total	16.00	16.00
Legislative & Labor Relations		
Administrative Assistant	1.50	1.50
Deputy Executive Dir Lab & Le	1.00	0.00
Governmental Affairs Manager	1.00	1.00
Labor Relations Manager	1.00	1.00
Total	4.50	3.50
Commercial Mgt/Airline Affairs		
Admin, Tenant Relations/Leases	1.00	1.00
Administrative Assistant	1.00	1.00
Airline Affairs Asst Manager	1.00	1.00
Asst Mgr Cargo&Airside Leasing	1.00	1.00
Comm Mgmt & Airline Aff Dir	1.00	1.00
Comm Mgmt& Airline Affairs Mgr	1.00	1.00
Concessions/Bus Dev Asst Mgr	1.00	1.00
Lease Technician	1.00	1.00
Retail & Concessions Mgr	1.00	1.00
Total	9.00	9.00

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

Positions	2002 FTE Budget	2003 FTE Budget
Office of Diversity		
Diversity Manager	1.00	1.00
Human Resource Project Coord	1.00	1.00
Human Resources Administrator	1.00	1.00
Total	3.00	3.00
General Counsel		
Administrative Assistant	1.00	1.00
Attorney II	1.00	1.00
Attorney III	1.00	1.00
Deputy General Counsel	1.00	1.00
General Counsel	1.00	1.00
Legal Administrator	1.00	1.00
Paralegal	1.00	1.00
Total	7.00	7.00
Employee Relations		
Assoc Employee Relations Admin	1.00	1.00
Benefits Administrator	1.00	1.00
Clerk, Receptionist (PT)	1.00	1.00
Employee Relations Admin	1.00	1.00
Employee Relations Manager	1.00	1.00
General Office Clerk	1.00	1.00
Total	6.00	6.00
ADO - General		
Administrative Assistant	1.00	1.00
Administrative Supervisor	1.00	1.00
Airport Director	1.00	1.00
MSP Contract Admin & Plan Mgr	1.00	1.00
Tour Coordinator	1.00	1.00
Total	5.00	5.00
Conference Center		
Customer Service Associate	3.00	2.00
Customer Service Manager	0.50	0.50
Total	3.50	2.50
Call Center		
Customer Information Asst (PT)	1.50	1.50
Customer Service Manager	0.50	0.50
Total	2.00	2.00
Airside Operations		
Airside Operation Asst Manager	8.00	8.00
Airside Operations Manager	2.00	2.00
Asst Airport Dir/Airside Ops	1.00	1.00
Systems Administrator	1.00	1.00
Total	12.00	12.00

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

Positions	2002 FTE Budget	2003 FTE Budget
Communications		
Communications Center Supv	1.00	1.00
Communications Coordinator	11.00	11.00
Communications Manager	1.00	1.00
Computer Aided Dispatch Spec	1.00	1.00
Total	14.00	14.00
Landside-Administration		
Asst Airport Dir/Landside Ops	1.00	
Business Cashier Clerk	2.00	2.00
Landside Operations Admin	1.00	1.00
Landside Operations Agent	4.00	4.00
Landside Operations Asst Manag	1.00	
Landside Operations Manager	1.00	1.00
Landside Ops Ordinance Tech	1.00	1.00
Landside Ops/Parking Asst Mgr	1.00	
Parking Systems Manager		1.00
Passenger Service Asst	11.00	8.00
Passenger Service Asst (PT)	2.50	2.50
Passenger Service Asst, Lead	2.00	2.00
Total	27.50	22.50
Fire - Rescue		
Administrative Assistant	1.00	1.00
Fire Captain	6.00	6.00
Fire Chief	1.00	1.00
Fire Driver Operator	15.00	15.00
Fire Marshal	1.00	1.00
Firefighter	21.00	21.00
Training Officer, Fire	1.00	1.00
Total	46.00	46.00

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

Positions	2002 FTE Budget	2003 FTE Budget
Police - Admin/Training		
Administrative Assistant	3.00	2.00
Administrative Services Supv	1.00	1.00
Administrative Training Coord	1.00	1.00
Commander	4.00	2.00
Community Service Officer	31.00	22.00
Community Service Officer (PT)	0.00	0.50
Contract Compliance Admin	0.00	1.00
CSO Coordinator	0.00	1.00
CSO Supervisor	1.00	1.00
Customer Service Associate	0.00	1.00
Lead CSO	2.00	4.00
Lost and Found Clerk (PT)	1.50	1.50
Lost/Found Badge Coordinator	1.00	1.00
Police Chief	0.00	1.00
Police Lieutenant	0.00	4.00
Police Officer	59.00	53.00
Police Sergeant	11.00	11.00
Public Safety Director	1.00	1.00
Security Supervisor	0.00	1.00
Total	116.50	110.00
Environment-General		
Administrative Assistant	1.00	1.00
Environment Director	1.00	1.00
Total	2.00	2.00
Environment-Environmental		
Environmental Affairs Manager	1.00	1.00
Environmental Compliance Spec	1.00	1.00
Waste Management Specialist	1.00	1.00
Total	3.00	3.00
Environment-Aviation Noise Pro		
ANOMS Specialist	1.00	1.00
Computer Programmer/TIN Coord	1.00	1.00
GIS Technician	1.00	1.00
Noise Abatement Manager	1.00	1.00
Noise Program Specialist	2.00	2.00
Noise Telephone Clerk	1.00	0.00
Total	7.00	6.00
Safety		
Assistant Manager of Safety	1.00	1.00
Safety Specialist	1.00	1.00
Total	2.00	2.00

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

Positions	2002 FTE Budget	2003 FTE Budget
Airline Operations/Facilities		
Airline Operations Fac Manager	1.00	1.00
Airline Ops/Facility Asst Mgr	1.00	1.00
Total	2.00	2.00
Facilities-Lindbergh Terminal		
Administrative Assistant	1.00	1.00
Administrative Assistant	1.00	1.00
Airport Facilities Assistant	2.00	3.00
Asst Facilities Maint Supervis	1.00	1.00
Building Service Worker	4.00	2.00
Facilities Asst Airport Dir	1.00	1.00
Facilities Maintenance Supv	2.00	2.00
Manager, Asst Facilities Maint	1.00	1.00
Vending Technician	1.00	1.00
Total	14.00	13.00
Energy Management Center		
Asst Chief Engineer	1.00	1.00
Chief Engineer	1.00	1.00
Operating Engineer	15.00	15.00
Total	17.00	17.00
Trades - Electricians		
Administrative Assistant	1.00	1.00
Electrician	12.00	11.00
Electrician Foreman	1.00	2.00
General Foreman Electrician	2.00	2.00
Trades Manager	1.00	1.00
Total	17.00	17.00
Trades - Painters		
General Foreman Painter	1.00	1.00
Painter	6.00	5.00
Painter Foreman	1.00	1.00
Total	8.00	7.00
Trades - Carpenters		
Carpenter	7.00	6.00
General Foreman Carpenter	1.00	1.00
Total	8.00	7.00
Trades - Plumbers		
General Foreman Plumber	1.00	1.00
Plumber	6.00	4.00
Total	7.00	5.00

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

Positions	2002 FTE Budget	2003 FTE Budget
Maintenance - Field		
Administrative Assistant	1.00	1.00
Airport Maintenance Worker	66.00	65.00
Equipment Maintenance Manager		1.00
Equipment Mechanic Specialist	8.00	8.00
Equipment Service Worker	5.00	4.00
Equipment Shop Foreman	3.00	3.00
Field Maintenance Asst Manager	5.00	5.00
Field Maintenance Coordinator	1.00	1.00
Heavy Equipment Operator	8.00	7.00
Machinist Welder	2.00	2.00
Manager Field Maint/Admin	1.00	1.00
Manager Field Maint/Operations	1.00	1.00
Parts Room Technician	3.00	3.00
Working Foreman	9.00	9.00
Total	113.00	111.00
Relievers - Administration		
Administrative Assistant	2.00	2.00
Anoka/Airlake Airports Manager	1.00	1.00
Lease Technician	1.00	1.00
Reliever Airport Admin Manager	1.00	1.00
Reliever Airports Director	1.00	1.00
St. Paul Downtown Airport Mgr	1.00	1.00
Tenant Relations Asst Manager	1.00	1.00
Total	8.00	8.00
Relievers - St. Paul		
Airport Maintenance Worker	4.00	4.00
Maintenance Mechanic	1.00	1.00
Sr Airport Maint Worker	1.00	1.00
Total	6.00	6.00
Relievers - Lake Elmo		
Airport Maintenance Worker	1.00	1.00
Sr Airport Maint Worker	1.00	1.00
Total	2.00	2.00
Relievers - Airlake		
Airport Maintenance Worker	1.00	1.00
Sr Airport Maint Worker	1.00	1.00
Total	2.00	2.00
Relievers - Flying Cloud		
Airport Maintenance Worker	2.00	2.00
Sr Airport Maint Worker	1.00	1.00
Total	3.00	3.00

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

Positions	2002 FTE Budget	2003 FTE Budget
Relievers - Crystal		
Airport Maintenance Worker	2.00	2.00
Maintenance Mechanic	1.00	1.00
Sr Airport Maint Worker	1.00	1.00
Total	4.00	4.00
Relievers - Anoka		
Airport Maintenance Worker	2.00	2.00
Sr Airport Maint Worker	1.00	1.00
Total	3.00	3.00
Grand Total	567.00	543.50

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ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

EXECUTIVE - GENERAL Service Center Summary

	<u>2001 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Personnel	225,728	216,677	215,550	-1,127	-0.52%
Administrative Expenses	216,281	126,000	123,000	-3,000	-2.38%
Professional Services	0	25,000	0	-25,000	-100.00%
Utilities	2,481	1,800	1,405	-395	-21.94%
Operating Services/Expenses	29	315	315	0	0.00%
Other	6,022	7,500	7,500	0	0.00%
Total Budget	450,541	377,292	347,770	-29,522	-7.82%

FULL TIME EQUIVALENT SUMMARY

	<u>2002 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>
Full Time	2	2	2
Part Time	0	0	0
Total:	2	2	2

RESPONSIBILITY/FUNCTION

Office of the Executive Director

The Executive Director is responsible for the overall administration of the Metropolitan Airports Commission and for the implementation of all Commission policies. The Office of the Executive Director is directly accountable to the Board of Commissioners for the safe and efficient operation of the seven airports under its jurisdiction. Responsibilities include the coordination, direction and implementation of programs and services of the Commission as well as external relations with those regulatory agencies and governmental bodies concerned with the operation and administration of the Commission.

MAJOR 2003 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Administrative Expenses	Local meetings - decrease in Commission-related outside meeting activity.
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2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Maintain the Economic Viability of the Airport System.	Maintain sufficient liquidity to meet operating and debt service requirements. Maintain a competitive airline cost structure. Continue implementation of the 2010 Plan within the limits of available funds.
Provide a Safe and Secure Airport System	Meet security mandates. Develop coordinated response plan to security events.

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ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

**EXECUTIVE - COMMISSIONERS/CHMN
Service Center Summary**

	<u>2001 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Personnel	51,213	50,496	48,183	-2,313	-4.58%
Administrative Expenses	67,647	35,900	23,900	-12,000	-33.43%
Utilities	999	7,500	0	-7,500	-100.00%
Total Budget	119,859	93,896	72,083	-21,813	-23.23%

FULL TIME EQUIVALENT SUMMARY

	<u>2002 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>
Full Time	1	1	1
Part Time	0	0	0
Total:	1	1	1

RESPONSIBILITY/FUNCTION

Metropolitan Airports Commission Board

It is the responsibility of the Board of Commissioners to: 1) Promote the public welfare; 2) Promote national, international, state and local air transportation; 3) Promote the safe, efficient and economical handling of air commerce both nationally and internationally and to fully develop the potential of the metropolitan area as an aviation center providing for the most economical and effective use of aeronautical facilities and services; 4) Assure residents of the metropolitan area minimum environmental impact from air transportation by promoting the overall goals of the State's environmental policies minimizing the public's exposure to noise and pursuit of the highest levels of safety at all Commission airports.

MAJOR 2003 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Administrative Expenses	Decrease in Commission-related meetings/activities for Commissioners.
Utilities	Chairman cell phone plan changed - usage decreased.

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ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

PUBLIC AFFAIRS Service Center Summary

	<u>2001 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Personnel	185,470	183,831	185,331	1,500	0.82%
Administrative Expenses	193,360	106,700	106,200	-500	-0.47%
Professional Services	338,654	86,500	86,500	0	0.00%
Utilities	2,954	2,500	1,950	-550	-22.00%
Operating Services/Expenses	133,012	52,000	13,503	-38,497	-74.03%
Other	4,350	8,000	8,000	0	0.00%
Total Budget	857,800	439,531	401,484	-38,047	-8.66%

FULL TIME EQUIVALENT SUMMARY

	<u>2002 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>
Full Time	3	3	3
Part Time	0	0	0
Total:	3	3	3

RESPONSIBILITY/FUNCTION

The responsibility and function of the Public Affairs department is to educate and inform the public of MAC's mission and the role of the airport system. Public Affairs provides information about the economic impact of the MAC's airports; reports to the community about noise mitigation efforts; provides timely, accurate and focused messages to the media and the public; and facilitates communication among MAC departments. Public Affairs implements print and broadcast advertising and media relations to educate and generate support about airport services and changes. Public Affairs also creates media events, administers Web site content and prepares brochures and other print materials.

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Provide information within the MAC that can help managers and staff achieve organizational goals	More widespread, comprehensive understanding of key issues, activities and goals so that MAC staff can act as advocates for the MAC in their dealings with tenants, travellers and the general public. Also, better coordination among MAC depts.	Replaced employee newsletter, Tailwind, with more cost-effective, timely, electronic information medium: the weekly MAC Update. Expanded the Update to try to include more MAC activities, calendars of upcoming events, and policy or industry news..
Identify, monitor and help address issues that might impact the MAC's activities, goals and reputation	Enhanced ability for the MAC to carry out desired activities and fulfill goals as efficiently as possible, with less public resistance or misunderstanding.	Worked closely with MAC senior staff and organizational managers to identify issues of concern and provide answers the public, as appropriate. Provided talking points to appropriate staff to assist in delivery of consistent, accurate messages.
Enhance the experience of airport users by providing customer service information to tenants and the traveling public	More informed airport customers and tenants and a more positive airport experience	We expanded terminal information and maps on our Web site and developed new terminal brochures. We also developed tear-off guides commercial vehicle operators could use to help their customers navigate from the east upper-level roadway when the drop-off site was moved there. We also worked with Landside Operations to update the taxi information brochure.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

PUBLIC AFFAIRS

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Build public support for the MAC and its programs through effective media relations, public information and outreach programs	Greater understanding of and support for the commission's goals and activities among the news media, airport neighbors and general public	To restrict expenses, we relied heavily on electronic and personal outreach. We launched a redesigned web site, developed new MSP terminal brochures and issued an annual report. We also continued to provide around-the-clock access to the news media.

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Inform legislators and other key leaders of the MAC's strengths, importance and operational challenges and needs	Distribution of publications, fact sheets and other informational materials to leaders, as appropriate
Build broad support for MAC operations by emphasizing their economic importance to the region	Positive messages about the airport's economic impact will be included in a variety of internal and external communications
Encourage the public to fly	Reassure the public that flying is a safe, simple, smart way to travel
Provide customer service information aimed at making the airport experience easier, more efficient and satisfying for passengers	Accurate information about airport facilities and services is available on the Web and in news releases and publications
Promote on-airport parking and other concessions that provide revenue to the MAC	Feature MSP parking and concessions information on Website and in news releases and publications
Refine the Public Affairs Department's emergency response plan to reflect feedback and ideas for improvement from April 2001 exercise	Revised emergency response plan for MAC Public Affairs
Proactively manage and respond to expense variances.	Achieve departmental goals within budget
Inform MAC employees, tenants and the public of key security requirements and of significant changes as they occur	Security-related information will be included on the MSP website, in official employee communications and in the news media

2003 LONG TERM GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Promote access to LRT at MSP, easy access to Humphrey Terminal ramp parking and reduced reliance on shuttles	News articles, publications, web information and paid ads, if appropriate, advertising LRT at MSP
Provide noise and economic-related information to neighboring communities in preparation for opening of new north-south runway 17/35	Variety of print and electronic information regarding the new runway as well as positive stories in the news media
Develop a branding/image campaign for MSP	A separate logo and identity for MSP, capping completion of the 2010 program by promoting the Twin Cities' "new" international airport

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

AIR SERVICE BUSINESS DEVELOP Service Center Summary

	2001 Actual	2002 Budget	2003 Budget	\$ Variance	% Variance
Personnel	190,503	155,928	167,032	11,104	7.12%
Administrative Expenses	75,604	25,995	33,495	7,500	28.85%
Professional Services	312,995	10,000	10,000	0	0.00%
Utilities	2,269	0	0	0	0.00%
Operating Services/Expenses	91,128	30,000	4,244	-25,756	-85.85%
Other	1,725	0	0	0	0.00%
Total Budget	674,222	221,923	214,771	-7,152	-3.22%

FULL TIME EQUIVALENT SUMMARY

	2002 Actual	2002 Budget	2003 Budget
Full Time	2.5	2.5	2.5
Part Time	1	1	1
Total:	2.5	2.5	2.5

RESPONSIBILITY/FUNCTION

This department has responsibilities in four primary areas: 1) Air Service Development – Marketing MSP for new international passenger and cargo flights and for new low fare domestic passenger flights. Promoting the facilities and services of MSP and MAC's system of airports both domestically and internationally; 2) Secondary and/or subordinate responsibility for U.S. Government Affairs – Influencing U.S. Government policy relating to airports and aviation to facilitate adequate funding and appropriate regulation by Congress, the FAA and other governmental and aviation agencies and organizations; 3) Build community relations - establishing partnerships with public and private sectors to increase their awareness of the importance of air service in the region and solicit their support for such services; 4) marketing the facilities and services available in the Pierson M. Grieve Conference Center.

MAJOR 2003 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel costs reflect a variance of \$11,104 due to corrections in the budgeting process to reflect historical actual dollar amounts.
Administrative Expenses	Administrative expenses have increased due to marketing meetings with airline executives and affiliated costs. Some of the budget dollars for this category have been transferred from the Operating Services category.

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Coordinate planning and design of new cargo facilities	Creation of a functional cargo complex that facilitates the growth of cargo at MSP	Made substantial progress toward the objective by developing strategic partnerships, plans and broad based support. Have successfully presented the Regional Distribution Center model to key state and federal officials. The project is on target for further development.
Market The Pierson M. Grieve Conference Center, locally and nationally.	New source of revenue to MAC. Enhance reputation for MAC. Provide expanded customer services and increase revenues.	Successfully re-opened the Grieve Conference Center to general public use. Generated nearly \$150,000 in new revenue in approximately 9 months. Created a new, vibrant base of corporate clients, setting the stage for further revenue growth in 2003 and beyond.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

AIR SERVICE BUSINESS DEVELOP

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Promote MSP in a leadership role in air service competitiveness.	Establish MSP as a worldwide leader in competitive air service and as a world-class airport.	Participation in the air service competitive bidding process, particularly on the international level was curtailed almost entirely due to budget constraints. We continued a strong level of local, Twin Cities initiatives.
Aggressively market MSP Airport to new airlines not currently serving Minneapolis/St. Paul.	Attract and introduce new, competitive air service at MSP, with emphasis on low-cost domestic airlines, full-service international airlines, non-U.S. charter carriers and all-cargo airlines. Regional Economic Development.	We successfully recruited new service by Midwest Express Airlines via their regional affiliate, Skyway Airlines. This culminated a four-year recruitment process. We lost one major international airline candidate to a competing city due to budgetary constraints that eliminated our ability to complete the recruitment process.
Meet and provide for the air cargo needs of the region	New cargo service alternatives at MSP	Absent budgetary resources, continued to make progress in areas of regional organization of TCACA, TCATF and FTZ in the development of Regional Distribution Center. Formed strong leadership coalition that includes MNDOT, Shippers Assn. and MAC to further develop cargo growth alternatives.

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Coordinate planning and format of new regional cargo initiatives.	Establishment of a functional regional cargo distribution center that facilitates the growth of cargo at MSP and economic development in the region.
Market The Pierson M. Grieve Conference Center, locally, nationally and internationally - marketing only.	Creation of new revenue for MAC. Expanded customer base and increase revenue opportunities.
Introduce at least one new, non-incumbent airline to MSP, either domestic or international. Introduce new competitive air service to the community.	New domestic service will be placed at the new terminal, resulting in new source(s) of revenue and reduced MAC subsidy of the facility. Int'l airline will be encouraged to operate from the new terminal for the same revenue producing, cost reducing reasons.
Introduce incumbent Lindbergh Terminal, O & D Airlines to the Humphrey Terminal.	Reduce, and hopefully eliminate, MAC subsidy of the new terminal. Free-up gates at Lindbergh terminal for further growth.
Proactively manage and respond to expense variances.	Operate within approved budgetary parameters.
Identify and implement short and long term cost saving measures.	Contribute to economic recovery and vitality by MAC.

2003 LONG TERM GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Meet and provide for the air cargo needs of the region.	New cargo service alternatives at MSP to include new federal cargo security mandates.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

AIR SERVICE BUSINESS DEVELOP

2003 LONG TERM GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Establish The Pierson M. Grieve Conference Center as a profit center for MAC resulting in generating positive cash flow.	Additional revenue for the MAC. Expanded customer data base.
Develop community partnerships with corporations, business leaders and other key constituents.	Creation of a resource pool of community goodwill and support of MAC initiatives and projects.
Increase/Introduce Competitive Air Service Options at MSP.	Reduce MAC's exposure to economic fluctuations in the air travel industry. Increase revenues through added air service initiatives.

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ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

COMMERCIAL MGT/AIRLINE AFFAIRS Service Center Summary

	2001 Actual	2002 Budget	2003 Budget	\$ Variance	% Variance
Personnel	606,732	602,996	614,698	11,702	1.94%
Administrative Expenses	44,769	17,000	17,000	0	0.00%
Professional Services	249,727	42,000	20,000	-22,000	-52.38%
Utilities	3,394	0	0	0	0.00%
Operating Services/Expenses	6,137	4,000	1,358	-2,642	-66.05%
Other	5,732	600	600	0	0.00%
Total Budget	916,490	666,596	653,656	-12,940	-1.94%

FULL TIME EQUIVALENT SUMMARY

	2002 Actual	2002 Budget	2003 Budget
Full Time	9	9	9
Part Time	0	0	0
Total:	9	9	9

RESPONSIBILITY/FUNCTION

This area is responsible for managing the use and leasing activities of businesses, concessions and airlines related to the following airport properties: land, terminals, buildings, warehouses, hangars and other properties. The department develops bid criteria and specifications for the award of concession leases; negotiates non-bid use and rental leases. In addition, facilitate any other agreements for businesses, concessions, airlines and other tenants. These processes require the preparation of written reports and recommendations for the Commission for maximizing revenues, awarding leases and other contracts. Finally, the department acts as primary contact with tenants for compliance with contractual obligations, airport policy and for coordination of property maintenance; coordinates property and tenant related issues with other airports.

MAJOR 2003 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel costs reflect a variance due to corrections in the budgeting process to reflect historical actual dollar amounts.
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2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Develop quantitative and qualitative concessions monitoring reports for the organization.	In conjunction with C.A.M. and the new concessions administrator of concessions relations, submit monthly reports to Director.	The necessary data has been compiled and is being formatted to provide useful management information.
Develop concessions management alternatives for implementation effective 01/01/04.	Issuing RFPs as directed by Commission before July 2002. Have new leases signed before October 2002. Have transition plan drafted before December 2002.	In process.
Implement Concessions in Phase II of Green extension	Concessions open with gates	Completed.
Develop and implement concessions and amenities in the North Terminal expansion	Continuation of Northstar Crossing tenant design standards, sales and revenues.	North Terminal Expansion was put on hold by the Commission as a part of budget reductions in 2002.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

COMMERCIAL MGT/AIRLINE AFFAIRS

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Provide necessary administrative support	Meet increased administrative support needs of entire department	Completed.
Implement new lease management software	Improved lease tracking related to tenant space and financial management.	Budget cuts delayed this project; however, staff has come up with an alternative software option. The development of the data base and scanning of all the MSP leases is currently being done with hopes of having this alternative solution up and running by summer 2003.
Completion of lease agreements and amendments related to the expansion of the Lindbergh Terminal	Define operational conditions and create additional revenue to MAC	Complete.
Implement a MAC operated BIDS for the Lindbergh Terminal	Increased operational efficiency of the Lindbergh baggage claim system	Budget restrictions have prevented implementation of MAC operated BIDS or FIDS in the Lindbergh Terminal.
Relocation of the Belly Cargo tenants to buildings H and I in Air Cargo City.	Move existing tenants from their existing location to make way for the Humphrey terminal development.	This project is complete. All tenants have been relocated and are fully operational in their new facilities.
Create and bid a new ground handling contract for the new cargo facilities	Hire a ground handling agent that will see to the tenants cargo needs and provide them at a reasonable price.	Funding for this project was put on hold in 2002 due to budget constraints; however, the funding for phase one is in the 2003 CIP. Staff will review the potential construction timeline in order to guarantee the selection of a ground handler prior to the completion of the project.
Development of Rental Auto Service Sites and stacking space.	The removal of several existing sites that are currently in the way of other airport related projects. Additional revenue to MAC.	Lease agreement has been reached with Avis for the development of a service site facility. Construction will begin this spring and be completed by September. Funds are available in the 2003 CIP for the first phase development of the rental auto stacking space which should be completed by this fall.
Revise organizations ground rent ordinance	Update the current ground rent program to be in line with current market conditions.	Cut from the budget.

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Proactively manage and respond to any finance related issues involving the UPS cargo facility development plan.	Ensuring the best financial deal for the life of the lease to MAC.
Develop and implement a concession management transition plan.	

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

GENERAL COUNSEL Service Center Summary

	2001 Actual	2002 Budget	2003 Budget	\$ Variance	% Variance
Personnel	558,262	522,807	527,434	4,627	0.89%
Administrative Expenses	39,850	23,780	23,780	0	0.00%
Professional Services	1,235,756	875,500	875,500	0	0.00%
Utilities	1,304	1,000	0	-1,000	-100.00%
Operating Services/Expenses	251	1,255	763	-492	-39.20%
Other	12,248	0	0	0	0.00%
Total Budget	1,847,671	1,424,342	1,427,477	3,135	0.22%

FULL TIME EQUIVALENT SUMMARY

	2002 Actual	2002 Budget	2003 Budget
Full Time	7	7	7
Part Time	0	0	0
Total:	7	7	7

RESPONSIBILITY/FUNCTION

The General Counsel's Office is responsible for providing legal advice and representation to the Commission on legal matters, preparing legal documents and monitoring/coordinating outside legal counsel. No changes are foreseen.

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Maintain proficiency in all areas of airport law through attendance at seminars and participation in appropriate trade organizations.	Proficiency in all areas of airport law.	Limited involvement due to budget constraints.
Representation (actual or potential litigation, administrative hearings, proposed legislation or regulations, misc. commercial or other legal claims) of MAC and all MAC employees (primarily management employees), and MAC Commissioners.	Successful legal representation.	Represent JAZB in Interstate Companies v. Joint Airport Zoning Board litigation; Represent MAC in Northwest Airlines v. MAC litigation; Represent MAC in Sundae v. MAC litigation; Represent MAC in the following bankruptcy cases: United Airlines, US Airways, ANC, Budget, and Sun Country.
Represent MAC on outside boards, commissions and task forces, directly bringing visibility and influence to MAC's efforts.	Successful legal representation and participation.	Limited involvement due to budget constraints.
Draft, negotiate and/or review documents (e.g., leases, ordinances) for all MAC management employees; especially CMAA, Relievers, Airport Development and Purchasing, MAC Commissioners, ACI.	Provide opportunity for meaningful input from various sources.	Advise regarding MSP Zoning Ordinance, Humphrey Terminal Ordinance (Ordinance No. 96), and Flying Cloud Ordinance (Ordinance No. 97); Negotiate acquisition of Double Tree Grand Hotel and other Bloomington properties.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

GENERAL COUNSEL

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Provide legal advice to all MAC management employees (supervisors, managers, directors, senior staff) and MAC Commissioners.	Provide timely legal advice.	Advise on transition from FAA regulations to TSA regulations and compliance with TSA regulations and directives; Advise regarding Part 150 Update (60-64 DNL issue); Advise regarding Rogers Lake East Airport Noise Reduction Committee claims; Advise regarding Legislative Audits (financial and programmatic).

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Represent (actual or potential litigation, administrative hearings, proposed legislation or regulations, misc. commercial or other legal claims) MAC and all MAC employees (primarily management employees) and MAC Commissioners.	Successful legal representation and participation.
Draft, negotiate and/or review documents (e.g., leases, ordinances) for all MAC management employees; especially CMAA, Relievers, Airport Development, Police, Fire, Purchasing, MAC Commissioners, ACI.	Provide opportunity for meaningful input from various sources.
Provide legal advice to all MAC management employees (supervisors, managers, directors, senior staff) and MAC Commissioners	Provide timely legal advice.

2003 LONG TERM GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Respond to Data Practices Act requests.	Maintain compliance with Data Practices Act requirements.
Maintain proficiency in all areas of airport law.	Proficiency in all areas of airport law.
Represent (actual or potential litigation, administrative hearings, proposed legislation or regulations, misc. commercial or other legal claims) MAC and all MAC employees (primarily management employees) and MAC Commissioners.	Successful legal representation and participation.
Draft, negotiate and/or review documents (e.g., leases, ordinances) for all MAC management employees, especially CMAA, Relievers, Airport Development, Police, Fire, Purchasing, MAC Commissioners, ACI.	Provide opportunity for meaningful input from various sources.
Provide legal advice to all MAC management employees (supervisors, managers, directors, senior staff) and MAC Commissioners.	Provide timely legal advice.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

HUMAN RESOURCES Service Center Summary

	2001 Actual	2002 Budget	2003 Budget	\$ Variance	% Variance
Personnel	204,131	184,979	97,727	-87,252	-47.17%
Administrative Expenses	26,690	9,800	9,800	0	0.00%
Professional Services		10,158	10,158	0	0.00%
Utilities	403	300	0	-300	-100.00%
Operating Services/Expenses	438	0	0	0	0.00%
Other	7,194	0	0	0	0.00%
Total Budget	238,855	205,237	117,685	-87,552	-42.66%

FULL TIME EQUIVALENT SUMMARY

	2002 Actual	2002 Budget	2003 Budget
Full Time	1	3	1
Part Time	0	0	0
Total:	1	3	1

RESPONSIBILITY/FUNCTION

MAC's Human Resources Division facilitates the continuation of MAC as a high-performing organization where employees experience excellence in leadership, challenging work, opportunities for growth and development and are rewarded competitively. This area is responsible for the oversight and management of human resources people, products and services delivered by Employee Relations, HRD & Organization Development, and the Office of Diversity. Each of these areas has a separate budget and is detailed later in this section.

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Provide and Maintain HR Information on MACNET and MAC's Intranet	Information available to the organization is accurate, user friendly, easily accessible and distributed in a timely manner.	Partnered with IS to enhance HR's utilization and employee ease of access to HR information on the intranet.
Oversee HR Process Improvements	Key HR processes are documented, streamlined and improved with technology, where feasible, to improve service to customers.	MAC's hiring process has been enhanced to increase utilization of technology for improved tracking, reporting and analysis of staffing data. A simplified method was established for maintenance of personnel files and employee records. HRD documented all processes and training. Tracking and utilization of data retrieval was emphasized to improve reporting capabilities. MAC's performance review process was automated and tracked to enhance analysis of organizational results. MAC's retirement process was re-designed and documented to include the addition of an educational toolkit developed for retirees.
Update HR Policies & Procedures Manual	Organization has current information on policies and procedures.	Policies changed and approved by the Commission in 2002 have been updated.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

HUMAN RESOURCES

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Provide necessary administrative support.	Increased administrative support needs for HR division are met to improve response time to HR's customers.	Changes were implemented to the operation of the Front Desk at the General Office. Administrative duties were re-assigned within the division to allow for a reduction in headcount when an employee resigned.
Develop Strategic Plan for HR Division	A contemporary HR Division that provides responsive and prompt services to its customers.	HR's mission, vision and values have been aligned with MAC's new direction. Customer focus goals were established. A division reorganization plan is in place and will be implemented in 2003 to better service the organization and improve HR's business consulting role. The plan includes rightsizing the division as attrition occurs, expanding services to better meet the needs of our end-users and further streamlining of HR processes.
Integrate MAC Values	Policies and practices support and reflect organizational values.	Organizational values continue to be integrated into both HR and organizational processes.
Develop a Human Resources Plan for MAC	MAC has a comprehensive blueprint for the organization's human resources to facilitate its ability to continue as a high performing organization.	As MAC's business needs have changed, HR's strategies are focused on right-sizing, operating within financial guidelines, facilitating organizational process improvement efforts, managing span of control, staying grounded with MAC's mission, vision and values; identifying flexible staffing options, conducting proactive workforce planning and retaining key talent. The groundwork for a 3 year workforce plan is in place and will be fully developed in 2003. Workplace Visions interviews, a feedback and assessment process with MAC leaders to identify industry and other trends and impacts, were facilitated to develop "future state" data for the MAC and employees. A 5 year retirement and turnover forecast was developed to identify areas of risk within the organization. Analysis of exit interviews continues to identify ways to improve retention of talent. Organization demographics expanded to include span of control, overtime usage, sick time utilization to ensure policies and practices drive workforce behaviors in support of MAC's goals. Workforce planning will continue to be a major emphasis of HR's work throughout the organization in 2003 to project workforce needs through 2006..

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

HUMAN RESOURCES

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Ensure the delivery of HR services by developing and implementing a business continuation plan for the division.	HR Division business continuation plan developed and practices implemented that will insure continued delivery of critical HR services.
Increase HR Division efficiencies through the use of technology.	JDE applicant tracking module fully operational, feasibility study of JDE Benefits module completed and implementation begun, Org Publisher capabilities implemented, enhanced people management reports developed for MAC leaders, increased access to HR service and information for employees via MAC's intranet.
Increase HR Division's outreach within the organization to get closer to our end customers. .	Full service HR offices established in Field Maintenance and ADO.
Expand the HR knowledge base within the HR Division.	Measurable increase in generalist HR knowledge so that many basic HR services can be delivered by anyone in the division.
Align delivery of HR services to improve customer service and better meet the needs of the organization.	A restructured HR Division with a broader skill base that is closer to the organization and provides enhanced customer service.
Improve alignment of benefits, compensation, and hiring policies and practices to meet organizational goals.	Redesigned benefits, compensation and hiring strategies in place that reinforce organizational goals.
Partner with MAC leaders to strengthen people management knowledge and skills.	MAC leaders have the knowledge, skill and confidence to manage people resources effectively.
Develop MAC's 3 year strategic workforce plan.	A strategic workforce plan in place that includes workforce analysis and workload projections to provide direction for MAC's people strategies through 2006.
Align MAC's people strategies to better meet the current and future needs of the organization.	Re-aligned work that accommodates and transitions the HR division for upcoming retirements and enhances service delivery.

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ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

HRD/STRATEGIC PLANNING Service Center Summary

	2001 Actual	2002 Budget	2003 Budget	\$ Variance	% Variance
Personnel	206,727	218,512	218,030	-482	-0.22%
Administrative Expenses	32,835	10,150	10,650	500	4.93%
Professional Services	17,214	0	0	0	0.00%
Utilities	994	0	0	0	0.00%
Operating Services/Expenses	38,294	0	950	950	100.00%
Other	18,177	3,350	3,350	0	0.00%
Total Budget	314,241	232,012	232,980	968	0.42%

FULL TIME EQUIVALENT SUMMARY

	2002 Actual	2002 Budget	2003 Budget
Full Time	3.5	3.5	3.5
Part Time	0	0	0
Total:	3.5	3.5	3.5

RESPONSIBILITY/FUNCTION

People in this department facilitate the continuation our high performing organization by assessing learning and development needs, identifying resources that positively impact performance, influencing the development of policies and systems that drive organizational behavior and performance, facilitating process improvement initiatives and by providing training that addresses organization-wide needs. Additional services include workforce and succession planning, career development, performance leadership and employee recognition and services. This department also develops and administers the strategic planning process throughout MAC.

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
To strengthen Performance Leadership practices within the organization.	On-the-job application of Performance Leadership practices will increase significantly.	Performance review conferences were conducted and documentation is on record for approximately 50% of MAC's non-organized employees. Employee feedback on coaching, training needs and job satisfaction was collected and summarized reports provided to senior management via a newly formed database. A learning guide was developed to give managers and employees quick access to on-the-job development actions for each of MAC's core competencies. Core competencies were integrated into job competencies. Designed and delivered an electronic, on-the-job reference guide to assist managers with reviews of their employees. Regular audits showed improved quality of feedback between supervisors and employees.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

HRD/STRATEGIC PLANNING

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
To expand MAC's Career Development process.	Job competencies and career paths will be identified. Assessment tools will be available to help employees determine strengths and developmental needs. Individual development planning will expand to more employees.	MAC core performance competencies have been identified and integrated into postings, job descriptions, and performance reviews for regular and probationary employees. Job specific technical and performance competencies are being developed as job descriptions are updated. External assessments were put on hold due to budget restrictions.
Implement business continuation process for HRD.	In the event of disaster HRD will be able to retrieve information and continue to function.	All training and HRD processes have been documented.
To formalize succession planning for key leadership and technical positions.	A pool of qualified internal candidates are available for key positions. High potential employees identified for critical positions. Development needs are identified and IDP's established.	A risk analysis was prepared for areas impacted significantly by retirements or unexpected turnover. In partnership with employee relations, planning sessions have begun with several senior leaders in the organization. A model for the organization is being developed. Progress continues in 2003.
Strengthen MAC's ability to deliver and track training.	All internal and external training will be tracked on MAC's Learning Center Software. Employees will instant access to training records. Skill and knowledge gaps will be identified and programs and processes to close those gaps will be offered.	Due to budget constraints, most external training has been eliminated. Internal training has been delivered via technology to increase efficiency. E-learning is on hold due to budget limitations. Training is tracked in HR's learning management system by department administrators of the software.
To facilitate the implementation of a behavior based interviewing process.	Newly hired employees will have technical and performance skills needed to support MAC's Values and Mission. Behavioral interviewing techniques will be used to base hiring decisions on both technical skills and performance skills.	A behavior-based interview program and guide has been designed for roll-out in 2003. Behavior-based interview questions have been designed for MAC's core competencies, with questions for technical performance being implemented as vacancies occur. Interview questions are housed in JDE and can now be retrieved by category and job type as vacancies occur.

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Expand basic HR knowledge within the leadership and management levels by facilitating HR "roadshows" on key HR topics at department/division meetings.	Managers will have the knowledge, skill, and confidence to administer HR policies within their area of responsibility.
Expand the HR knowledge base within the HR Division by facilitating a HR Professional Develop program to be conducted during HR staff meetings.	Knowledge of basic HR practices will be expanded to the point that all of the most frequently asked HR questions can be answered by anyone within the division.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

HRD/STRATEGIC PLANNING

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Increase HR efficiencies through the expanded use of JDE and Org Publisher by implementing a JDE users group.	HR capabilities and skill in the use of JDE will be expanded. The staffing module in JDE including applicant tracking will be fully operational. Org Publisher management reports will be available to all HR managers on their desktop. Input processes will be documented. Research and 1st stage implementation of the benefits module will be completed.
Strengthen Performance Leadership practices by providing training in day to day delegation by the end of second quarter with only the cost of reproducing student materials.	Training is developed and delivered on time and within budget. Participants express confidence in the use of delegation skills on evaluations. Follow-up evaluations document on-the-job application.
Strengthen Performance Leadership practices within the organization by providing training on dealing with performance issues in a fair and legal manner by the end of 1st quarter at a cost no to exceed \$8.00 per participant for the cost of student material	Training is developed and delivered on time and within budget. Participants evaluations demonstrate confidence in the use of knowledge on the job.
To formalize succession planning for key leadership and technical positions by the end of FY 2003.	A pool of qualified internal candidates are available for key positions. High potential employees identified for critical positions. Development needs are identified and IDP's established.
Design and develop a "MAC finance for Non-financial managers" training program for all current managed and build this program into new manager orientation.	Existing and new managers will have a greater understanding of the financial structure of the MAC.
Redesign the new employee and new manager orientation programs to include "Creating A Better Workplace" and "Customer Service" training by 06/30/03 at a cost not to exceed duplication costs of materials.	New employees and managers will have a better understanding of MAC's Performance Leadership practices and customer service expectations.
Enhanced quality and timeliness of the hiring process by _____ at a cost not to exceed _____.	Reduce cycle time of 80% of our hiring processes from requisition to new hire orientation by _____. Reduce average cost per hire marketing expenses from _____ to _____. Streamlined hiring process that produces quality candidates based on feedback from hiring managers.
Improve the employee separation and exit process by _____ at a cost not to exceed _____.	Standard practices identified and followed when employees leave the company.
Increase Performance Leadership practices (Planning, Feedback, & Review) within the organization.	On the job application of Performance Leadership practices will increase significantly over 2002 levels based on plans completed and reviews given. Also the quality of both will improve.
Enhance and integrate the Career Development Component of MAC's Human Resources Plan.	Job competencies and career paths are identified for keep positions. Assessment tools are available to help employees determine strengths and developmental needs. Individual plans are on record for employees.

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ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

EMPLOYEE SERVICES
Service Center Summary

	2001	2002	2003	\$	%
	Actual	Budget	Budget	Variance	Variance
Administrative Expenses	324	0	0		
Operating Services/Expenses	19,277	0	0		
Other	-3,932	0	0		
Total Budget	15,670				

FULL TIME EQUIVALENT SUMMARY

	2002	2002	2003
	Actual	Budget	Budget
Full Time	0	0	0
Part Time	0	0	0
Total:			

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ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

OFFICE OF DIVERSITY Service Center Summary

	2001 Actual	2002 Budget	2003 Budget	\$ Variance	% Variance
Personnel	226,995	225,176	211,499	-13,677	-6.07%
Administrative Expenses	28,478	3,950	3,600	-350	-8.86%
Professional Services	8,018	14,000	13,000	-1,000	-7.14%
Utilities	215	0	0	0	0.00%
Operating Services/Expenses	7,981	2,500	851	-1,649	-65.96%
Other	1,095	0	0	0	0.00%
Total Budget	272,782	245,626	228,950	-16,676	-6.79%

FULL TIME EQUIVALENT SUMMARY

	2002 Actual	2002 Budget	2003 Budget
Full Time	3	3	3
Part Time	0	0	0
Total:	3	3	3

RESPONSIBILITY/FUNCTION

The Office of Diversity has five core areas of responsibility that include the following: (1) promote the utilization of women, minorities and/or persons with disabilities in job categories where under-representation exists; (2) produce the organization's Affirmative Action Plan for review and approval by MAC's Diversity Committee, the Commission and the State of Minnesota; (3) administer contract compliance for the Targeted Group Business Program (TGB) to the State of Minnesota and the Disadvantaged Business Enterprise Program (DBE) to the FAA Civil Rights Office; (4) maintain an internal equal employment opportunity (EEO) complaint system to resolve complaint allegations of harassment or discrimination; and (5) maintain positive community relations with key organizations and individuals that intersect with MAC's business objectives

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Community Outreach/Relations.	Maintain relationships and act as liaison with diverse communities, agencies and groups.	All goals and objectives accomplished
Administer MAC's Recruitment and Selection process to hire various personnel throughout MAC.	The goal is to support 15% of the R&S for 2002	All goals and objectives accomplished
Contract Compliance with Targeted Group Business Program. Do an research and analysis to develop a race gender neutral program to replace the MAC's TGB for MAC.	Participation goals for TGB of 3%	All objectives accomplished
Maintain contract compliance for the Disadvantage Business Enterprise Program.	Keep MAC in compliance with FAA Civil Rights Office.	Most objectives accomplished except participation on AMAC 's Board, due to travel restrictions related to budget constraints.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

OFFICE OF DIVERSITY

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Prepare and submit MAC's 2002-2004 Affirmative Action Plan for review and approval by MAC and the Minnesota Department of Employee Relations. Management of the policies and procedures of the MAC's 2002-2004 Affirmative Action Plan.	Maintaining harassment discrimination free workplace. Monitoring and reporting of AA goal attainment for MAC. Resolution of internal discrimination complaints.	Acoomplished all objectives
Managing Diversity:Provide educational strategies to MAC employees,increase awareness, knowledge of differences in the workplace, modify negative behaviors and support employee diversity. Assist MAC managers diversity- related issues and concerns.	A work place culture that values the differences that all MAC employees bring to the work place.	Integrated a stronger diversity role and audit process into MAC's hiring process. Conducted diversity workshops. Co-delivered a sexual harassment workshop with HRD. Launched RESOLVE, a conflict resolution service for employees.

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Supervision and leadership for the Staff.	Lead the HR Office of Diversity Staff in managing contract compliance and AA Plan policies
Internal communications with MAC	Produce written articles for HR Link on topic of Diversity Affirmative Action, TGB and DBE Programs.
Responsible for implementing hiring processes for organization.	I would expect to complete half of all MAC's hiring processes for the year 2003.
Provide New Employee Orientation to new MAC employees	All new hires will be oriented with MAC's. ati harassment and anit-discrimination policies.
Prepare the MAC's AA Plan for 2004 -2006	Obtain the 5 internal levels of review and approval of the new AA Plan.
Represent MAC in the Association of Women contractors	Attendance at all board meetings for 2003
Monitor compliance for the DBE and TGB programs	10% DBE goals in Concessions DBE program; 15% in DBE Construction and 3% TGB program goal.
Staff Commissioners Diversity Committee for minimum of three meeting in 2003 to report and update Commissioners and Employee committee on EEO TGB and DBE compliance program reports.	Hold three Diversity Committee meetings in 2003.Qaurterly meeting of the MAC AA Employee Committee.
Maintain organizational membership to the National Organization Of Minority Contractors Association.	Attendance to all monthly meetings Respond to issues and concerns , help contractors with information and try to resolve administrative problems.
Develop Preventing Harassment Training Program for MAC Supervisors/Employees	Provide training a minimum of 4 times with a goal of training 100 MAC employees.
Responsible for internal complaint investigations .	I would expect to complete and resolve a minimum of 10 internal complaints in 2003

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

OFFICE OF DIVERSITY

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Work with Recruitment and Selection and MAC Departments to staff and monitor MAC's AA Hiring Goals. To work with staffing recruiters and Hiring Personnel to insure a fair and non- discriminatory selection process for job applicants.	Zero discrimination complaints from job applicants.

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ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

EMPLOYEE RELATIONS Service Center Summary

	<u>2001 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Personnel	379,386	360,593	358,076	-2,517	-0.70%
Administrative Expenses	19,254	3,935	3,935	0	0.00%
Professional Services	97,399	61,004	61,004	1	0.00%
Utilities	226	0	0	0	0.00%
Operating Services/Expenses	91,784	50,000	30,000	-20,000	-40.00%
Other	6,233	0	0	0	0.00%
Total Budget	594,282	475,532	453,015	-22,516	-4.73%

FULL TIME EQUIVALENT SUMMARY

	<u>2002 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>
Full Time	5	5	5
Part Time	1	1	1
Total:	6	6	6

RESPONSIBILITY/FUNCTION

Employee Relations is responsible for attracting and retaining top talent for the organization. The people in this area provide staffing services, counsel employees regarding benefits options and HR policies and practices, administer compensation and benefits services for our employees and retirees, maintain accurate personnel files, and administer MAC's human resource information system.

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Provide employee relations services - staffing/recruitment, compensation, HRIS, and benefits/insurance services.	Services are provided in a prompt, responsive manner.	Completed 147 employee transactions, which include regular status new employee hiring, employee promotions, lateral transfers and temporary employee hiring activity. - Administered all salary compensation actions for organized employees and for a mid-year salary structure adjustment for non-organized employees. With the guidance of MAC's Organizational Development Consultant and IS, enhanced the capabilities of the JD Edwards software in support of the staffing and selection process. Successfully administered the 2003 benefits plan open enrollment process for all employees and retirees. Department members actively participated in numerous team efforts to improve/revise administration of HR activities, particularly in the staffing/selection area. Assist with the design concept of two on-site offices, one in field maintenance and one in the airport director's office, to be established in 2003 and better serve HR's customers.
Review and update the compensation structure and plan.	Maintain a competitive plan that attracts and retains a talented, diverse workforce.	Successfully evaluated and gained approval of a 2002 salary structure for all non-organized employees that is market-competitive.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

EMPLOYEE RELATIONS

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Continuously review/update MAC policies and procedures.	Support MAC's ability to remain a high performing organization.	Extensive review of the staffing and selection policy was conducted which is on-going. Updated HR policy manual as needed.
Systematize performance leadership practices.	Align performance with organizational direction, and increase employee satisfaction.	In coordination with HRD, worked to strengthen the organization's ability to utilize performance management tools which have been developed.
Formalize succession planning for key leadership and technical positions.	System that prepares employees for leadership positions at MAC.	In partnership with HRD, planning sessions have been conducted with several senior leaders in the organization. Consulted with various departments to facilitate new organization design due to several retirement actions in senior level positions, resulting in uninterrupted business operations. Demographic data and potential methods of succession planning established with MAC's Organizational Development Consultant.
Document and streamline key processes while enhancing the quality of outputs.	Reduce cycle time and increase the quality of employee relations services.	Staff members reviewed staffing and selection process and position control system to increase efficiency of administration and better utilize JD Edwards software.
Enhance the quality of employee information to the MAC organization.	Increase efficiency and value of department staff member's work, and provide more timely and accurate information.	Began a review of employee relations services delivery methods and established plans to decentralize services in 2003 to provide on-site customer service. Provided ongoing communication to employees on HR related information through The HR Link newsletter. Improved employee information for the retirement process and open enrollment. Coached individual managers and employees in applying MAC HR policies and procedures. Updated HR policy manual as needed. Conducted "HR Connections" - a mobile HR program to reach employees outside of the General Office building.

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Develop and implement staffing strategies that assist managers and supervisors in meeting their structural and performance goals.	Staffing policies and procedures that produce quality hires with the right technical and performance skills to drive organizational performance.
Expand our ability to provide real time HR information to the organization.	Quicker and more accurate information that helps managers and supervisors make informed human resources related decisions.
Review and update all HR policies and procedures with an emphasis on work/life balance issues.	Policies that reflect a balance between the needs of employee and the needs of the organization.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

EMPLOYEE RELATIONS

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Re-create the employee Benefits Manual in order to provide a more useful tool for employees to retrieve accurate benefit information.	A streamlined communications tool in the area of benefits that employees find useful.
Review and update compensation plans, structure and policies with emphasis on paid leave and step increase variable options.	Better aligned policies that link compensation delivery to the performance leadership process. Compensation strategy that supports productivity and strategic direction.
Develop and administer a job duty transition plan for employee retirement action within the Employee Relations Department.	Maintain and enhance the current high level of service to clients.

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ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

LEGISLATIVE & LABOR RELATIONS Service Center Summary

	2001 Actual	2002 Budget	2003 Budget	\$ Variance	% Variance
Personnel	344,163	365,420	233,393	-132,027	-36.13%
Administrative Expenses	29,024	21,200	19,100	-2,100	-9.91%
Professional Services	260,733	275,000	275,000	0	0.00%
Utilities	2,737	3,000	2,340	-660	-22.00%
Operating Services/Expenses	906	7,700	7,500	-200	-2.60%
Other	945	1,500	1,200	-300	-20.00%
Total Budget	638,508	673,820	538,533	-135,287	-20.08%

FULL TIME EQUIVALENT SUMMARY

	2002 Actual	2002 Budget	2003 Budget
Full Time	3.5	4.5	3.5
Part Time	0	0	0
Total:	3.5	4.5	3.5

RESPONSIBILITY/FUNCTION

The Labor and Governmental Affairs division is responsible for two separate areas: labor relations and legislative/governmental liaisons. Each has its own responsibilities and duties. The labor function deals with negotiating and administering the contracts of the nine labor unions at the Commission, interacting and mediating disputes between outside unions and contractors which could jeopardize Commission operations, and any other labor-management problems that may occur. The legislative/governmental affairs function is responsible for coordinating relations with Congress and the Administration, the State Legislature, federal and state agencies, the Governor's office, counties and municipalities, as well as assessing, monitoring and influencing legislation involving or having the potential to impact the Commission.

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Continue transition of federal, state and intergovernmental responsibilities to Governmental Affairs Manager.	Educated and effective staff and business continuity.	Continued transition of state and intergovernmental responsibilities to Governmental Affairs Manager and continued to increase his involvement in activities and responsibilities at the federal level to effectuate a smooth transition
Assist managers and supervisors in contract interpretation, grievances and labor/management cooperative issues.	Improved labor/management environment.	Met with managers and supervisors as needed to provide assistance in resolving issues
Conduct management training in labor relations.	Improved labor/management environment.	Provided ad hoc training to new managers and supervisors as appropriate
Hear all grievances on behalf of the Executive Director.	Terms and conditions of employment consistent with Commission goals.	Favorably resolved several union grievances
Prepare for and begin negotiating nine (9) labor contracts with MAC unions.	Develop terms and conditions of employment to be negotiated that are consistent with Commission goals.	Began negotiations with 5 of 9 MAC unions and prepared for other contracts to open in 2003

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

LEGISLATIVE & LABOR RELATIONS

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Represent MAC in mediation, arbitration and veterans preference hearings.	Terms and conditions of employment consistent with Commission goals.	Successfully arbitrated discharge grievance and provided services as taxi-cab Hearing Officer
Coordinate Labor/Management Committee activity.	Improved labor/management environment.	Continued current committees including newly formed committee with the 4 union trade groups and established a formal committee with Teamsters labor union
Continue to utilize new technology and computer applications	Greater efficiency.	Continued utilization of computer and PDA devices and became more proficient in connecting to MAC electronically from home
Mediate disputes between outside unions, contractors, airport tenants and other stakeholders	Effective airport operations free of labor disruptions for the traveling public.	Assisted in resolving numerous labor issues relating to Project Labor Agreements, construction projects, airport tenants and outside unions
Gather relevant information regarding other employer practices to assist with setting negotiation and management strategies.	Improved labor/management environment and ability to support Commission goals.	Continuously gathered and coordinated relevant information
Continue succession planning by positioning Governmental Affairs and Labor Relations as direct reports to the Executive Director.	Effective staff and business continuity	Completed succession planning and positioned Governmental Affairs and Labor Relations as direct reports to the Executive Director.
Represent MAC on outside boards, commissions and task forces which directly bring visibility and influence to MAC's legislative/intergovernmental and labor relations efforts.	Educated and supportive stakeholders.	Served on outside boards including NPELRA, MPELRA, Foreign Trade Zone and Hennepin Parks, and represented MAC at AAAE, ACI-NA and MN Governmental Relations Council
Educate appropriate political bodies and governmental units on airports (MSP & Relievers) and present MAC's position on issues including airport planning/development and airline competition.	Educated and supportive stakeholders.	Participated in numerous meetings on various issues in 2002. Provided legislative briefing and airport tours to state legislators and staff and congressional staff. Briefed them on specific issues pertaining to the MAC as well as airports and the aviation industry as a whole
Maintain contact with Minnesota Congressional delegation and other congressional members/staff of key committees, monitor federal legislation, and when necessary, present MAC's position on aviation/air commerce issues.	Effective aviation legislation.	Maintained frequent contact with congressional members and staff and traveled to Washington as necessary. Presented MAC positions on airport security including FAA and TSA unfunded mandates. Briefed MN congressional staff on Flying Cloud airport issues and negotiations with city of Eden Prairie. Continued to work with Department of Navy on deicing pad land.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

LEGISLATIVE & LABOR RELATIONS

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Monitor legislation and present MAC position on issues to appropriate State political bodies and/or persons in an effort to modify and/or initiate legislation that will support MAC's organizational goals.	Effective aviation legislation.	Worked on numerous issues at the state level for the MAC. Monitored legislation and presented Commission positions supporting or opposing bills. See 2002 legislative summary for specifics.
Work with MN Congressional delegation and staff facilitate completion of North/South runway.	Effective aviation legislation and increased airport capacity.	Continued to monitor federal legislation that could impact the completion date of the North/South runway
Explore/acquire additional funding via the Federal AIP / PFC process.	Effective aviation legislation and funding.	In addition to the 4.50 PFC collected, in FY 02 MAC received \$47.7 million in FAA grants for airport projects.
Represent MAC and participate in formulating national positions on airport/airline issues to be presented to Congress and the Administration.	Effective aviation legislation.	Attended ACI-NE and AAAE conferences and committee meetings. Helped formulate positions on airport and aviation issues including security. Met with congressmen and legislators to present positions.
Represent MAC on outside boards and organizations to bring visibility and influence to MAC's labor relations efforts.	Educated, supportive and effective stakeholders.	Served on Board of Directors for Twin Cities Area Labor Management Council and active member of both the Minnesota and National Public Employer Relations Association. Participated in monthly Area Negotiator meetings/roundtable discussions.
Negotiate construction project labor agreements when beneficial to MAC.	Effective airport operations free of labor disputes for the traveling public.	Negotiated and executed 4 Project Labor Agreements for time critical construction projects on behalf of Airport Development

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Represent MAC on outside boards and organizations to bring visibility and influence to MAC's labor relations efforts	Educated, supportive and effective stakeholders
Negotiate construction project labor agreements when beneficial to MAC	Effective airport operations free of labor disputes for the traveling public
Mediate disputes between outside unions, contractors, airport tenants and other stakeholders	Effective airport operations free of labor disruptions for the traveling public
Coordinate Labor Management Committee activity	Improved labor/management environment
Represent MAC in mediation, arbitration and veterans preference hearings	Terms and conditions of employment consistent with Commission goals
Negotiate labor contracts with nine (9) MAC unions and new organized bargaining units that form (Police Sergeants)	Terms and conditions of employment that are consistent with Commission goals
Hear grievances on behalf of the Executive Director	Terms and conditions of employment consistent with Commission goals

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

LEGISLATIVE & LABOR RELATIONS

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Conduct management training in labor relations as appropriate	Improved labor/management environment
Assist managers and supervisors in contract interpretation, grievances and labor/management cooperation issues	Improved labor/management environment
Explore/acquire additional funding via the Federal AIP/PFC process	Effective aviation legislation and funding
Work with MN Congressional delegation and staff to facilitate completion of North/South runway	Effective aviation legislation and increased airport capacity
Monitor legislation and present MAC position on issues to State political bodies and/or persons in an effort to modify and/or initiate legislation that supports MAC's goals.	Effective aviation legislation
Educate appropriate political bodies and governmental units on airports (MSP and Relievers) and present MAC's position on issues including airport security, airport capacity and economic viability of the airport system	Educated and supportive stakeholders
Represent MAC and participate in formulating national positions on airport/airline issues to be presented to Congress and the Administration	Effective aviation legislation

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

PLANNING Service Center Summary

	<u>2001 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Personnel	167,962	166,191	166,905	714	0.43%
Administrative Expenses	19,640	14,400	14,400	0	0.00%
Professional Services	480,783	508,297	360,297	-148,000	-29.12%
Utilities	390	500	0	-500	-100.00%
Operating Services/Expenses	9,104	10,000	38,393	28,393	283.93%
Other	340	0	0	0	0.00%
Total Budget	678,219	699,388	579,995	-119,393	-17.07%

FULL TIME EQUIVALENT SUMMARY

	<u>2002 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>
Full Time	2	2	2
Part Time	0	0	0
Total:	2	2	2

RESPONSIBILITY/FUNCTION

This area supervises property acquisition, planning, design, engineering and architecture, and construction of all Commission facilities, as well as all Commission related environmental issues including noise, air quality and water quality. Relationships with other local, State and Federal agencies are part of the overall responsibilities.

MAJOR 2003 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Operating Services/Expenses	Advertising has increased in the Operating Services category due to the required public notices for various meetings and studies.
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2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Revise airport zoning for MSP.	Adpt revised airport zoning ordinance.	Continuing
Implementation of Part 150 program.	Number. of houses insulated. Completion of multi-family pilot program.	Continuing
Implementation of 2010 plan	Number of projects awarded.	Continuing
Continue acquisitions for runway 17-35.	No. of property acquisitions completed.	Continuing
Oversee development and environment departments.	Completion of department objectives.	Completed

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Oversee Airport Development and Environment Activities	Completion of Department Objectives
Update Aviation Activity Forecasts	Publication of Forecasts

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

PLANNING

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Oversee/Coordinate 2010 Plan Implementation	Projects awarded
Revise Part 150 Update	Submission of revision to FAA for approval
Complete Acquisition for Runway 17-35	Property Acquired

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

AIRPORT DEVELOPMENT Service Center Summary

	<u>2001 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Personnel	671,975	517,452	477,199	-40,253	-7.78%
Administrative Expenses	42,232	38,200	38,200	0	0.00%
Professional Services	466,032	387,500	255,000	-132,500	-34.19%
Utilities	5,263	5,000	0	-5,000	-100.00%
Operating Services/Expenses	2,476	7,500	4,197	-3,303	-44.04%
Maintenance	18	0	0	0	0.00%
Other	11,826	0	0	0	0.00%
Total Budget	1,199,821	955,652	774,596	-181,056	-18.95%

FULL TIME EQUIVALENT SUMMARY

	<u>2002 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>
Full Time	17	18	18
Part Time	0	0	0
Total:	17	18	18

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Manage all aspects of preparing and implementing the Commission's Capital Improvement Program (CIP) for MSP and the Reliever Airports.	Completion of 2003 CIP construction & projects & administration of A/E services.
Begin bringing Airside work "in-house" in lieu of using consultants where possible. Identify and test process.	Number of projects transitioned in-house.
Begin bringing Landside work "in-house" in lieu of using consultants where possible. Identify and test process.	Number of projects transitioned to in-house.
Develop 2004 Airside CIP.	Adoption of 2004 CIP.
Develop 2004 Landside CIP.	Adoption of 2004 CIP.
Implement the 2003 Airside CIP.	Complete 2003 CIP
Implement the 2003 Landside CIP.	Complete 2003 CIP.
Participate in the ongoing review and development of the 2003 Airside CIP.	Ongoing
Participate in the ongoing review and development of the 2003 Landside CIP.	Ongoing

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ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

AIRPORT DEVELOPMENT-BUILDING Service Center Summary

	2001 Actual	2002 Budget	2003 Budget	\$ Variance	% Variance
Personnel	117,506	121,699	126,655	4,956	4.07%
Administrative Expenses	7,759	3,700	2,500	-1,200	-32.43%
Professional Services	12,515	11,500	11,500	0	0.00%
Utilities	1,032	700	545	-155	-22.14%
Operating Services/Expenses	0	200	200	0	0.00%
Other	8,464	0	0	0	0.00%
Total Budget	147,277	137,799	141,400	3,601	2.61%

FULL TIME EQUIVALENT SUMMARY

	2002 Actual	2002 Budget	2003 Budget
Full Time	2	2	2
Part Time	0	0	0
Total:	2	2	2

RESPONSIBILITY/FUNCTION

The Building Official/Office of Permits and Inspections Division of Airport Development is responsible for the overall administration of the Metropolitan Airports Commission Building Code Ordinance. The Building Official/Office of Permits and Inspections is directly accountable to the Planning and Environment Deputy Executive Director.

The Building Official responsibilities include the application, administration, implementation and enforcement of the State of Minnesota Building Code and the Metropolitan Airports Commission Construction Standards and Procedures and Design Standards and Guidelines. This includes plan review, issuance of permits, inspections and retention of inspection history and building construction plans.

MAJOR 2003 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	ICBO Certification/Re-Certification Requirements for the MAC Building Official and Permit Technician/Inspector.
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2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Provide consistent, uniform and timely plan review, administration and inspections for the Metropolitan Airports Commission Campus.	Review permit and inspection records to verify turn around time and field inspections.

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ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

ENVIRONMENT-GENERAL Service Center Summary

	<u>2001 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Personnel	49,788	130,730	132,890	2,160	1.65%
Administrative Expenses	3,304	7,620	6,670	-950	-12.47%
Utilities	-307	0	0	0	0.00%
Operating Services/Expenses	20,579	15,600	27,600	12,000	76.92%
Other	989	0	0	0	0.00%
Total Budget	74,352	153,950	167,160	13,210	8.58%

FULL TIME EQUIVALENT SUMMARY

	<u>2002 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>
Full Time	2	2	2
Part Time	0	0	0
Total:	2	2	2

RESPONSIBILITY/FUNCTION

This cost center includes the Director of Environment and the department's administrative assistant.

The Director manages the administrative assistant and the managers of the two offices within the department: Environmental Affairs and the Aviation Noise and Satellite Programs offices.

MAJOR 2003 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Operating Services/Expenses	The \$12,000 increase for this category is transferred from 85300.5650 Environment Aviation Noise.
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2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Develop a Department of Environment Strategic Plan for MAC's system of airports	Comprehensive plan for MAC's Airports

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ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

ENVIRONMENT-ENVIRONMENTAL Service Center Summary

	<u>2001 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Personnel	166,832	163,570	165,992	2,422	1.48%
Administrative Expenses	4,774	3,275	3,275	0	0.00%
Professional Services	649,516	314,300	342,300	28,000	8.91%
Utilities	-14	500	0	-500	-100.00%
Operating Services/Expenses	61,700	62,750	68,750	6,000	9.56%
Other	1,195	6,000	11,000	5,000	83.33%
Total Budget	884,002	550,395	591,317	40,922	7.44%

FULL TIME EQUIVALENT SUMMARY

	<u>2002 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>
Full Time	3	3	3
Part Time	0	0	0
Total:	3	3	3

RESPONSIBILITY/FUNCTION

Environmental Affairs Office

This office is responsible for ensuring and maintaining compliance with environmental regulations at the MSP International and six Reliever Airports. Several of the compliance activities include Storm Water Management, Soil Investigation and Remediation, Underground/Aboveground Storage Tank Administration, Environmental Audits, Solid Waste Management and Recycling, Hazardous Waste Management, Pollution Prevention and Hydrogeological Investigations and outdoor/ambient Air Quality.

This office must have an ongoing understanding of and experience with federal, state and local environmental regulations, rules and ordinances. It is also very important that this office maintain an effective working relationship with state and local units of government.

The activities of this office aid in establishing sound environmental strategies and help to reduce impacts on surrounding communities.

MAJOR 2003 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Professional Services	<p>The MAC is the permittee on the airport's stormwater National Pollutant Discharge Elimination System (NPDES) Permit with an annual mass limit for carbonaceous biological oxygen demand (CBOD). The CBOD limit exists due to the glycol component of the aircraft deicing fluids (ADFs) that the MSP tenant airlines are required by FAA and airline safety regulations to apply to aircraft during certain weather conditions.</p> <p>Severe weather conditions during the 2000-20001 deicing season caused an exceedance of CBOD loading to the MN River in violation of the permit. As a result, the Minnesota Pollution Control Agency (MPCA) issued a Notice of Violation (NOV) with an anticipated fine.</p> <p>The MAC is also the permittee on a NPDES permit for construction dewatering. The 2010 development plan includes many projects that require varying amounts of groundwater dewatering. Several construction projects had isolated and intermittent exceedances of the permit's discharge limitation. Many of the projects have been short in duration, sometimes with sample results returning as the project ends or has ended. However, as a result of these exceedances, the MPCA is also proposing a fine.</p>
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ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

ENVIRONMENT-ENVIRONMENTAL

MAJOR 2003 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Operating Services/Expenses	New parking facilities at the Humphrey and Lindbergh terminals have increased the amounts of fluorescent lamps being used by approximately one third. In addition, the manufacturer over estimated the lamp life expectancy by at least one third. The additional/replacement lamps will have an anticipated increase in disposal costs. These costs are necessary to maintain existing and new facilities and will be funded by reallocating monies from 85100.6080-Professional Services-Engineering.
Other	<p>2010 development projects have increased the number of permits required to meet current regulations. The MAC currently holds 6 major environmental permits at MSP: (2 NPDES, 1 Air Quality, 1 Aboveground Storage Tank, 1 Hazardous Waste and 1 Met Council Environmental Services (MCES) for dewatering [pending]). There are also 13 required environmental permits at the Relievers (7 Hazardous Waste [2at STP] and 6 General Stormwater).</p> <p>Monies to pay for the permits were reallocated from 85100.6080-Professional Services-Engineering.</p>

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Study and evaluate areas of concern associated with airport air pollutants.	Develop a status review of MSP's Air Quality Initiatives.
Increase the amount of recyclable material recovered from solid waste stream by 5% over 2002 numbers by end of December 2003	Reduced spending for solid waste disposal.
Develop cooperative solutions with agencies on Baytown contamination site to ensure MAC's interests are protected.	A plan that defines an environmental sound solution that strikes a balance between MAC's needs and that of the community and regulatory agencies.
Develop an agreement with the MPCA and tenant airlines that meets the operational and environmental needs of the airport.	A signed stipulation agreement between the MPCA, MAC and the tenant airlines. (as a precursor to a 5 year permit)

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

ENVIRONMENT-AVIATION NOISE PROGRAM Service Center Summary

	<u>2001 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Personnel	448,653	352,898	307,971	-44,927	-12.73%
Administrative Expenses	61,391	37,000	31,400	-5,600	-15.14%
Professional Services	223,780	220,000	197,000	-23,000	-10.45%
Utilities	2,727	1,800	0	-1,800	-100.00%
Operating Services/Expenses	122,523	138,369	139,900	1,531	1.11%
Maintenance	33	0	0	0	0.00%
Other	15,204	3,500	3,000	-500	-14.29%
Total Budget	874,310	753,567	679,271	-74,296	-9.86%

FULL TIME EQUIVALENT SUMMARY

	<u>2002 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>
Full Time	7	7	6
Part Time	0	0	0
Total:	7	7	6

RESPONSIBILITY/FUNCTION

The Metropolitan Airports Commission (MAC) Aviation Noise and Satellite Programs Office is dedicated to addressing airport noise issues around the MAC system of airports, including Minneapolis-St. Paul International Airport (MSP). Through the implementation and use of available technologies, the MAC Aviation Noise and Satellite Program's philosophy on managing airport noise related issues has changed significantly over the years. Technologies, such as the Airport Noise and Operations Monitoring System (ANOMS) and the Geographical Information System (GIS), have provided new levels of objective, quantitative analysis capabilities relative to airspace use, aircraft overflights and noise levels in areas surrounding MSP. In addition, the Global Positioning System (GPS) program at MSP, managed by the MAC Aviation Noise and Satellite Programs, provides new possibilities previously unavailable through the future implementation of airspace use and management techniques, which will enhance the airport's operation while reducing the noise impacts around the airport. The MAC Aviation Noise and Satellite Program's website has become the focal point of communication efforts with communities, residents, elected officials, the Minnesota State Legislature and other Responsible Governmental Units (RGUs) on airport noise issues. The MAC Aviation Noise and Satellite programs website has become an expectation from these various entities.

Through coordinated efforts with communities and airport users, the MAC Aviation Noise and Satellite Programs office strives to develop effective noise reduction solutions in concert with providing pertinent, understandable information in support of related efforts.

Via cooperative efforts coordinating all available resources, the MAC Aviation Noise and Satellite Programs Office strives to achieve the greatest degree of airport noise reduction around the MAC system of airports. Through use of the technologies in the Aviation Noise and Satellite Programs office, technical support for the implementation of noise reducing programs is accomplished in a cost effective manner that maximizes the utilization of staff talents and reduces the need for outside professional services. The mission of the office is as follows:

"Facilitating the noise sensitive operation of the MAC's system of airports through collaborative efforts employing available resources and technologies in a fiscally responsible manner optimizing the benefits of noise reduction for the airport's surrounding communities and users of the MAC airport system."

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Provide comprehensive noise information dissemination through the utilization of available technical capabilities and resources	Enhanced Relationships with Airport Stakeholders and Information Distribution	Completed 100%

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

ENVIRONMENT-AVIATION NOISE PROGRAM

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Implement noise mitigation measures for each MAC airport	Minimize environmental impacts associated with airport operations	Completed 100%

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Proactively address future noise issues around MSP associated with Runway 17-35.	Develop a program for informing residents, cities, elected officials and other governmental agencies about the future operation of Runway 17-35 and the associated airport noise considerations.
Maximize communication of airport noise related issues with residents, city governments, elected officials, airlines and airport noise related committees and commissions both internal and external to MAC.	Maximization of cost effective communication efforts through dissemination of airport noise related information, programs, achievements and efforts.
Apply Aviation Noise and Satellite Programs office technology and staff talents to support the development of the MAC system of airports in a manner that ensures noise reduction/sensitivity while reducing on-going consultant costs.	Development of technical noise studies, analyses and documents utilizing Aviation Noise and Satellite Programs office technology and staff talents in a manner that reduces reliance on outside consultants and maximizes information disclosure to the public via the Aviation Noise and Satellite Programs website.
Increase MAC Aviation Noise and Satellite Programs office efficiency through increased use and development of relevant technologies in a cost effective manner that reduces the need for on-going outside services in accomplishing department and MAC goals.	Utilization of the Airport Noise and Operations monitoring System (ANOMS), Geographic Information System (GIS) and the MAC Aviation Noise and Satellite Programs website thereby reducing outside professional services in support of the MAC and other airport noise related groups including city governments, residents, elected officials, airlines, FAA, the Minnesota State Legislature and the MSP Noise Oversight Committee (NOC).
Develop noise mitigation/communication programs for each MAC airport consistent with the present operation of the airport and the future development of the facilities.	Minimize noise impacts through program implementation at MAC airports and increase program effectiveness and outreach to MAC tenants, communities, elected officials and other governmental agencies through the enhancement of intergovernmental coordination and overall communication efforts.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

ADMINISTRATIVE SERVICES Service Center Summary

	<u>2001 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Personnel	279,771	286,310	288,236	1,926	0.67%
Administrative Expenses	6,259	4,550	4,550	0	0.00%
Professional Services	-4,740	20,000	20,000	0	0.00%
Utilities	304	0	0	0	0.00%
Operating Services/Expenses	4,190	0	0	0	0.00%
Maintenance	656	0	0	0	0.00%
Other	1,004	500	500	0	0.00%
Total Budget	287,444	311,360	313,286	1,926	0.62%

FULL TIME EQUIVALENT SUMMARY

	<u>2002 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>
Full Time	4	4	4
Part Time	0	0	0
Total:	4	4	4

RESPONSIBILITY/FUNCTION

This area is responsible for the oversight and management of Finance, Purchasing, Information Systems, Risk Management, Safety, Internal Audit, Data Resources Management, and the mailroom.

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Initiate continuous improvement projects with appropriate service centers.	Continuous improvement target(s) for MAC healthcare costs. International average (3.79) standing for Baggage Cart Services. 35% Field Maintenance participation in annual HRA.	Several analyses/resources were provided service centers for initiating continuous improvement projects and setting target goals. These included security, courtesy of staff, cleanliness and ambience, baggage delivery, ground transportation and parking service elements. Complaints analysis concerning signage, concessions, and security were also provided. A study of baggage carts was completed, but implementation of a free baggage cart system in the International Arrival Facility was budget prohibitive. Due to the elimination of the health risk assessment, improved Field Maintenance participation was not achieved.
Integrate "Performance Measurement" into the MAC business planning process.	Institutionalized performance measurement ethic; Commission satisfaction; Continued MAC/GFOA award status.	Data Resources assisted HRD in delivering objectives development and measurement training within the 2002/2003 budget training program.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

ADMINISTRATIVE SERVICES

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Develop Data Resources to improve the MAC business planning & decision processes.	Institutionalized systems: Setting of Continuous Improvement Targets based on Data Resources Information.	The Data Resources Department coordinated the IATA survey process throughout the 12 months of 2002 and delivered three quarterly reports showing MSP on an upward trend in overall passenger satisfaction throughout the year. (Final and yr-end data will not be received until mid 2nd quarter 2003). The department also delivered quarterly Complaint & Compliment System reports showing MAC steadily reducing the number of complaints per 100,000 passengers. In addition, bi-annual Survey America and monthly Operations reports were prepared. The Health Assessment and Air Service reports were discontinued as a result of budget constraints.
Create a customer service culture at MAC/MSP	Continued IATA recognition as Top Ten airport. Positive perception of MSP concessions staffing. Top Ten Airports status for "Courtesy, Friendliness of Airport Staff"	The Customer Service Action Council recognized 32 individuals in the MSP Professional Award Program and the Concession "Star Service" Program. MSP was among the Top Ten airports in "Overall Passenger Satisfaction" in the IATA Global Monitor Survey in the 1st and 2nd quarter. The Customer Service Training Program was put on hold due to staffing constraints.
Publish an annual report for the Administrative Services Division.	Documented responsibilities and performance of the Administrative Division are provided to the organization.	Due to budget and time constraints this project was deferred.
Update the Administrative Policies and Procedures Manual.	Updated policies and procedures are available to the organization.	The Administrative Policies and Procedures Manual was updated. Revisions are still under review.
Implement the strategic planning and budgeting processes.	Improved linkage between the two processes.	Strategic planning and budgeting processes were completed. As a result of budget constraints, new software was not selected.
Oversee the financing of the 2010 plan.	Funding is available to meet capital improvement program requirements.	An additional \$75,000,000 commercial paper program was established.

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Provide administrative support to the Deputy Executive Director - Administrative Services, the Risk/Insurance Department and Internal Audit.	Assigned work is completed in a timely basis and a professional manner.
Serve as staff liaison and provide administrative support to the Finance Committee.	Monthly Finance Committee meetings are held and necessary business is conducted and completed.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

ADMINISTRATIVE SERVICES

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Maintain Administrative Policies and Procedures Manual.	Updated policies are available to the organization.
Ensure funding is available for the 2010 plan.	Funds are available to pay 2010 capital project costs.
Evaluate and report MAC's financial condition to the Commission, MAC Staff and interested parties.	Operating and debt service requirements and budget targets are met.
To coordinate Customer Service Action Council teamwork to facilitate accomplishment of team goals.	Positive trendlines on IATA customer service element scores.
To initiate continuous improvement projects: performance baselines for MAC healthcare costs; "Cleanliness of the Airport Terminal	Standard for determining status of healthcare cost containment. Positive trendline on cleanliness of airport terminal
To track and provide quarterly updated benchmark reports of "airport costs to airlines/enplanement" at large, hub airports	Statistical standing of MSP vis-a-vie large hubs.
Provide data resources to improve MAC business planning and decision processes.	Regularly produced reports displaying data, trends, and information for determining status and progress in reaching goals .
To integrate Performance Measurement into the MAC Business Planning Process.	Capability to display, on demand, results via quantitative media (charts, graphs, etc.) or qualitative assessments.

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ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

WELLNESS Service Center Summary

	2001 Actual	2002 Budget	2003 Budget	\$ Variance	% Variance
Administrative Expenses	49	0	1,000	1,000	100.00%
Operating Services/Expenses	128,963	10,000	9,000	-1,000	-10.00%
Total Budget	129,012	10,000	10,000	0	0.00%

FULL TIME EQUIVALENT SUMMARY

	2002 Actual	2002 Budget	2003 Budget
Full Time	0	0	0
Part Time	0	0	0
Total:			

RESPONSIBILITY/FUNCTION

The MAC Wellness Program works to support, encourage, and educate employees to make healthier lifestyle choices, for a positive impact on employee morale and productivity, as well as corporate healthcare costs.

MAJOR 2003 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Administrative Expenses	Subscriptions to health/wellness newsletters and membership in local organizations pertaining to wellness.
Operating Services/Expenses	Continue budget for the annual flu shots offered to MAC Staff, their spouses and retirees. The cost to MAC would increase if employees went to their own doctor for these services.

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Measure performance and non-cost benefits of Wellness programs	Annual report and findings documenting programs, participation and improvement	The primary measurement program, the Health Risk Assessment, was eliminated.
Increase participation in Wellness programs	Increased participation by targeted groups. Documentation of participation in programs	Wellness completed three blood drives at the MAC, sponsored MS and Breast Cancer walks, and completed a successful Food Drive in connection with the annual Flu Shots Program. Other participation goals were not met because of the elimination of budget, specifically the Health Risk Assessment.
Achieve Welcoa Gold Award Status	Win a Gold award for excellence in administering a corporate Wellness program	The Welcoa Gold Award was not pursued because of budget constraints.
Increase employee awareness of Wellness	Educate employees on health awareness issues	Efforts to encourage employee awareness of Wellness through our Intranet, continued maintenance of the Wellness Library, provision of health related newsletters in the G.O. lunchroom, and several brown bag lunches were provided. Due to budget constraints Tailwinds and Wellness mailings to employees and periodic Health Fairs were discontinued.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

WELLNESS

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Encourage healthy and reduce unhealthy lifestyles	Measures of participation and improvement	Maintenance of the Fitness Center and the provision of flu shots were the only Wellness efforts funded for 2002 and both programs were executed. The healthy foods/vending machine effort continues. Efforts to encourage a healthy lifestyle through brown bag lunch presentations, staff meeting presentations and the posting of articles and electronic links on our Intranet continue.
Address "high risk" health issues	Health Risk Report. Programs developed and in place for targeted issues. Measures of improvement in target issues.	Due to budget constraints the Health Risk Assessment and HealthQuest, primary to the "high risk" effort and Smoking and Weight Watcher Programs were eliminated. Wellness did provider regular wellness, exercise and nutrition briefings to staff meetings.

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
To maintain the (West Terminal) Wellness Fitness Center	Satisfaction of Users via ratings and qualitative assessment
To promote nutrition/exercise/community health events	# of events completed
To plan/ present monthly "brown bag" lunch seminars on wellness issues	# of "brown bag" lunch presentations completed
To promote health/wellness education and utilization of newsletters and available wellness resources via presentations at Admin and Organizational Staff meetings.	# resources utilized; # items presented

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

INSURANCE Service Center Summary

	<u>2001 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Personnel	5,017,793	4,789,926	5,578,158	788,232	16.46%
Administrative Expenses	8,329	2,700	2,700	0	0.00%
Professional Services	45,821	70,000	70,000	0	0.00%
Utilities	926	0	0	0	0.00%
Other	1,173,205	1,857,830	2,638,633	780,803	42.03%
Total Budget	6,246,074	6,720,456	8,289,491	1,569,035	23.35%

FULL TIME EQUIVALENT SUMMARY

	<u>2002 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>
Full Time	1	1	1
Part Time	0	0	0
Total:	1	1	1

RESPONSIBILITY/FUNCTION

Under the general direction of the Deputy Executive Director of Administrative Services, the department is responsible for the planning, organizing and administration of risk and insurance programs to safeguard the MAC's assets from the risk of accidental loss through the use of recognized risk management techniques. Responsibility includes risk identification, evaluation, measurement, preventative strategies, claims administration, purchase of coverage and evaluation of financing alternatives. Areas of responsibility also include employee insurance benefits programs, workers' compensation, liability and property. The MAC Safety Department reports to the Risk manager.

MAJOR 2003 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	The 16 percent increase is primarily attributed to the increasing cost of commercial insurance based upon market conditions and increasing values. Commercial insurance is a projection of conditions that drive insurance costs at the present time. The actual cost will be based upon actual quotes in December. Personal insurance is increasing at less than the national average. Increases in staff primarily in public safety and through retirement is also increasing costs.
Other	The 42 percent increase is primarily attributed to the increasing cost of commercial insurance based upon market conditions and increases in values. Commercial insurance is a projection of conditions that drive insurance costs at the present time. The actual cost will be based upon actual quotes in December. Personal insurance is increasing at less than the national average. Increases in staff primarily in public safety is increasing costs.

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Evaluate alternative medical and dental plans	customize benefits for employees and control cost	Changes were made to plans this year which will control costs and enhance benefits. This has and will continue to be a process of improvement.
Restructure Claims Handling	enhance the process and control costs	An RFQ was issued and a new liability claims team was selected. In addition, department responsibilities were restructured to process certain claims internally. The improved process is working well.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

INSURANCE

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Improve Certificate of Insurance tracking.	Transfer of risk
Improve tracking of losses and related losses working toward a goal of a charge back to cost centers.	Cost centers will understand the cost of losses and have an incentive to prevent and control losses.
Maintain an employee benefits program that meets the needs of our employees and their families while controlling costs.	Employee satisfaction with their benefits and cost increases below that of other organizations.
Develop an alternative insurance program for liability risks.	Reduce cost and provide transfer of risk to alternative source,
Proactively manage and respond to expense variances.	Controlling costs while providing risk protection.
Identify and implement short and long term cost saving measures.	Supports the strategic plan of the MAC

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

FINANCE Service Center Summary

	<u>2001 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Personnel	925,481	909,827	882,839	-26,988	-2.97%
Administrative Expenses	36,815	31,200	31,460	260	0.83%
Professional Services	100,861	136,000	135,200	-800	-0.59%
Utilities	-79	0	0	0	0.00%
Operating Services/Expenses	99,646	151,500	159,400	7,900	5.21%
Maintenance	805	200	0	-200	-100.00%
Other	7,756	4,800	11,100	6,300	131.25%
Total Budget	<u>1,171,285</u>	<u>1,233,527</u>	<u>1,219,999</u>	<u>-13,528</u>	<u>-1.10%</u>

FULL TIME EQUIVALENT SUMMARY

	<u>2002 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>
Full Time	15	15	15
Part Time	0	0	0
Total:	<u>15</u>	<u>15</u>	<u>15</u>

RESPONSIBILITY/FUNCTION

Finance is responsible for the Commission's accounting, cash management functions, preparation of the annual operating budget, and Comprehensive Annual Financial Report (CFAR). Financial planning including but not limited to issuance of all debt, tenant rates and charges development, and financial analysis are also major responsibilities.

MAJOR 2003 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Operating Services/Expenses	Increase for fees due to bond issue and commercial paper program
Other	The increase in the Other category is due to incorrect budgeting in the prior year related to the rental copier.

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Implement the transfer from the current level of JD Edwards software to One-World.	It is expected that the Finance Department will see an increase in both flexibility and efficiency with this upgrade in software	Due to budget constraints this Objective has been deferred.
Improve Customer Service and Communications	Provide accurate and reliable information to customers within the organization and outside the organization	Department manual will be updated in 2003. Activity #2 was completed. Moving more information to MAC Intranet will be completed in 2003.
Process Improvements	Determine the next phase of Payroll and Budget improvements to be made. Evaluate recording of depreciation & interest. In addition reorganize Off-Site Storage records and implement Imaging system. Improve Landside/ Finance coordination of information.	Based on current budget restrictions, all of these activities are in process. The Budget will utilize existing software. Payroll will not be out-sourced. Depreciation and interest calculations are in process. Off-site storage will process and data will be completed in 2003. Imaging process has been deferred until 2003 or 2004. Landside improvements are in process and hope to be completed in 2003.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

FINANCE

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Prepare financial models and reports in accordance with requirements	Complete the following reports: Budget, CAFR, Budget Variances, Tenant Fee Structures, Post Retirement and implementation of GASB 34	All activities were complete with the exception of the Post Retirement calculation. This has been deferred until at least 2004.
Evaluate and determine continuing consultants in the following areas: Bond Counsel, Financial Auditor, and Airport Consultant	Selection of the most qualified firm in each case through a Request for Qualification (RFQ) Process.	The Financial Auditor was selected through the process (Deloitte). Bond Counsel and Airport Consultant were granted an extension through 2004 based on planned deferred project funding.
Financing projects in the CIP/2010 Plan - PFC #6 and General Airport Revenue Bonds.	Identify all projects that can be included in PFC #6 based on timing and airline approval.	Objective in process. This Objective and all activities will be complete by 5/31/03.

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Continue to work with Commercial Management and Legal to make sure all tenant lease requirements are properly in place.	Determine lease compliance regarding Finance, Commercial Management and Legal departments responsibilities for MSP tenants.
Complete all revenue analysis/RFP's/rates & charges models as requested or required.	Participate in any RFP's that could arise in 2003 and prepare new rates and charges for facilities as requested or required.
Continue to evaluate the budget process in order to streamline the process.	Timeframe to complete the budget process is shortened for all parties involved.
Identify funding sources for the continuation of the 2010 Capital Plan.	Complete necessary PFC applications and general airport revenue bond issues.
Begin RFQ process for Bond Counsel, Financial Consultant and Airport Consultant unless the contract can be extended.	If possible extend the contracts to 2005 to coincide with the opening of 17/35, if not possible to extend begin RFQ process in 4th quarter 2003.
Identify and implement short and long term cost saving measures.	Identify additional dollars saved for the organization that can potentially be used to fund security issues.
Maintain AA Bond Rating on senior general airport revenue bonds by sustaining a coverage account ratio of 1:4.	AA- Bond Rating maintained on senior general airport revenue bond as rated by Standard and Poors and Fitch.

2003 LONG TERM GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Job Transition/support	To make sure that each position within finance has the support and backup to continue to operate in the event of a disaster
Process improvement	Streamline budget process for both finance and end user
Continued work on RFP's, rates & charges and concessions as required	

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

FINANCE

2003 LONG TERM GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Runway 17/35 Opening	Finalize all accounting issues and properly maintain and record all property disposals and demolitions.

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ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

**MAC GENERAL
Service Center Summary**

	2001	2002	2003	\$	%
	Actual	Budget	Budget	Variance	Variance
Personnel	5,681,517	6,154,178	5,448,239	-705,939	-11.47%
Administrative Expenses	57,680	69,030	48,000	-21,030	-30.47%
Professional Services	32,850	34,000	34,000	0	0.00%
Utilities	11,043,971	10,641,651	11,203,417	561,766	5.28%
Operating Services/Expenses	1,980,091	1,469,200	1,260,500	-208,700	-14.21%
Maintenance	793,197	606,835	718,664	111,829	18.43%
Other	-1,031,127	-1,736,913	-1,730,277	6,636	-0.38%
Capital Assets	65,647,435	76,517,352	80,804,757	4,287,405	5.60%
Total Budget	84,205,615	93,755,333	97,787,300	4,031,967	4.30%

FULL TIME EQUIVALENT SUMMARY

	2002	2002	2003
	Actual	Budget	Budget
Full Time	0	0	0
Part Time	0	0	0
Total:			

MAJOR 2003 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Utilities	Rate increases along with facilities that became operational in 2002 and 2003 account for the change in utilities.
Maintenance	Gas-Diesel realized the largest increase in the maintenance area. This is partially the result of incorrect budgeting for the prior period. Gas-Unleaded is also projected to increase.
Other	The other category increase reflects a projected decrease in reimbursed expenses for the 2003 budget.

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ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

PURCHASING Service Center Summary

	<u>2001 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Personnel	300,129	311,987	311,563	-424	-0.14%
Administrative Expenses	39,139	41,100	41,100	0	0.00%
Professional Services		1,000	1,000	0	0.00%
Operating Services/Expenses	2,373	8,500	8,500	0	0.00%
Maintenance		500	500	0	0.00%
Other	2,105	5,000	3,520	-1,480	-29.60%
Total Budget	<u>343,747</u>	<u>368,087</u>	<u>366,183</u>	<u>-1,904</u>	<u>-0.52%</u>

FULL TIME EQUIVALENT SUMMARY

	<u>2002 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>
Full Time	6	6	6
Part Time	0	0	0
Total:	<u>6</u>	<u>6</u>	<u>6</u>

RESPONSIBILITY/FUNCTION

The Purchasing Department oversees purchasing, renting, leasing, selling and disposal of material, equipment, supplies, and most recently lost and found items. It also coordinates minor construction, repair and maintenance of real or personal property.

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Develop at least four contracts for the Airport Purchasing Group and conduct regular administration steps that will ensure the quality of those contracts	Product and administrative cost savings.	Four contracts were developed.
Finalize disposal of personal property policy.	A. Increase revenue from the sale of items. B standardized disposal process.	A disposal policy was approved by the Commission in April 2002. Revenue from the sale of surplus and Lost and Found property increased approximately 60% during 2002.
Develop an expertise of the utilities industry.	More efficient methods of using energy at the most efficient cost.	The first three phases of the Excel Energy Management Plan were completed. MAC purchased 30% of our natural gas on the futures market which kept prices for this item under budget.
Promote open communications and sharing of information between all MAC departments	By educating our departments and keeping communications open, departments will rely on the expertise of the purchasing department to acquire the commodities or service that will meet their need.	Four Purchasing Information/Training Meetings were held and the first Purchasing Newsletter was distributed. In addition, the first annual Purchasing Report for Executive and Deputy Executive Directors was produced.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

PURCHASING

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Improve the Commercial Card statement process by using the Internet	Eliminates managing PVS software at MAC. Eliminates the need to have MAC staff make changes at each desktop when PVS adds an improvement or revision to the Software.
Improve and reduce the JDE list of vendors in the JDE address book and creating standard text when adding new vendors.	Reduction in the number of vendors MAC hasn't used in the last three years and eliminate redundant vendor information thus reducing the size of the book.
Broaden staff involvement in contract administration	Increase the number of contracts by two, where staff will be the lead administrator.
Sustain and improve employee moral with an off-site staff meeting to recognize personal achievements, identify values being added to the MAC, brainstorm innovative processes.	1. One day off site 2. Add two initiatives that improve or expand current services being offered.
Enhance filing system and establish a retention schedule of documents.	Bid and proposal documents readily accessible by a third party. Cost of off site storage will be reduced.
Broaden information regarding mailroom services with MAC staff.	Publicize mailroom services at least twice a year to MAC staff.
Maintain MAC Purchasing involvement in the Airport Purchasing Group as a source for cooperative purchasing opportunities and sharing of professional expertise among member airports.	Attend annual meeting if travel and policy permits. Utilize the APG e-mail list of members for contract information quarterly.
Sustain and broaden Purchasing involvement in the sale of lost and found items and MAC surplus property.	Monthly process bids for surplus and lost and found items.
Maximize communication opportunities between all Departments and Commission.	1. Hold four (4) In Touch Meetings" 2. Produce an annual report to the Sr. Staff and Commission identifying savings, revenue, and values purchasing staff is adding to MAC
Promote business opportunities at MAC to vendor community by producing a Purchasing Pocket Guide.	Increase the number of new vendors that have never done business with MAC to broaden the vendor base.
Identify and pursue acquisition cost savings as well as maximize and identify new areas of revenue.	1. Maintain a list of acquisition savings for report at end of year to Commission. 2. Identify at least two new areas where Purchasing has increased revenue to MAC.
Broaden scope and expertise of the Purchasing Departments role in energy conservation and opportunities for financial savings.	1. Rebate opportunities to be explored. 2. Dollar Savings by buying gas on futures market as compared to not buying on the futures market.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

INTERNAL AUDIT Service Center Summary

	<u>2001 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Personnel	265,869	135,369	110,043	-25,326	-18.71%
Administrative Expenses	4,904	8,550	7,050	-1,500	-17.54%
Professional Services	99,836	105,280	105,280	0	0.00%
Utilities	1,167	0	0		
Operating Services/Expenses	209	0	0	0	0.00%
Total Budget	371,987	249,199	222,373	-26,826	-10.77%

FULL TIME EQUIVALENT SUMMARY

	<u>2002 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>
Full Time	2	2	2
Part Time	0	0	0
Total:	2	2	2

RESPONSIBILITY/FUNCTION

The Internal Audit Department is responsible for conducting audits according to internal auditing standards and applicable compliance requirements. The objectives of audits include, but are not limited to, evaluation of controls, verification of revenues and expenditures, effectiveness and efficiency of policies and procedures. The audits include MAC tenants, concessionaires, consultants, and vendors. Audit results are communicated to the appropriate agency heads and committees

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Develop construction audit schedule and conduct construction audits	Decreased costs to MAC & potential refunds for overbillings for services	Due to budget and personnel constraints this item was deferred.
Develop & monitor annual audit schedule	Increased revenues & decreased costs to MAC	Completed the audits of one concessionaire and four reliever airport tenants resulting in the recovery of \$1,139,733 in unreported revenue and reimbursable expense.
Develop a comprehensive summary of Northwest Airline financial activities and develop an audit plan to conduct reviews by financial actives	Revenues due to MAC	Due to budget and personnel constraints this item was deferred.
Standardize audit workpapers	Efficient & consistent method to communicate to staff & consultants workpaper standards. Ensures compliance with auditing standards.	Workpapers have been standardized.
Identify & document IS modules throughout the MAC and develop an IS audit schedule for these functions	Reduce IS costs by identifying & improving IS controls	Due to budget and personnel constraints this was item was deferred.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

INTERNAL AUDIT

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Develop and Update Audit Plan	Summary of Audit Activity
Provide written communication within 30 days regarding the audit departments ability to respond to MAC staff requests.	Written response to MAC staff audit requests issued within 30 days
Conduct Follow-up review of prior year audits to ensure collection of amounts due per audit findings	Identify revenues resulting from audit findings that have not been collected.
Audit two car rental operators	Audit Report summarizing results of audit

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

IS Service Center Summary

	2001 Actual	2002 Budget	2003 Budget	\$ Variance	% Variance
Personnel	996,107	1,041,028	1,080,799	39,771	3.82%
Administrative Expenses	108,359	29,335	30,670	1,335	4.55%
Professional Services	33,367	250,000	225,000	-25,000	-10.00%
Utilities	11,976	5,000	3,900	-1,100	-22.00%
Operating Services/Expenses	363,120	272,400	380,693	108,293	39.76%
Maintenance	375	0	0	0	0.00%
Other	41,628	25,400	91,600	66,200	260.63%
Total Budget	1,554,931	1,623,163	1,812,662	189,499	11.67%

FULL TIME EQUIVALENT SUMMARY

	2002 Actual	2002 Budget	2003 Budget
Full Time	16	16	16
Part Time	0	0	0
Total:	16	16	16

RESPONSIBILITY/FUNCTION

The Information Services department provides leadership to the MAC in identifying and using technology. This includes reviewing and approving plans, budgets and purchases for technology. The IS department works with MAC departments in analyzing needs and implementing business solutions that employ technology. This includes analysis, design, selection, acquisition, installation and support of hardware, software, network and telecommunications technologies.

MAJOR 2003 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	The increase in controllable expense is \$1,386.00 of overtime reflecting potential IS staff 24 X 7 support for the new telephone system. Funds for this increase come from a reallocation within the cost center caused by reducing Professional Services - Communications Consulting by \$25,000.00. Personnel costs also reflect a variance due to corrections in the budgeting process to reflect historical actual dollar amounts.
Operating Services/Expenses	<p>Cost increases result from both embedded cost increases and support of new facilities. Specifically:</p> <p>Multi-year IBM computer maintenance agreements will need renewal in 2003 - \$24,750.00. Because they are multi-year contracts, the costs showed as 0.00 in 2002.</p> <p>New facility support totals \$58,081.95 including Humphrey terminal network support, SONET maintenance supplies, Finance department printer, network firewall hardware and software support and support for new telephone systems including the Terminal courtesy phones.</p> <p>Price increases in established maintenance agreements total \$ 26,150.99. These include JD Edwards software, Police and Communications Center software and radio maintenance, installation and repair.</p>
Other	The increased cost reflects expected growth in the number of alphanumeric pagers in use as part of the emergency notification systems.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

IS

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Develop automated timesheet processing for Field Maintenance	Reduce the time required to process timesheets each pay period. Increase accuracy of data. This may apply to other MAC departments as well.	No work was done on this in 2002. No work will be done in 2003 without added funds and staffing.
Develop and implement a repository for Geographical Information Systems data and AutoCAD blueprint data for the MAC.	New capability to share drawings and map information from a single source for the MAC facilities and campuses.	A trial project was attempted using the GIS system at the Aviation Noise and Satellite Programs department and data from the Reliever Airports Department to map reliever airport leases. Some drawings were produced on the web. The effort stalled when it became clear that there is no ongoing mechanism to tie the Reliever data into the mapping system. It is also clear that the present mapping system will not be able to form the basis for a corporate-wide capability to map various sets of data for technical, political and capability reasons. This objective will only be attainable if adequate resources become available.
Establish Storage Area Network (SAN) as technology to manage stored data with a high degree of safety and recovery capability.	Elimination of data loss from hardware failures. This is a key component of disaster recovery for I.S.	Plans have been developed to provide SAN results with lower cost technology using Network Attached Storage (NAS) and software for mirroring data among redundant storage equipment. Failover to alternate equipment will be established for key services like email. Implementation will be completed by the third quarter of 2003.
Evaluate desktop operating software and migrate MAC PCs to selected products.	Standardized PC environment with up-to-date software. Reduce support requirements and costs.	MAC PCs supported by the IS Department have been migrated to a single operating system with standardized desktop software. This will reduce support requirements and costs.
Expand IT support of MAC departments	Improved service and reduced costs	Significant new support is being provided to the Landside Operations Department. IS Department staff have revamped and taken responsibility for the Landside network infrastructure including a number of servers, replacing a consultant from GateKeeper Systems.
Continue Internet, Intranet, Extranet development in concert with Public Affairs, Human Resources, Airport Development	Internet site provides info per Public Affairs plans. Intranet site provide employee services per Human Resource plans. Extranet provides construction plans and GIS info and standards per Airport Development plans.	MAC's Internet web site was completely redesigned and rewritten. The Aviation Noise and Satellite program web site was incorporated with the MAC web site. Minimal work was done on the MAC Intranet. Construction plans were removed from the MAC Extranet because of security concerns.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

IS

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Upgrade MAC radio systems	Improve communications. Eliminate obsolete, unsupported equipment in key activity.	Four receivers and one transmitter were added for the Police Department which significantly enhanced coverage on the campus. Required planning and budgeting for 800 MHz system requirements were completed.
Review Human Resources and Finance JD Edwards processing and migrate as appropriate to JD Edwards OneWorld software.	Key processes supported more effectively by software, ease of use improved so MAC staff have better access to critical information.	Existing JD Edwards software will be used for the hiring processes replacing a number of separate, unrelated databases. Implementation is scheduled for first quarter, 2003.
Implement budget system	Improved budgeting for operations, capital equipment and staffing including three year forecast preparation.	The budget system built by an IS Department consultant was expanded and improved as opposed to purchasing a budget software package. Capital equipment budgeting is not yet included. Staffing forecast capability is included but has not been needed or used because of the MAC's hiring freeze .
Develop an information technology project review and priority setting process with Senior Staff.	Clear management decisions about which IT projects should be done and in what order.	A process for review of all proposed Information Technology plans and budgets by the IS department was established. Priorities were set by the Executive Director in consultation with the Senior Staff.
Design, obtain and implement a lease management system.	Establish automated ability to manage MAC leases of all types. Improve income by timely application of lease terms.	The groundwork has been laid for the Commercial Management and Airline Affairs Department to use existing JD Edwards Software for managing leases of all types. Reports have been created to provide critical date information. All leases are being scanned for electronic reference. Improvements to the system for filing leases have been suggested. Implementation of JD Edwards use is scheduled for first quarter, 2003.

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Upgrade MACNET infrastructure	<ul style="list-style-type: none"> - Increase capacity to handle increasing needs for communication. - Improve redundancy and failure protection to keep network availability at 99%+ in the event of disaster.
Review and approve telecommunications permits for work done at the MAC involving any cabling or telecomm related construction or installation.	<ul style="list-style-type: none"> - All permit applications are reviewed within 2 days of receipt with response to the applicant within 2 days. - Telecomm-related work at the MAC meets MAC-established standards.
Upgrade 150 desktop PCs	<ul style="list-style-type: none"> - Enable PCs to run current product versions which is not possible now. - Reduce or eliminate repair costs for machines that will be 6 years old. The expected life is 3 years.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

IS

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Support application systems in use including: - Police and Communications VisionAir products - AlertCast system - Maintenance, Airside, Comm - CFA and PetroVend - Maintenance - SITA / SEATS - Humphrey Terminal - JD Edwards - Finance, HR, Airport Dev	Applications are available for use 95%+ of the time. Problems are addressed within 8 hours of being reported to IS
Support MAC radio and wireless systems. This includes: 1) 4 existing MAC radio systems (Fire, Police, Administration and Maintenance) 2) Wireless systems: cell phones, pagers, wireless Internet access with Concourse Communications and other wireless sys	Radio systems are available 99%+ of the time. Radio coverage is at acceptable levels across the MAC campus. Wireless technologies in use do not interfere with each other.
Support telephone systems. This includes: 1) PBX system with 500+ telephones 2) 180 courtesy telephones in the terminals 3) Various phone services from Qwest including elevator, other emergency-related phones.	Telephone service will be available 99%+ of the time.
Support network, servers and server-based software. This includes: 1) 30 servers with 140 GB of user storage 2) 600+ network nodes across MAC campus 3) 12+ system software products - Outlook / Exchange email for 650 users - Web servers - Anti Virus	1) Network will be available 99%+ of the time 2) System software will be available 99%+ of the time. 3) Virus attacks will be deflected without serious consequences for MAC staff. 4) Web filtering will prevent problems arising from visits by staff to inappropriate sites.
Support desktop hardware and software for the MAC. This includes: 1) 315 PCs 2) 74 networked printers, 75 standalones 3) 20+ different desktop software products	Desktop hardware functions 95%+ of the time. Software products supported by the IS department have software-related problems addressed within 8 hours of being reported.
Proactively manage and respond to expense variances.	IS department will complete 2003 within budget.

2003 LONG TERM GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Develop and continue to update an overall plan for using technology at the MAC.	MAC technology direction is established and recognized across the organization.
Develop and maintain capabilities for sharing information across the MAC.	Single recognized sources for key data are shared among MAC departments.
Build MAC-wide information systems and technology coordination.	1. MAC-wide standards for hardware and software emerge from Enterprise Technology Group efforts. 2. Specialized hardware and software resources are able to be used by MAC departments beyond the department that acquired them.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

SAFETY Service Center Summary

	<u>2001 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Personnel	113,972	116,534	118,184	1,650	1.42%
Administrative Expenses	6,256	2,850	2,850	0	0.00%
Professional Services	12,577	48,000	26,697	-21,303	-44.38%
Utilities	840	1,000	0	-1,000	-100.00%
Operating Services/Expenses	75	2,000	2,000	0	0.00%
Other	6,069	15,600	15,600	0	0.00%
Total Budget	139,789	185,984	165,331	-20,653	-11.10%

FULL TIME EQUIVALENT SUMMARY

	<u>2002 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>
Full Time	2	2	2
Part Time	0	0	0
Total:	2	2	2

RESPONSIBILITY/FUNCTION

The Safety service center develops programs to ensure compliance with applicable federal/state and local safety regulations for the MAC employees in the Minneapolis-St. Paul area. Safety is also responsible for maintaining organizational and departmental safety programs; performing surveys, and analysis and inspections.

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Continue to respond in a timely fashion to safety concerns of MAC personnel.	A safer work environment.	This is a prime, ongoing responsibility of the Safety Department and will continue to be implemented in a timely fashion.
Continue to improve the quality and effectiveness of MAC employee safety programs.	A continuation in the lowering in the number and severity of injuries to MAC employees.	Training for MAC employees is completed for this year. Training for next year will be updated and presented as needed.
Continue to work with Airport Development to ensure the safe performance of construction activities on the MAC Campus.	The performance of safe construction activities with a minimum number of injuries.	This is an ongoing process and changes as construction activities change.
Maintain and refine the MAC Fleet Safety Program.	A comprehensive record of fleet accidents, their associated costs and a process help eliminate them.	This is an ongoing project.

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Visit non-aviation facilities on a regular basis to ensure there is no unsafe or hazardous exposures to the public.	Document the number of visits by either Keith Causin or Jim Karels.
Visit each of the reliever airports at least once per month throughout the year.	Document the number of visits by either Keith Causin or Jim Karels.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

SAFETY

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Develop and implement safety and training presentations on topics other than what OSHA requires.	An expanded view of safety both at home and at work.
Develop and present 2 safety meetings/year to the General Office personnel with any associated costs to be within my current budget.	The presentation of 2 safety meetings so that the G.O. staff has the opportunity to be exposed additional safety knowledge and that they have the opportunity to inquire about safety here at the MAC.
Minimize regulatory violations and help protect employees from injury by ensuring that all required OSHA training is conducted and documented.	Ensure that all MAC departments are up to date on all OSHA required training and that said training is documented and entered into the organizational database.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

OPERATIONS Service Center Summary

	<u>2001 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Personnel	160,162	157,607	158,246	639	0.41%
Administrative Expenses	8,896	5,743	5,743	0	0.00%
Utilities	328	500	0	-500	-100.00%
Operating Services/Expenses	130	300	300	0	0.00%
Other	171	0	0	0	0.00%
Total Budget	169,688	164,150	164,289	139	0.08%

FULL TIME EQUIVALENT SUMMARY

	<u>2002 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>
Full Time	2	2	2
Part Time	0	0	0
Total:	2	2	2

RESPONSIBILITY/FUNCTION

Responsible for oversight and administration of those departments that manage the day to day operations of MAC's system of airports. These departments incorporate Police, Fire, Landside, and Airside Operations, Reliever Airports and Maintenance. A primary role is that of staff liaison for the Management and Operations Committee. Working with the Chair of the Committee, the responsibility is to ensure the effective conduct of business through the committee process of all operations issues. Finally, the position involves substantial participation at the senior staff level in policy development, strategic planning and interdepartmental coordination.

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Represent MAC and US airports' interests on Aviation Security related issues in both the National and International arena; gain expertise on all aviation security issues.	Sustained and increased reputation in the industry for expertise in the field of aviation security and credibility established with interested stakeholders at the local, national and international level; minimized confusion and disruption to airport operations caused by new federal security mandates; timely response to security mandates affecting MAC
Create a succession plan for the Airport Director Position	Identified personnel who can assume responsibilities upon the retirement of the Airport Director
Create a nexus between Commission decisions on capital projects and approvals for resulting additional operating and maintenance costs	Reduction of discussion on O&M budget during the budgeting process
Develop a cost/benefit analysis for capital project decisions that incorporates on-going O&M costs	Minimization of future operating and maintenance costs caused by design and materials decisions made in the CIP process
Act as the Senior Staff proponent for a review of the MAC's sources and uses of funds and the policies within which those decisions are made.	Agreement at the senior staff level that funding resources are directed appropriately
Analyze departmental revenues and expenses to determine most effective and efficient operating procedures	Reduced relative costs (relative to the size and demands of the operating environment) and maximized revenues on the seven airports

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ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

ADO - GENERAL Service Center Summary

	<u>2001 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Personnel	358,091	316,488	315,979	-509	-0.16%
Administrative Expenses	48,292	25,150	25,150	0	0.00%
Professional Services	195,413	165,250	165,250	0	0.00%
Utilities	2,514	2,500	0	-2,500	-100.00%
Operating Services/Expenses	34,016	12,400	49,450	37,050	298.79%
Maintenance	347,677	134,000	118,195	-15,805	-11.79%
Other	18,390	10,000	13,200	3,200	32.00%
Total Budget	<u>1,004,394</u>	<u>665,788</u>	<u>687,224</u>	<u>21,436</u>	<u>3.22%</u>

FULL TIME EQUIVALENT SUMMARY

	<u>2002 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>
Full Time	4	5	5
Part Time	0	0	0
Total:	<u>4</u>	<u>5</u>	<u>5</u>

RESPONSIBILITY/FUNCTION

The Airport Directors Office responds to both the operational and maintenance needs of the traveling public, outside agencies, airlines and tenants. Considered the "landlord" of MSP, customer service is a key element of this department. Special events and terminal complex activities is coordinated through this office.

MAJOR 2003 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Operating Services/Expenses	The increase in this area include: 1. a \$40,000 transfer for CSAC from 82050 into 82000. 2. A increase in Emergency preparedness from \$900 to \$1500. MSP will have 3 small-scale drills to test and improve our emergency response. 3. A transfer from general 7120.OTHER (Emergency Preparedness) - \$3200 to 9260 for Family Reception Area.
Other	This is a transfer of \$3200 from 7120.OTHER - general emergency preparedness into a category for Family Reception Area. After the 2002 drill, it became apparent that more needs to be done at the Humphrey for emergency preparedness - this increase includes addition phone lines, equipment and supplies for emergencies.

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Create a single call point, 24-hour/day Airport Ops Center to respond to concerns of tenants and traveling public for all operational problems/customer concerns.	The pooling of personnel by various operational departments will provide efficiencies by having one, 24-hour operation to handle all operational problems/customer concerns.	Deferred due to budget cuts.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

ADO - GENERAL

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Ensure positive customer service with integration of TSA into MSP workplace	Feedback from surveys
Restructure & sustain customer service training for front line employees	Number of employees trained, IATA survey
Integrate customer service principles/projects into MAC business plan	Number of customer service objectives, employee ratings completed and average score of customer service performance.
Develop project initiatives (Theme) and build spirit/camaraderie at MSP	The number of initiatives implemented
Create customer service theme to rally tenant/vendor and MAC in displaying a customer service culture at MSP.	Feedback from various measuring tools (surveys, etc.)
Encumber Federal grant dollars for purchasing emergency preparedness equipment.	Secure funds and purchase minor emergency preparedness equipment.
Small-scale exercise will be conducted for MAC & non-MAC emergency plan participants on a quarterly basis.	Test specific aspects of Plan as well as departmental plans/procedures. Exercises will be reviewed and results documented
Provide incident training to MAC first and non-first responders. Training has been developed in-house and will be done in-house and conducted during scheduled hours so overtime is minimal.	The effective use of Incident Command will improve the emergency response command and control.
In conjunction w/Airport Emergency Plan revision, MAC departmental procedures will be reviewed and revised.	Ensure that dept. plans & procedures are in accordance with Emergency Plan. This will help ensure timely/effective responses to emergencies at MSP.
The FAA required Airport Emergency Plan needs to be revised and distributed annually.	The annual review & revision is required by the FAA and ensures that the Plan will be current and effective.
Activate field maintenance reorganization plan to provide more efficient use of personnel and equipment.	Tasks being accomplished in the areas of paving, landscaping, crack sealing, and personnel management. Improved work relationships and cooperation of construction tasks with A/P Development.
Work with airlines, Transportation Security Administration and MAC departments to produce a quality security program for MSP. Special emphasis on customer services and workability aspects of plan.	Observation and feedback regarding ease of use, processing times, and overall airport experience.

2003 LONG TERM GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Conduct a FAA required, full-scale emergency exercise.	
Since Emergency Planning for MSP is crucial, more time/effort needs to be dedicated for planning, implementing and testing MSP's Emergency Response Plan.	Hiring a full-time manager devoted to emergency preparedness at MSP and the Reliever Airport system.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

CONFERENCE CENTER Service Center Summary

	<u>2001 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Personnel	273,568	291,279	102,242	-189,037	-64.90%
Administrative Expenses	10,656	15,160	11,260	-3,900	-25.73%
Professional Services	525	0	0	0	0.00%
Operating Services/Expenses	111,443	108,300	40,035	-68,265	-63.03%
Maintenance	853	1,200	1,200	0	0.00%
Other	1,976	4,025	4,025	0	0.00%
Total Budget	399,021	419,964	158,762	-261,202	-62.20%

FULL TIME EQUIVALENT SUMMARY

	<u>2002 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>
Full Time	4.5	5.5	2.5
Part Time	0	0	0
Total:	4.5	5.5	2.5

RESPONSIBILITY/FUNCTION

The Conference Center is a revenue-generating operation providing rental of eight rooms in the center, rooms 3207 and 3185, Captain's Corner in Fletcher's Wharf (at the Humphrey), and the Hideaway in TGIF. It services the public, tenants, and MAC. Because of its location, many individuals stop and ask for directions and where to locate tenants.

Additionally, the center offers various other amenities and services to clients such as photocopying, faxing, and wireless internet access.

The Conference Center and Call Center had been operating under the 82050 service center since the Call Center's inception. However, in 2003, the Call Center will have its own service center (82060).

MAJOR 2003 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	The decrease in Personnel is attributable to transferring the employees affiliated with the Call Center to a new service center.
Administrative Expenses	Call Center costs were transferred to Call Center budget (82060).
Operating Services/Expenses	Call Center costs were transferred to its own service center (82060). Monies were transferred between line items to cover operating costs. CSAC line item (7130.70) which holds \$40,000 was transferred to the ADO budget (82000.7190.70). The catering line item (7100.catering.70) was decreased by \$20,000. The marketing line item (6750.71) was decreased to \$2,035.

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
To see client usage in the conference center continue to grow.	The center will be filled and back up to the business levels prior to 9/11/01.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

CONFERENCE CENTER

2003 LONG TERM GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Start research on a new reservation/financial reporting system for the conference center.	To be able to input information only once and have a variety of reports print (e.g. reservation, invoice, marketing data, interface with JD Edwards). This will help Finance keep track of the center's income/expenses.
Upgrade/Replace audiovisual/technology needs in the conference center.	To insure that the audiovisual/technology in the conference center is operational and can meet all clients needs.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

CALL CENTER Service Center Summary

	2001 Actual	2002 Budget	2003 Budget	\$ Variance	% Variance
Personnel		0	146,317	146,317	100.00%
Administrative Expenses		0	4,200	4,200	100.00%
Operating Services/Expenses		0	5,000	5,000	100.00%
Total Budget			155,517	155,517	100.00%

FULL TIME EQUIVALENT SUMMARY

	2002 Actual	2002 Budget	2003 Budget
Full Time	0	0	2
Part Time	0	0	0
Total:	0	0	2

RESPONSIBILITY/FUNCTION

The MAC Call Center is responsible for answering the airport general information line, two numbers on the courtesy phones, and performing a large portion of the paging function in the airport. In 2001, the center received 152,164 calls. In 2002 the center received 185,503 calls. There are approximately 220 courtesy phones (in Lindbergh and Humphrey terminals).

Since 911, there has been a dramatic increase in paging requests due to non-ticketed passengers not being admitted through security. The Call Center is the calling customer's first contact with the airport. Therefore, a good first impression must be made.

The center is open seven days a week, 14 hours a day. Therefore, it gets many calls that should go to specific departments after their closing time. The staff help these callers and give them as much information as they have available. The center's staff is professional and informed.

MAJOR 2003 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	<p>These monies were budgeted for the Call Center when it was included in the Conference Center budget (82050). A new service center was created for the Call Center (82060) and these monies were transferred over.</p> <p>Currently operating with 2 temporary workers from an agency. The cost is included in Personnel. An increase in overtime will show a more realistic picture of what is needed to cover the center during sick and vacation times.</p>
Administrative Expenses	<p>These monies were budgeted for the Call Center when it was included in the Conference Center budget (82050). A new service center was created for the Call Center (82060) and these monies were transferred over.</p>
Operating Services/Expenses	<p>\$2,700 needed to cover cost of renting furniture for Call Center. The ADO was paying for this in 2002 out of its emergency money. \$1,000 needed to cover replacement/repair of headsets in the center. These are a necessity in day-to-day operations. \$1,300 was budgeted for 7270.10 for the Call Center when it was under the the Conference Center budget (82050). This amount was transferred over to the new Call Center budget (82060).</p>

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

CALL CENTER

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Purchase a network printer for the Call Center.	Ability to print from all computers in the center, not just the computer housing the e-mail.

2003 LONG TERM GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Continue to work with Airside on the AOC concept.	To provide a center that houses information from all departments and that can operate 7 x 24. The airport is open 7 x 24; therefore, there should be an operations center that can help/answer any questions at any time.
Pursue an upgrade or replacement to the telephone system in the Call Center.	Ability to integrate with the Mitel system that the majority of MAC received in 2002.
Move Call Center to new space within Airside Operations.	Airside will be able to share information with the Call Center as it happens. The Call Center will also benefit from the systems that Airside uses.
Pursue having the status of the 3 MAC PT regular employees in the Call Center changed to FT regular.	The employees are accruing benefits based on the fact that they work full time hours; therefore, their status should be full time.
Pursue having the 2 PT temporary employees working in the Call Center replaced with 2 FT regular MAC employees.	The ability to provide consistency and reliability in a department that is rapidly growing.
Pursue a PT regular position for the Call Center.	This position, along with the others requested, would bring the Call Center staffing up to 5.5 persons. This is the staffing needed in order for the center to continue running and providing good customer service.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

AIRSIDE OPERATIONS Service Center Summary

	2001 Actual	2002 Budget	2003 Budget	\$ Variance	% Variance
Personnel	889,924	843,666	866,181	22,515	2.67%
Administrative Expenses	61,556	44,975	44,975	0	0.00%
Professional Services	85,141	146,500	190,500	44,000	30.03%
Utilities	10,932	7,500	5,850	-1,650	-22.00%
Operating Services/Expenses	29,662	27,000	55,600	28,600	105.93%
Maintenance	2,814	2,000	2,000	0	0.00%
Other	17,974	26,100	66,100	40,000	153.26%
Total Budget	1,098,002	1,097,741	1,231,206	133,465	12.16%

FULL TIME EQUIVALENT SUMMARY

	2002 Actual	2002 Budget	2003 Budget
Full Time	12	12	12
Part Time	0	0	0
Total:	12	12	12

RESPONSIBILITY/FUNCTION

The primary responsibility/function of the Airside Operations Department is to maintain a safe and efficient airfield at MSP. This is accomplished by providing the following three key services: 1) Continuously monitoring and reporting airfield conditions and related information such as weather forecasts and surface conditions; 2) Participating in the planning, coordination, and managing of airfield operations, airfield systems, airfield projects and airfield emergency response. This is done by working closely with other MAC departments, airfield tenants and regulatory agencies; and 3) Receiving, evaluating and forwarding calls for service for the airfield at MSP, as well as non-airfield facilities and other MAC airports that do not have staff available 24 hours per day.

MAJOR 2003 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel costs reflect a variance due to corrections in the budgeting process to reflect historical actual dollar amounts.
Professional Services	The increase in Professional Services is attributed to the consolidation of the University of Minnesota's Goose Control Contract for MSP and STP.
Operating Services/Expenses	The increase in Operating Services/Expenses is attributed to the requirement for hardware and software maintenance agreements for the MSP Driving Simulator as per contract.
Other	The increase in costs for Other is attributed to staff trying to meet the federal requirement to identify all drivers on the AOA and ensure that they are familiar with the airport's procedures for operation of ground vehicles and the consequences of noncompliance.

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Foreign Object Debris (FOD) prevention - - Establish and implement an MSP FOD prevention program	Reduce aircraft engine damage, reduce taxiway and runway downtime to remove FOD, and increase safety for customers	Working with the MSP Safety Committee, Airside staff helped develop and implement the MSP FOD Committee which meets on a monthly basis.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

AIRSIDE OPERATIONS

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Implement program for using the NASA Future Flight Central technology to simulate operations on new airfield infrastructure.	Reduce delays by establishing efficient and safe operating procedures in a virtual environment, prior to activating new runways, taxiways and ramps at MSP.	This project was postponed due to financial considerations.
Conduct bi-monthly small-scale emergency exercises.	Test the functional annexes of the MAC Airport Emergency Plan (AEP).	The large scale exercise scheduled for September, 2001 was re-scheduled for May, 2002. The small scale exercises were rescheduled for 2003.
Provide Emergency Response Training for MAC Police, Fire, Airside Operations, Field Maintenance and Communications Departments.	All of the departments identified will be able to respond to incidents and use the incident command structure for managing emergency response.	Some training was accomplished in conjunction with the large scale exercise. Additional time was needed to develop a new Incident Command Training program. The Incident Command Training program is scheduled to begin in January 2003 and will include the MAC Facilities and Landside Operations Departments.
Vehicle Registration -- Develop an administrative program which will approve, identify, and track vehicles authorized to operate on the AOA per the MSP Drivers' Licensing Program.	1. MAC will be able to approve and authorize vehicle usage for all vehicles operating on the AOA. 2. Along with airside safety needs, this program will meet the liability and security needs and requirements of Risk Management and Airport Police.	This program has been put on hold due to financial considerations.
Driving Simulator -- Continue with the integration of the MSP Driving Simulator System into the MSP Drivers' Training Program.	The use of the driving simulator as part of the Movement Area Training Program.	The Driving Simulator Project is approximately 90% completed and is expected to be finalized sometime in the 1Q 2003. Once the simulator is brought on line, staff will fully integrate this system into the MSP Movement Area Drivers Training Program.
Drivers' Training -- Continue with the implementation and administration of a comprehensive training program for all persons required to operate a vehicle on the airport, as required by FAR Part 139.	Training programs that meet the needs of all airport drivers so that they can meet the requirements of the MSP Drivers' Licensing Program.	Staff continues to oversee and participate in the MSP Driver's Training Standards Board which is responsible for all aspects of Movement Area driving. The original scope of the project has been downsized due to reprioritization of funding and the results are expected to be limited. In 2003, Airside staff will develop and distribute training standards and materials for use by all MSP drivers.
Drivers' Licensing -- Continue with the implementation of an administrative licensing, enforcement and appeals program for all drivers required to operate a vehicle on the airport.	A comprehensive system that provides authorization, rules and consequences for non-compliance for all drivers on the airport.	The MSP Driver's Licensing Program was put on hold due to financial concerns. Airside staff continues to manage the MSP Movement Area Driver's Licensing Program and will work with the FAA and MSP tenants to develop an interim program that identifies all drivers at MSP.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

AIRSIDE OPERATIONS

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Ft. Snelling National Cemetery Wildlife Management Program -- Manage the administration and implementation of the Ft. Snelling National Cemetery Wildlife Management Program.	The development of a collaborative attitude and effort between the MAC and the Cemetery in reducing wildlife hazards to air operations at MSP, posed by wildlife at the Cemetery.	Airside staff has successfully developed a collaborative wildlife management program with the Ft. Snelling National Cemetery and is evidenced in the continuing cooperation between both staffs in helping to reduce hazards to aircraft posed by wildlife in and around the cemetery.
MSP Bald Eagle Study -- Oversee the implementation of the study and control of Bald Eagles in the vicinity of MSP.	Provide information and recommendations that will lead to good management of Bald Eagles around MSP in order to provide a safe environment for air operations.	The project was started in 2001 and was postponed after 3 months of work due to MAC's financial status after 9/11/01.
2002 Airport Construction Information -- Disseminate to the community and airport users operational impacts associated with 2002 construction.	Provide the community with projected runway use associated with a shortened runway 04-22. Advertise airport restrictions to air carrier flight operations departments to facilitate load planning and eliminate last-minute changes and flight delays.	Completed.
Airport Operations Control (interim) Facility -- Provide increased tenant/customer service by operating a 24/7 facilities monitoring and customer service center.	Operate an interim AOC in the current Airside office. AOC personnel will monitor airport systems, answer the main airport telephone line, provide customer service/information, initiate terminal pages and process facilities service calls.	This project was put on hold for financial reasons. Discussions continue between Airside staff and other departments on how to best integrate services and resources to create an interim Airport Operations Control Facility.
FAR Part 139 Training -- Establish a recurrent airfield regulations training and review program for Airside personnel.	Have in place training procedures and record keeping in advance of proposed requirements defined in the draft revision of FAR Part 139 -- Certification and Operation of Air Carrier Airports.	Staff has designed, developed and implement a knowledge based review program pertaining to all aspects of Airside Operations functions.
Regional Aircraft Ground Movement -- Facilitate discussions between regional carriers, air traffic control and the MAC to establish procedures delegating control and responsibility for aircraft movement in a ramp area to the regional carriers.	Initiate procedures for the safe and efficient movement of aircraft in and out of the ramp adjacent to the A and B concourses. Establish a blueprint for future 'ramp control' operations at other MSP ramp locations.	Procedures have been developed and implemented.
Runway Incursion Prevention / SMGCS -- Install above ground runway guard lights at all taxiway intersections with runway 12R-30L.	The installation and activation of runway guard lights along runway 12R-30L to warn aircraft and vehicles they are approaching a runway environment. Designed for low-visibility operations, continuous operation planned to prevent runway incursions.	All runway guard lights have been installed and will become operational effective 1/23/03 with the activation of the CAT IIIa system for runway 12R-30L.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

AIRSIDE OPERATIONS

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Continue with the participation in and implementation of the MSP 2010 Plan.	-
Continue with the implementation and enhancement of the MSP Wildlife Hazard Management Program.	Reduction in the number of wildlife strikes from CY 2002.
Continue with the implementation and enhancement of the MSP Safety Self-Inspection Program.	Zero defect certification inspection by the FAA.
Continue with the development, implementation and enhancement of the MSP Runway Incursion Prevention Program.	All vehicle operators on the AOA are trained, tested and licensed. Reduction of Vehicle Pedestrian Deviations from CY 2002.
Continue with the development, implementation and enhancement of department protocols and procedures designed to minimize the possibility and extent of personal injury and property damage on the airport in an emergency.	All department emergency checklists are updated and revised if necessary.
Continue with the implementation and enhancement of the MSP Snow and Ice Control Plan.	The MSP Snow and Ice Control Plan is implemented in a timely manner.
Maintain sufficient qualified personnel to comply with the requirements of the MSP Airport Certification Manual and applicable rules of FAR Part 139.	Four license clerks are hired. A Knowledge Building Exercise is created every month. Airside staff receive the necessary technical training required to complete their jobs.

2003 LONG TERM GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Airport Operations Control (AOC) facility - Establish a facility to centralize communications, systems monitoring and tenant/customer service	Define scope and responsibility of an AOC facility. Place hold space in the proposed North Terminal expansion project. Construct and furnish the facility. Time frames driven by timing of the North Terminal project.
Aircraft Deicing - Determine ultimate MAC deicing policy in consideration of the availability of five remote deice pads.	Evaluate and choose among the following options: 1) maintain terminal plug/pump system to support off-gate deicing, 2) mandate remote deicing, 3) consortium deicing, 4) other. Issue revised MSP Deicing Field Rule prior to 10/15/04
MSP Surface Movement Guidance Control System (SMGCS) - Append plan to define safe and controlled aircraft movement procedures to and from runway 17-35 during periods of reduced visibility.	Have revised SMGCS plan available for FAA review prior to 06/01/04. Plan implemented by 12/01/04

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

COMMUNICATIONS Service Center Summary

	<u>2001 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Personnel	652,665	688,432	713,306	24,874	3.61%
Administrative Expenses	14,087	11,595	11,357	-238	-2.05%
Professional Services	76	13,000	0	-13,000	-100.00%
Utilities	1,696	950	740	-210	-22.11%
Operating Services/Expenses	22,042	17,791	15,891	-1,900	-10.68%
Maintenance	27	0	0	0	0.00%
Other	6,602	8,314	8,601	287	3.45%
Total Budget	697,195	740,082	749,895	9,813	1.33%

FULL TIME EQUIVALENT SUMMARY

	<u>2002 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>
Full Time	14	14	14
Part Time	0	0	0
Total:	14	14	14

RESPONSIBILITY/FUNCTION

The Communications Center is the 911 public safety answering point for the entire airport community. This department operates 24 hours a day, 7 days a week. The Communications Coordinators make critical decisions to ensure the safety of the passengers, tenants, police officers, firefighters, and other users of the Mpls/St. Paul International Airport. This department receives, prioritizes, and disseminates information for emergency and non-emergency calls for service. Coordinators are responsible for dispatching and monitoring police, fire, and EMS responses for emergency and non-emergency situations. Members of this department maintain location and status of responding units utilizing the computer aided dispatch system and ensure that the current availability, status, and safety of all deployable resources is known. Staff makes decisions as to appropriate notification for issues regarding airport security, aircraft incidents, and weather conditions as they arise.

The center receives teletypes, telephone and radio information regarding public safety issues, including officer safety, wanted/missing persons, stolen vehicles, property, and guns. Coordinators receive sensitive information and make decisions regarding dissemination of such matters. Staff members initiate and evaluate inquiries from the state computer terminal as requested from the police department. They also retrieve and evaluate criminal history records at the request of law enforcement personnel and disseminate in accordance with Data Privacy Laws.

Communications staff are the designated operators of the secured card access system. They receive alarms, which include checkpoint duress alarms, forced and held open door alarms, and electric field gate alarms, and dispatch personnel to the appropriate location. Coordinators monitor and control access to restricted areas of the airport through the operation of this system.

The Communications center also houses the Honeywell fire alarm system. This system has over 5,000 devices that are monitored, including fire alarms, smoke detectors, and water flow alarms. Coordinators analyze this information and dispatch appropriate personnel. We operate the closed circuit television camera system, which has approximately 850 cameras throughout the main terminal, HHH, parking ramps, and roadways.

This department operates a computerized paging system for locating and paging passengers and to make terminal announcements regarding security issues, severe weather, and other emergency situations. We provide the only airport wide paging service from 10 PM to 7 AM.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

COMMUNICATIONS

MAJOR 2003 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	2003 overtime hours will remain the same as 2002. This is an optimistic goal due to recent staffing concerns. Other increases in this category are in training and organizational/regulatory requirements. New staff members require learning tools such as APCO (Association of Public Communications Officials) training and job related computer training. Testing processes such as PEI (Profile Evaluations, Inc.) are now imperative for new coordinator hiring. It is necessary to provide the reorganized leadership team in this department with the training we need to do our job.
Professional Services	The contract agreement with the Communications Department and McKay and Associates has been completed. The partnership that has taken place over the past two years has been invaluable to this department and MAC. This service has given management excellent tools to streamline this department. As a result, we have a newly organized team that is striving for excellent customer service, a commitment to effectively managing the day to day operations of the department, and creating a rewarding and productive work environment. Funds from this category have been reallocated to new coordinator training and required job training for staff members.
Operating Services/Expenses	Reduction of office equipment service by 24% has decreased this category by \$1,900.00.

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Tenant education campaign to address use of 911 and security checkpoint procedures.	Airport community receives knowledge of how to use existing reporting systems. Tenant keyholder database is kept current. Police & fire resources used effectively. Improves communications center's ability to handle incidents.	With the introduction of the TSA, there were many changes and unanswered issues to deal with. This project is deferred until 2003
Continue development of logging recorder capabilities, allowing remote access to logging recorder playback functions.	Expand logging recorder capabilities to include remote access to logging recorder via MACNET. Voice via LAN server with hardware, software, cables for 5 remote work stations. For use by airside operations, police, & fire administrative staff.	This project has been deferred due to costs and concerns with current outdated/unreliable equipment. In 2003 the current equipment will be closely reviewed due to reliability problems.
Develop departmental leadership strategies	Development of creating a better workplace & meet needs of staff. As department gets busier, there is a need to have a contact person on shift to handle immediate issues & problems that arise. Lead will make decisions in the absence of manager & suprv.	The reorganization of the dept. was initiated on May 19, 2002. Three leads were put into place to fill in gaps in supervision in the center. A contact person is now available as part of the working staff members to handle problems and immediate issues that arise. This newly formed leadership team is more available to meet the needs of the staff and provide guidance to the coordinators on shift. Delegation of duties by management team will enable manager and supervisor to get more of their work completed.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

COMMUNICATIONS

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Development of time synchronization capabilities	Connect WWVB time receiver equipment to provide time synchronization to existing stand alone systems including CAD, radio system, fire alarm system, logging recorder, phone system, & cameras. Reduce liability, all systems with the same time.	This project was started after the installation of the new Positron 911 phone system in the spring. The synchronization has been completed for the CAD. Parts are ordered for the radio system and should be completed by Feb. 2003. The fire alarm system parts are in and will be hooked up in Jan. 2003. The camera system will be done in spring of 2003 after installation of new DVR's. The logging recording system is on hold pending outcome of reliable system.
Further development of training program, in house and external training.	Improved, updated training manual. Reduction of liability. Continued improvement in computer use. Improved communication with police & fire. Improved documentation of dept. training activities. Consistency with all personal receiving same information	Restructuring of department allowed leads/trainers to work on development of training program. The addition of two new trainers has added a fresh approach to the training program. The hiring of 4 replacement coordinators has given the training program a chance to be tested. External supervisory training for the three leads and supervisor worked towards filling management requirements of the job. Trainers worked with the police department to improve the required radio/dispatch training given to the new officers by our trainers.
Provide a two person minimum staffing level for 24 X 7 coverage. Supply expected level of service to MAC depts., airport users, and tenants.	Meet minimum response needs for airport emergencies on midnight shift. Meet recommended requirements of UL listed fire alarm central station. Handle increases in call load to dept. & adequately provide support for public safety staff. Decrease liability.	Money was not available to guarantee minimum staffing 24 X 7 by hiring one more coordinator. Staffing shortages throughout year strained coverage. Schedule used provides as much coverage as possible when dept. is at full staff without the funds to hire one more staff person.
Mapping integration. Further develop CAD and/or phone system to integrate mapping capabilities.	Comply with Phase II wireless regulations (FCC 94-102) that mandate PSAP's to provide mapping for wireless carrier locations. Ability to track wireless 911 calls and locate callers easier, therefore increasing their safety.	This project is in the works and is part of the new phone system that was installed this year. Completion will occur in 2003.
Continue development and revision of communications policy manual.	Operating consistency, reduction of liability. Standard operating guidelines will require updates and changes according to operating needs.	The policy manual has been started and policies are identified. Committee formed to work on project. Purchased software to write the policy/procedure manual. Work will continue with a completion date in 2003.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

COMMUNICATIONS

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Tenant education program to address use of 911 and security checkpoint procedures.	Airport community receives knowledge of how to use existing reporting systems. Tenant keyholder database is kept current. Police and fire resources used effectively. Improve communication's center ability to handle incidents.
Develop Quality Control Program	Facilitate ability to monitor & track call load through records mgmt. component of new phone and CAD system. Proven reliability of training manual. Effective and consistent enforcement of Comm. Center rules and regulations. Effective & positive working relationships among dept. employees. Reduction of complaints from the public and other MAC departments.
Provide software training to new employees and existing staff.	Employees would be able to use the computer software in their job duties.
Development of logging recorder capabilities, allow remote access to logging recorder playback functions in supervisor's office.	Remote access to logging recorder playback in supervisor's office will allow the monitoring of staff radio and phone communications. Ease of use to make tape recordings as requested.
Improve mapping integration. Further development of phone system mapping capabilities.	Comply with Phase II wireless regulations (FCC 94-102) that mandate PSAP's to provide mapping for wireless carrier locations. Ability to track wireless calls and locate callers easier, therefore increasing their safety.
Utilize computer equipment for field deployment of dispatchers in backup center. Implement same equipment in training program by simulating CAD calls for trainees. Ability of management team to use equipment from other locations.	Improve training program by simulating CAD calls off the board and save cost of CAD license. In case of an evacuation, utilize laptop and dial into existing workstations, again saving cost of CAD license. Flexibility to management team to use computer equipment from other locations outside office.
Improved communications between this department and members of three groups we have close contact with. These three groups include police, fire, and airside operations.	Involving staff members in this objective will enhance communication and lessen the opportunity for error. Decreased complaints. Reduction of turnover.
Further development of training program, in house and external training.	Improved, updated training manual. Reduction of liability. Continued improvement in computer use. Improved communication with police & fire. Improved documentation of dept. training activities. Consistency with all personal receiving same information.
Continue development and revision of communications policy manual.	Operating consistency, reduction of liability. Standard operating guidelines will require updates and changes according to operating needs.
Continue development of leadership strategies.	Effective & positive working relationships with associates, dept. members, & the public are maintained. Clear performance expectations & standards with dept. employees is supported. Efficient & effective day to day operation of the communications center. Practices & procedures are followed & in accordance with dept. policies. Consistent & successful training program. Staff conflict resolution is improved.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

COMMUNICATIONS

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Achieve personnel levels necessary to support security requirements. Ensure appropriate level of emergency communications support for police & fire. Provide 2 person minimum staffing level for 24 X 7 coverage.	Meet minimum response needs for airport emergencies on midnight shift. Sustain increased staffing levels in the police dept. Ensure completeness of sole source of support for police and fire by handling all calls for service. Enhanced level of safety provided to public safety officers by establishing zero incidents. Reduce opportunity for liability concerns due to inappropriate staffing levels. Provide statistical information to public safety dept. that measures appropriateness of resources.

2003 LONG TERM GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Further development of data base sharing	Improved response to calls for service. Maximize ability to provide excellent customer service. Information more readily available after hours.
Reorganization of communications center tasking. Separate alarm monitoring function.	Sufficient support for public safety departments. Provide excellent customer service while also concentrating on various alarm monitoring systems. Timely and accurate response to alarm systems.
Evaluate department staffing and equipment needs for the next five years.	Meet needs of department staffing and equipment. Document effects of growth, heightened security measures, light rail, and increase in alarm monitoring capabilities. Increase staffing and equipment as needed.
Provide complete and reliable computer aided dispatching of public safety department members.	Produce statistical information that is valuable, accurate, timely, and easily retrievable. Maximize staff member's ability to monitor officer safety related calls for service. Improved customer service response from CAD vendor. Maximize ability of CAD analyst to provide public safety departments with support. Seamless service that integrates information from the three departments in Public Safety.
Increase space for communications department needs. Current space is insufficient to accommodate equipment and staffing.	New facility able to meet current and future department needs.
Development of back up emergency dispatch center.	Provide uninterrupted service to airport community. Reduction of liability in the event a major element of existing communications system were to be destroyed or rendered inoperative due to a crash or natural disaster.

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ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

**LANDSIDE-OPERATIONS
Service Center Summary**

	2001 Actual	2002 Budget	2003 Budget	\$ Variance	% Variance
Personnel	1,494	0	0	0	0.00%
Administrative Expenses	2,567	100,000	25,000	-75,000	-75.00%
Professional Services	73,899	15,000	95,000	80,000	533.33%
Utilities	160	0	0	0	0.00%
Operating Services/Expenses	353,034	296,500	336,100	39,600	13.36%
Maintenance	30,429	57,782	57,782	0	0.00%
Other	4,367	0	2,500	2,500	100.00%
Total Budget	465,950	469,282	516,382	47,100	10.04%

FULL TIME EQUIVALENT SUMMARY

	2002 Actual	2002 Budget	2003 Budget
Full Time	0	0	0
Part Time	0	0	0
Total:			

RESPONSIBILITY/FUNCTION

MAJOR 2003 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Administrative Expenses	Gatekeeper software item moved to Professional Services.
Professional Services	Gatekeeper software item moved from Professional Services and additional network administration support accounts for the increase.
Operating Services/Expenses	Two replacement AVI controllers, AVI equipment and maintenance (gate cabinets) and UPS maintenance account for the increase in Operating Services Expenses.
Other	Other has increased due to the necessity of six wheelchairs for use at Ground Transportation information booths.

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ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

LANDSIDE-PARKING Service Center Summary

	<u>2001 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Administrative Expenses	3,325	5,100	5,100	0	0.00%
Professional Services	17,189	13,000	31,000	18,000	138.46%
Operating Services/Expenses	8,718,693	8,490,236	9,225,818	735,582	8.66%
Maintenance	14,029	55,000	70,000	15,000	27.27%
Total Budget	8,753,236	8,563,336	9,331,918	768,582	8.98%

FULL TIME EQUIVALENT SUMMARY

	<u>2002 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>
Full Time	0	0	0
Part Time	0	0	0
Total:			

RESPONSIBILITY/FUNCTION

MAJOR 2003 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Professional Services	Increase in Professional is attributable to additional Gatekeeper enhancements to Employee Parking software and for consultants to review applicants for the parking management rebid.
Operating Services/Expenses	The increase in Operating Services is due to security inspections for the Lindbergh Valet garage and Humphrey General Ramp. It also reflects the increase in wages for APCOA employees.
Maintenance	The increase in Maintenance is for damaged parking equipment, and employee parking access cards.

2003 LONG TERM GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Virtual taxi dispatching.	Manage taxi "holding" using a virtual system.
Relocate Landside offices	Landside personnel are located in one contiguous area.
Remodel the Landside server room.	Landside servers are housed in a safe climate controlled environment.
Increase commercial vehicle and taxi holding area capacity.	Increase commercial vehicle and taxi holding areas to meet the needs of transportation providers.
Manage the Light Rail Train impact on shuttles and traffic	Customers move between Terminals easily, a shuttle move passengers from the LRT Humphrey station to the Humphrey Terminal.
Move employee parkers into the Overflow Parking ramp.	Control parking access with AVI technology. Create space for Fire Station and reduce shuttle busing costs.
Install License Plate Recognition (LPR) technology to the Lindbergh Terminal parking revenue control system.	License plate numbers are accurately and automatically recorded at Lindbergh Terminal parking entrances and exits. Increase convenience, reduce costs, allows introduction of AVI-parking and credit card fast track processing.

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ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

LANDSIDE-ADMINISTRATION Service Center Summary

	<u>2001 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Personnel	1,146,088	1,108,506	970,051	-138,455	-12.49%
Administrative Expenses	41,724	43,648	40,871	-2,777	-6.36%
Professional Services	3,401	2,000	0	-2,000	-100.00%
Utilities	7,398	3,000	0	-3,000	-100.00%
Operating Services/Expenses	11,732	9,436	12,172	2,736	29.00%
Other	14,203	10,808	15,790	4,982	46.10%
Total Budget	1,224,545	1,177,398	1,038,884	-138,514	-11.76%

FULL TIME EQUIVALENT SUMMARY

	<u>2002 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>
Full Time	20	25	20
Part Time	2.5	2.5	2.5
Total:	22.5	27.5	22.5

RESPONSIBILITY/FUNCTION

The Landside Department is responsible for managing the largest single source of MAC revenue. Landside revenue in the last two years was \$50.3 and \$45.9M. The Landside Operations staff consists of 33 employees and the public parking management company under supervision of Landside Operations has over 130 employees. Total head count will exceed 200 with Landside Operations and public parking staff when the first of two Humphrey Terminal parking ramps opens this fall. Public parking spaces will increase from 13,000 to 18,000 spaces with the opening of the first of two Humphrey parking ramps (Humphrey General) this fall. Another parking ramp (Humphrey OverFlow) will be constructed in the future between the Humphrey General and the Humphrey light rail station. With the completion of the Humphrey OverFlow ramp total MSP public parking spaces will be 23,000. The Humphrey Terminal parking, like the Lindbergh ramps will include valet, short term, general and employee parking.

Employee parking spaces (1,485) service 4,400 employees currently, monthly invoices are prepared for 825 accounts, and \$1.2M annual revenue is generated.

Commercial vehicle operators with automated vehicle identification (AVI) transmitters have 150 accounts that are invoiced monthly and generate \$2.5M annual revenue. There are 587 taxicabs with annual taxicab permits. They are owned by 397 separate owners and provide service through 59 companies. Staff uses advanced custom software developed jointly with providers to manage operations and billing.

Landside Operations staff manages eight contracts for services from bus shuttle, revenue control equipment maintenance to public parking facility management.

Landside staff provides information and taxi starter service to the public at six different sites within the Lindbergh and Humphrey terminal areas. Landside staff also manages the commercial vehicle loading areas for both permitted and transient commercial vehicles at the Lindbergh and Humphrey terminals.

Landside staff participates in the planning, design, construction oversight and successful operation of parking facilities and roadways.

Staff also is intensely involved in responding to customer issues related to all aspects of ground transportation, roadways, and public and employee parking.

We meet with other municipal and state agencies regarding parking and transportation issues to identify and solve problems.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

LANDSIDE-ADMINISTRATION

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Make it easier for parking patrons to remember where they parked their automobiles and significantly improve the wayfinding experience for all ground transportation patrons.	Increasing customer satisfaction with their parking and ground transportation experience by providing an automated audible and moving visual wayfinding announcements	Wayfinding improvements are in place, as is increase audible message capability.
Provide information services in the Transit Hub.	Get maximum usage of the new transit hub facility. Customers arriving at the airport will receive directions to their flight and persons arriving at the transit hub will receive information relating to their ground transportation options.	When staffing levels permit Passenger Service Assistants are staffed at the Transit Center.
Study shared ride impacts on commercial vehicle operations at the Airport.	Evaluate and analyze ground transportation services.	Deleted from 2002 budget
Add AVI access and controls to public parking.	Market parking to corporate customers and improve convenience.	Portions of the software and hardware will be installed as part of the initial parking Revenue Control System. Marketing to the public is on hold pending a decision on additional technology that is required to maintain certain revenue control checks (license plate recognition to maintain the license plate inventory for automated transactions).
Re-bid the car starting and vehicle impounding agreement.	Continued high levels of service to parking patrons, MAC, the parking management firm,	Completed. Awarded to Mark's Towing.
Improve customers experience utilizing ground transportation alternatives.	Customers can find the service they need efficiently and are satisfied with the service they receive.	Interns were cut from the budget.
Automate commercial vehicle operations at the Humphrey Terminal.	Manage commercial vehicle traffic while increasing revenues and reducing congestion.	Hardware has been installed, supporting software is in the testing stage.
Implement the revised taxi Ordinance.	Improve the service received by taxi passengers.	Revising the taxi Ordinance has been put on hold.
Convert the Automatic Vehicle Identification (AVI) to the NT operating platform (to the MAC IS standard).	All Landside systems will be on the Windows NT network. System will be updated to accommodate our current operations and environment.	In final design early testing stage.

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Rebid the credit card processing contract.	Credit card processing continues to be available to parking patrons at high processing speeds and at acceptable discount rates to MAC.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

LANDSIDE-ADMINISTRATION

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Award the parking management contract	Parking management continues to function at high quality level.
Add an additional file server to optimize Landside SQL and Pervasive databases.	Landside has adequate server capacity for custom software.
Increase parking revenue	Increase 2003 parking revenue by 5% compared to 2002.
Add debit transaction capability to the Commercial Vehicle system & web access by commercial vehicle customers to their accounts.	Commercial vehicle operators are notified real-time if their commercial vehicle debit balance falls below a set limit. Landside will have reduced operating costs and cash flow will improve.
Add convenience features to public parking.	Patrons can park using Pay-on-Foot, AVI-Parking.
Finish the development of Automatic Vehicle Identification (AVI) NT software.	Landside can produce high level analytical and management reports to control commercial vehicle revenue and manage commercial vehicle traffic.
Finish the development of parking revenue control relational database software.	MAC Police and MAC Finance can access parking statistics real-time. Landside and APCOA have access to daily, and advanced analytical and management reports.
Proactively manage and respond to expense variances.	Conduct monthly reviews to locate savings opportunities and to monitor budget variances.
Identify and implement short and long term cost saving measures.	Conduct monthly reviews to locate savings opportunities and to monitor budget variances. Solicit employee input

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ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

FIRE - RESCUE Service Center Summary

	<u>2001 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Personnel	2,637,438	2,620,258	2,703,750	83,492	3.19%
Administrative Expenses	23,757	19,820	19,740	-80	-0.40%
Professional Services	12,800	10,900	9,293	-1,607	-14.74%
Utilities	5,550	8,800	6,862	-1,938	-22.02%
Operating Services/Expenses	27,195	14,000	14,000	0	0.00%
Maintenance	7,596	3,900	3,900	0	0.00%
Other	128,909	122,325	122,425	100	0.08%
Total Budget	2,843,245	2,800,003	2,879,970	79,967	2.86%

FULL TIME EQUIVALENT SUMMARY

	<u>2002 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>
Full Time	46	46	46
Part Time	0	0	0
Total:	46	46	46

RESPONSIBILITY/FUNCTION

The MAC Fire Department is responsible for providing aircraft rescue & firefighting, structural firefighting, emergency medical services, and response to hazardous material incidents including terrorism incidents. The Department also provides a full range of code enforcement and fire prevention activities including initial building plan reviews, on site inspections of new and existing buildings and the investigation and follow-up of fire safety complaints. The Department also provides a number of public education opportunities including fire extinguisher, CPR & first aid training. The Fire Department is also responsible for the investigation of all fires to determine origin and cause.

MAJOR 2003 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Wage increases and other contract increases are reflected in the Personnel category for organized employees. FLSA regulations require 42 employee's working 24 hour shifts to be paid overtime. The 2003 budget reflects this overtime expense along with a budget based upon historical data.
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2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Install automatic external defibrillators throughout the terminal complex, HHH Terminal and all other MAC Facilities.	The ability to deliver a life saving shock to victims of sudden cardiac arrest with-in one or two minutes.	Dept was able to secure outside funding. The formal roll-out of the program is scheduled for January 28, 2003
Mandatory physical fitness program for all employees	Improved fitness will improve overall job performance and long term health and wellness for department personnel. This will allow us to meet the OSHA requirements for medical exams and the NFPA standards.	No Funding
Develop a program to use current employees as instructors conducting a number of training activities while on-duty for their assigned shifts.	Improved training sessions with employees more involved in actual training presentations and evaluations.	

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

FIRE - RESCUE

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Continue work on the New Main Fire Station design while moving ahead with planning for the relocation of the satellite station.	Well planned facilities able to meet our needs for the next 25 + years	Ongoing
Improve inspection activities reporting and documentation.	Provide monthly reports to the Chief showing the departments inspection activities. Provide the same information for the departments quarterly and annual reports.	This project is ongoing and will continue in 2003.
Improve Documentation of Department training activities.	Provide monthly reports to the Chief showing department and individual training activities. In addition provide the same information for the departments quarterly and annual reports.	Completed
Continue to move all department training to performance based training. Also provide written goals, objectives and lesson plans for all training sessions.	Improved training with all personnel receiving the same information and being tested and evaluated by the same criteria.	This project will continue in 2003
Complete the IFSAC ARFF Certification for all uniformed personnel	All personnel would have met the minimum standards for certification and have successfully completed the written and practical exams.	all personnel have completed the practical exam and will be taking the written exam in 2003
Increase minimum staffing level to 12 personnel on-duty	Improved response capability in all areas ARFF, structural, emergency medical services and hazardous materials	no personnel approved in 2002 budget

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Identify and document all Hazardous material storage areas in all facilities at MSP. Require the use of the NFPA 704 system to identify storage locations at each facility	Information in Fire Department pre-plans and facility storage facilities marked with NFPA 704 system.
Develop new accounting plan allowing the fire department to better plan and schedule vehicle replacements.	When a vehicle is purchased the following year that department would be responsible for budgeting funds to cover replacement based on the life of the vehicle.
Study the Fire Department needs here at MSP for the next 10 years related to facilities, equipment and staffing.	A detailed report outlining department needs over the next 10 years. Present results to Senior Staff & Commission
Review Department Communication needs for the next 5 years.	Prepare report reviewing radio, paging and cell phone needs and costs for the next 5 years, including the new station alerting systems
Continue to seek available funds from private and government sources to fund projects unable to gain budget approval.	Complete application for 2003 Fire Grant program.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

FIRE - RESCUE

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Implement new training program for personnel going to Saint Paul, Minneapolis or the Duluth Training facilities allowing for more teamwork in a more realistic environment	All training conducted as a shift promoting teamwork. Small group activities at these facilities should be limited to make-up sessions
Increase minimum staffing to 12 on-duty	The hiring of 3 additional personnel would allow the minimum staffing to be increased from 11 to 12.
Continue final planning work for new Fire Station	Construction plans and schedule in place and approved. Fire Department equipment deployment and staffing plan completed.
Develop program for airport tenants to conduct self inspections monthly to ensure fire code compliance	Conduct meetings with tenants to introduce self inspection program. Thus, fewer fire code violations found during annual inspections.
Develop specifications and purchase a replacement 3000 gallon ARFF vehicle.	Approval of specifications by Field Maintenance, Purchasing and Legal. Acceptance of vehicle following final inspection by fire department personnel

2003 LONG TERM GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Develop detailed plans for moving to 800 mhz radio in the 2004 2005 time frame.	Review Fire department study completed in 2003. Review Communications Center needs as they relate to 800 mhz. Review with I.S our needs and future plans for getting all the operational benefits from a new 800 mhz system.
Develop specifications for the following vehicles: replacement ARFF 1500 gallon, one aerial tower, one structural pumper, one foam tanker, one replacement airboat and one ARFF 8 x 8 4500 gallon vehicle.	Specifications developed for vehicles that will meet the departments needs over the projected life of the vehicle.
Develop specifications for the replacement of all department SCBA including all test and maintenance equipment	Specification document completed and ready for bids
Begin detailed planning process for the new 2nd fire station	Secure property and develop initial building plans.
Develop plan to complete the sprinkler installation in the Lindbergh Terminal	100% Sprinkler protection
Continue planned department growth including organizational changes.	The addition of 3 new fire fighter positions each year through 2006. Promoting three Lieutenants, three additional drivers, and one Deputy of Assistant Chief of Operations.

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ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

POLICE - ADMIN/TRAINING Service Center Summary

	<u>2001 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Personnel	5,344,717	5,372,508	5,580,322	207,814	3.87%
Administrative Expenses	100,375	141,300	94,350	-46,950	-33.23%
Professional Services	31,460	28,100	24,510	-3,590	-12.78%
Utilities	6,980	7,500	5,850	-1,650	-22.00%
Operating Services/Expenses	287,791	1,139,700	814,859	-324,841	-28.50%
Maintenance	55,105	83,500	90,000	6,500	7.78%
Other	88,841	53,690	76,125	22,435	41.79%
Total Budget	5,915,268	6,826,298	6,686,016	-140,282	-2.06%

FULL TIME EQUIVALENT SUMMARY

	<u>2002 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>
Full Time	108	116.5	108
Part Time	2	0	2
Total:	110	116.5	110

RESPONSIBILITY/FUNCTION

Police consists of the following areas: Training & Administration, Security & Investigation, Narcotics Investigations, and Patrol Operations. The main focus is to provide a safe and secure environment for the travelling public, all tenants and employees.

MAJOR 2003 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Wage increases and other contract increases are reflected in the Personnel category for organized employees.
Maintenance	Increase of \$2,500 is a result of the need to purchase replacement cameras for CCTV system. Increase of \$4,000 is a result of equipping bikes with 1st aid/medical equipment and required maintenance of bikes.
Other	Increase of \$22,435 is a result of the need for less lethal weapons system, 9 MP5 rifles and necessary attachments for Emergency Services. Also require an additional 23 cases of 9mm ammunition for department firearms qualifications due to increased staffing level of licensed police officers.

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Increased security check interaction with tenants and air carriers	Enhanced security awareness and accountability	On going efforts through increased partnership with patrol division personnel. Increase frequency of SIDA training.
Update and implement Civil Aviation Mandates	Enhanced security awareness and accountability	Continued to meet existing and new federal mandates
Provide initial and recurrent training for SIDA badge holders and security training for non-SIDA badge holders	Enhanced security awareness from one presentation source-Airport Police	SIDA Training occurs twice daily five days per week. This is a 120% increase from previous year. Increase has demanded a significant increase in amount of resources both time and personnel.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

POLICE - ADMIN/TRAINING

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Provide adequate staffing levels to meet requirements placed on department by FAA and increased demands for service from the airport community and traveling public	Timely response to calls for service, proactive patrol, crime prevention, and meeting regulatory requirements	We meet hiring expectations, however continuing TSA mandates, new programs (EOD K-9's) and retirements have all contributed to the need to hire more officers in 2003.

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
To replace/maintain and improve necessary current and future equipment/technology to meet the changing demands of our environment.	Ensure the ability of the airport to comply with federal security mandates to assure that MSP is continually operationally safe and secure.
Work with the finance and information systems departments to develop a method for more frequent analysis of the police budget to ensure fiscal responsibility and accuracy.	A universally understood budget and process. Uniform and consistent cost center coding.
Identify training needs to educate and develop the growing and youthful department. Create an innovative program that focuses on team policing and maximized the use of budgeted funds.	Maintain POST Board Standards. Department members are educated/trained to provide good customer service to the community. Job satisfaction, retention, customer complaints/job well done, and the reduction of procedural inconsistencies.
Obtain the resources needed to achieve federal mandates and to provide police services in the expanded terminal facilities.	A combination of qualified full-time and part-time officers will be hired, trained and equipped to effectively perform their assigned duties and meet established Federal mandates. The number to be hired may change as mandates dictate.
Continue to implement and maintain federal security directives while building a relationship with the new Federal Security Director and coordinating efforts between the agencies.	Would allow for MSP to operate without being fined. Building a strong relationship will combine our resources to best secure MSP providing our customers with the safety and security that they expect. Compliance within the proposed budget.

2003 LONG TERM GOALS AND OBJECTIVES

Service Center Objective	Expected Results
To support MAC's budget initiatives through responsible management of the department's budgeted funds.	To operate within the approved budget.
To build and strengthen a productive work environment that demonstrates trust and respect.	A highly trained workforce. Increase in moral, encouragement of team building and employee retention.
Provide a safe and secure environment for the airport community utilizing community policing concepts including airport team policing, data analysis and statistical measurement to provide a sound basis for all department planning.	Safe airport. Community support and involvement. Reduced crime. Increased patrol. Increased service. Empowerment of department staff to address community needs.
Meet Civil aviation security needs into the future through projection of coming TSA and airport standards coupled with systematic assessment of staffing, equipment, and programs.	Improved security awareness and alertness. Proper response to security issues affecting the airport. Increased level of interest within the department. Improved/expanded programs that provide for a more secure airport.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

**POLICE - SECURITY
Service Center Summary**

	2001 Actual	2002 Budget	2003 Budget	\$ Variance	% Variance
Administrative Expenses	83,790	0	0	0	0.00%
Professional Services	21,409	0	0	0	0.00%
Utilities	1,975	0	0	0	0.00%
Operating Services/Expenses	328,928	0	0	0	0.00%
Maintenance	25,078	0	0	0	0.00%
Other	12,255	0	0	0	0.00%
Total Budget	473,433		0	0	0.00%

FULL TIME EQUIVALENT SUMMARY

	2002 Actual	2002 Budget	2003 Budget
Full Time	0	0	0
Part Time	0	0	0
Total:			

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ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

AIRLINE OPERATIONS/FACILITIES Service Center Summary

	<u>2001 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Personnel	156,893	154,153	156,428	2,275	1.48%
Administrative Expenses	11,767	5,150	4,550	-600	-11.65%
Utilities	1,533	1,800	1,403	-397	-22.06%
Operating Services/Expenses	241,452	362,750	365,000	2,250	0.62%
Maintenance	12,042	46,500	86,500	40,000	86.02%
Other	4,510	10,700	6,200	-4,500	-42.06%
Total Budget	428,197	581,053	620,081	39,028	6.72%

FULL TIME EQUIVALENT SUMMARY

	<u>2002 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>
Full Time	2	2	2
Part Time	0	0	0
Total:	2	2	2

RESPONSIBILITY/FUNCTION

To provide safe, accessible and properly maintained passenger terminal and federal inspections facilities for international arrival flights, scheduled airline service and charter operations at MSP Airport Lindbergh and Humphrey Terminals.

MAJOR 2003 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Maintenance	Increase due to additional equipment coming off warranty by the end of 2002 in the Humphrey Terminal including; four jetbridges, CCTV system, EVIDS system etc.
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2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Develop a passenger loading bridge maintenance program (plan) that reduces maintenance costs by incorporating MAC Trades to complete minor (non-specialized) repairs.	Reduce response time to minor maintenance needs to less than 24 hours. Reduce annual bridge maintenance expenses.
Coordination of Terminal structural modification project - avoid operational impacts. This is outside the scope of our normal job duties but the potential impact to terminal/operations is high so our constant participation is critical.	number of delays/complaints associated with the construction affecting airline/terminal operations.
Reallocate new/added duties related to the new Humphrey Terminal to existing staff. Approved position for these duties is on Administrative hold. Existing staff is "putting out fires" trying to cover the additional work load.	All operational functions and Mx. related tasks are being completed (on-time).

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

AIRLINE OPERATIONS/FACILITIES

2003 LONG TERM GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Relocated small airline(s) from Lindbergh to Humphrey such as ATA, America West, Air-Tran, etc... to off-set Humphrey costs and open up gates for NWA at Lindbergh. This may also minimize or eliminate the need for the F Concourse expansion proposed by NWA.	Increased number of airlines at Humphrey either relocated from Lindbergh or new airlines.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

FACILITIES-LINDBERGH TERMINAL Service Center Summary

	<u>2001 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Personnel	732,016	653,786	570,279	-83,507	-12.77%
Administrative Expenses	6,230	6,000	8,200	2,200	36.67%
Professional Services	4,095	1,000	1,000	0	0.00%
Utilities	3,394	3,000	2,340	-660	-22.00%
Operating Services/Expenses	8,535	19,500	50,700	31,200	160.00%
Maintenance	8,455,689	9,059,555	10,452,138	1,392,583	15.37%
Other	45,694	7,300	40,400	33,100	453.42%
Total Budget	9,255,654	9,750,141	11,125,057	1,374,916	14.10%

FULL TIME EQUIVALENT SUMMARY

	<u>2002 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>
Full Time	13	13	12
Part Time	1	1	1
Total:	14	14	13

RESPONSIBILITY/FUNCTION

This department is responsible for the operation, maintenance, and cleaning of the terminal facilities and all of the MAC campus buildings. Facilities Management has oversight responsibility for the Energy Management Center as well as the Trades work groups (Carpenters, Electricians, Painters, and Plumbers).

Facilities Management also provides management oversight for various service, operation and management contracts as well as responding to both immediate & long term tenant and public concerns. Additionally, the entire department works with Airport Development staff to ensure that Capital Improvement Projects are completed with the least amount of disruption to the traveling public and the terminal building operations.

Our goal is to maintain the MSP Airport at a level consistent with the expectations that our internal & external customers and tenants impose upon us and expect.

MAJOR 2003 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Operating Services/Expenses	The primary increases in this category are due to the Computer Maintenance Management Information System contract (C.M.M.I.S.) and the Building Inspection Program contract. The remainder of the increases are due to an increase in the service of equipment due to the additional square footage increases.
Maintenance	The primary increases in this category are due to the need for increased cleaning of the C/G connector and Concourse C Phase I addition, as well as the increased glass cleaning in association to all of the new facilities throughout MSP. The increases in the 2003 budget also include monies to clean the A/B/C concourses (new), the glass cleaning of the A/B/C concourses, a full year of operation & maintenance for both the Hub and Concourse Trams, as well as increases in the contracted amounts for the cleaning of the existing terminal buildings and glass (ABM), Carrousel & Conveyor Maintenance (Alltech), Elevator/Escalator/Moving Walk maintenance (Schindler), Heating/Cooling/Fire Control (Honeywell & Siemens) and Janitorial supplies (various).
Other	The primary increases in this category are related to the budgeted monies to provide for the servicing of equipment and systems throughout the MAC campuses as well as maintain the new facilities.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

FACILITIES-LINDBERGH TERMINAL

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
ABM Contract increases related to Concourses A, B, and C (phase II) openings. Inclusive of Janitorial & glass cleaning services.	Per Contract. The addition of Concourses A & B & C (Phase II) will result in additional staffing & cleaning needs (both Janitorial & Glass cleaning) to service new areas.	Contract extended.
Solid Waste Hauling & Recycling Services Contract	Per newly signed contracts with BFI & Waste Management. Cost increases per contract result in an additional \$35,000 per year for solid waste hauling & recycling services.	project under way
Concourse Tram - Operation & Maintenance	Per Contract. Yearly operation & maintenance of the Concourse Tram. Only \$1,948,526 needed in 2002 as anticipated start date is June, 2002.	project minorly under way. Concourse Tram operation not anticipated until late 2003.
Paging System Maintenance Contract	Warranty expirations. Proper maintenance & management of the newly installed Paging systems at the Lindbergh & Humphrey Terminals.	project minorly under way.
Facilities Monitoring Support Services Contract	Proper management and maintenance of the Facilities Monitoring System forthcoming in late 2001 to manage all elevators/escalators/moving walks (and anything else mechanical that impacts MAC customers).	project severely delayed until 2003
Uninterrupted Power Supply (UPS) Maintenance Contract	Warranty expirations. Proper management of MAC's UPS systems. There are currently hundreds of units throughout MSP with all of the 2010 plan additions!	project deferred until 2003
Chiller Maintenance Contract	Warranty expiration. Continual proper service of MAC's chillers, allowing Energy Management Center to provide air conditioning to MAC buildings.	project completed.
Lindbergh Terminal Seating Replacement	New seating will improve both the physical and visual comfort of all customers within the Lindbergh Terminal. Current seating is very old, impossible to repair, and unsightly - especially in newly constructed or newly remodeled areas, as often pointed to	project severely cut back until 2003

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

FACILITIES-LINDBERGH TERMINAL

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Building Inspection Services Program Contract	Proper inspection of MAC buildings to incorporate into MAC's CIP program as well as development of proactive maintenance schedule for all facilities.	project deferred until 2003
Generator Maintenance Contract	Warranty expiration. Proper maintenance of MSP's Generator system.	project deferred until 2003
Tug Drive Floor Maintenance Contract	Warranty expiration. Prevention of erosion/crumbling of Tug drive flooring which would create safety hazard & hinder Tug Drive operations.	Project deferred until 2003

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Provide after warranty maintenance of MSP's paging system.	The proper after warranty maintenance of MSP's paging system resulting in a consistent and reliable paging system.
Replace outdated and worn Lindbergh Terminal Seating in order to increase seating lost in 2002 due to the lack of parts and to meet the needs of increase traffic and new construction.	Better both ergonomically & aesthetically to the traveling public than current outdated and worn seating. Need larger supply for crowded baggage area.
Maintain & manage the C.M.M.I.S. (Computerized Maintenance Management Information System) by letting a contract for Facilities Monitoring Support Services.	Proper maintenance & management of the C.M.M.I.S. (Computerized Maintenance Management Information System).
Maintain MAC's geographically scattered Uninterrupted Power Supply (UPS) system.	Reliable UPS system that will function properly in emergency situations when power is interrupted.
Maintain the Lindbergh & Humphrey Terminals Tug Drive Flooring.	Proper maintenance of the Lindbergh & Humphrey Terminals Tug Drive Flooring so that Waterproofing will be maintained and adverse impact to valet parking below.
Insure the proper inspection of MAC buildings at MSP & Reliever Airports.	Professional inspection of MAC buildings at MSP & Reliever Airports to insure necessary maintenance is identify so that is can be done and long term capital needs can be planned for.
Maintain MSP's Generator System with a regular system of preventive maintenance.	Reliable power supply with minimal disruption due to failure of components.

2003 LONG TERM GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Building Inspection Services Program Contract	To insure the proper inspection of MAC buildings at MSP & Reliever Airports
Generator Maintenance Contract	Proper maintenance of MSP's generator system

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

FACILITIES-LINDBERGH TERMINAL

2003 LONG TERM GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Paging System Maintenance Contract	Proper (after warrenty) maintenance of MSP's Paging System
Lindbergh Terminal Seating Replacement	Replacement of outdated & worn seating. Better for the passengers & public both ergonomically & ashtetically. Helps to ensure a 1st class airport facility.
Facilities Monitoring Support Services Contract	Proper maintenance & management of the C.M.M.I.S.
Uninterrupted Power Supply (UPS) Maintenance Contract	Provide for the proper maintenance of MAC's UPS system.
Tug Drive Floor Maintenance Contract	Proper maintenance of the Lindbergh & Humphrey Terminal's Tug Drive flooring

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

ENERGY MANAGEMENT CENTER Service Center Summary

	<u>2001 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Personnel	892,764	918,200	970,593	52,393	5.71%
Administrative Expenses	2,338	1,850	1,850	0	0.00%
Professional Services	331	0	0	0	0.00%
Utilities	4,708	2,000	1,560	-440	-22.00%
Operating Services/Expenses	1,239	0	0	0	0.00%
Maintenance	393,180	358,723	573,217	214,494	59.79%
Other	2,479	2,987	2,987	0	0.00%
Total Budget	<u>1,297,040</u>	<u>1,283,760</u>	<u>1,550,207</u>	<u>266,447</u>	<u>20.76%</u>

FULL TIME EQUIVALENT SUMMARY

	<u>2002 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>
Full Time	17	17	17
Part Time	0	0	0
Total:	<u>17</u>	<u>17</u>	<u>17</u>

RESPONSIBILITY/FUNCTION

The Energy Management Center is responsible for the heating, cooling, and HVAC maintenance of the Lindbergh Terminal, including the concourses and connectors. On the G Concourse we provide heating and cooling utility supply only. We also service the new Humphrey Terminal, General Offices Parking Management Building, Trades & Maintenance Buildings, all parking booths, West Terminal Area, and Sand Barn as well as all of MAC's Reliever Airports. Some of the airport campus facilities are heated and cooled with separate boilers and rooftop air conditioning units. The 15 Operating Engineers provide for 24 hour, 7 days per week service. The Operating Engineers within the EMC operate 4 - 2000 ton chillers, 4 - cooling towers, 4 - 60,000 pound per hour boilers, fired on natural gas with jet fuel as a backup fuel source. (In 2003 we are adding two new 1500 ton chillers and 4 new cooling towers.) EMC Operators also operate compressors and all of the pumps and variable frequency drives that go along with the different heating & cooling systems. The Operators provide all of the maintenance on equipment such as bearing replacement, leak repair, power wash heating and cooling coils and belt and filter changes, along with all trouble-shooting of all HVAC equipment. They operate two advanced computerized building management systems and all C.O. monitors. They respond to all incoming trouble calls. They operate low and high pressure steam boilers, hot water boilers, electric & steam driven turbine chillers. EMC keeps detailed department logs on all repair work, as well as gas, oil, water & steam usage. A computerized preventative maintenance program has been installed and is now on-going.

MAJOR 2003 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Wage increases and other contract increases are reflected in the Personnel category for organized employees.
Maintenance	Provide 24 hour 7 day a week for maintenance and service, for the Airport campus. Humphrey is now 100 % out of warranty. Chemical treatment for heating, and cooling systems towers, and seasonal lay-up chemical. Maintenance office additions, A and B concourse opening up, 12 new air handler units, with additional piping, needs to be treated, in order to supply clean , temperature controlled air. Overall goal; to safety and efficiently operate and maintain all Mac campus and St Paul Airport HVAC systems.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

ENERGY MANAGEMENT CENTER

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Carbon monoxide (C.O.) monitoring system upgrade.	Improved safety due to better management of the increased facilities as implemented for the 2010 plan.	Project deferred in 2002. Budgeted monies eliminated.
Building monitoring control systems upgrade.	improved building control system. Better management of the current control system & improved efficiency & safety.	Project deferred in 2002. Budgeted monies eliminated.
Safe operation and maintenance of Humphrey terminal, Lindbergh terminal, A, B , C, D and F concourse. In fill projects within the Lindbergh Terminal, and Airport campus.	Safer, lower energy cost, longevity of equipment.	deferred from 2002. Budgeted monies and personnel were eliminated.

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Upgrade Carbon monoxide (C.O.) monitoring system.	Improved safety due to better management of the increased facilities as implemented in the 2010 plan.
Upgrade the building monitoring control systems.	Improved building control system. Better management of the current control system & improved safety & efficiency.

2003 LONG TERM GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Carbon Monoxide (C.O.) monitoring system upgrade.	Improved safety due to better management of the increased facilities as implemented in the 2010 Plan.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

TRADES - ELECTRICIANS Service Center Summary

	<u>2001 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Personnel	1,135,152	1,055,139	1,248,565	193,426	18.33%
Administrative Expenses	3,356	5,770	5,606	-164	-2.84%
Professional Services	7,150	7,500	9,520	2,020	26.93%
Utilities	10,425	10,000	7,800	-2,200	-22.00%
Operating Services/Expenses	1,126	300	2,200	1,900	633.33%
Maintenance	461,735	438,850	510,920	72,070	16.42%
Other	25,270	26,200	29,775	3,575	13.65%
Total Budget	<u>1,644,214</u>	<u>1,543,759</u>	<u>1,814,386</u>	<u>270,627</u>	<u>17.53%</u>

FULL TIME EQUIVALENT SUMMARY

	<u>2002 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>
Full Time	17	17	17
Part Time	0	0	0
Total:	<u>17</u>	<u>17</u>	<u>17</u>

RESPONSIBILITY/FUNCTION

The MAC Electrical Department provide maintenance and repairs of all electrical equipment and lighting fixtures in and around all Terminal buildings at MSP and MAC Reliever Airports. MAC Electricians are responsible for the maintenance and repair of all directional signage and runway/taxiway lighting to comply with specific FAA regulations throughout all MAC airports. They also maintain and test all airfield lighting regulators and all emergency generator buildings, as well as all associated lighting and electrical work within MAC parking facilities. MAC Electrical Department is also responsible for all security gates and electronic card readers throughout MAC's airport system.

MAJOR 2003 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Wage increases and other contract increases are reflected in the Personnel category for organized employees. Overtime has been adjusted to reflect the averages for the past 6 years.
Maintenance	The increases are directly related to the additional increase in building space necessary to maintain & service. Primarily, the new Concourses A & B in addition to the expansion of Concourse C are the main reasons for the increases over 2002 budgeted dollar amounts.

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
To operate a safe & efficient Electrical Department by providing additional personnel With the increase of new tasks and responsibility in lighting areas, the Electrical shop must also increase	Necessary to maintain existing facilities and new lighting to buildings, runways, taxiways & all roadways.	Personnel requests deferred in 2002. Will re-request the additional personnel, including the head count regained from Field Maintenance for a total of 18 in 2003.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

TRADES - ELECTRICIANS

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
To continue and to enlarge the educational opportunities that exist in the Electrical Department	A well rounded Electrician that is more confident in his/her job. With safety as an important issue.	Training & educational budgets cut in 2002. Will re-establish in 2003.
2 new pickup trucks to expand work coverage and the need to remove tools and such at the end of a shift.	To provide Electricians with transportation. Increased productivity.	Capital expenditures deferred in 2002. Will try to re-implement in 2003.
Purchase a fifty foot lift with a jib to keep lighting and associated maintenance at the new Humphrey Bldg. Also for use with other projects throughout the Airport.	Safer lighting. Less complaints from the traveling public. Aesthetically a better looking Airport.	Capital expenditures deferred in 2002. Will re-request for 2003.
Able to implement a relamping procedure in different areas around airport in a timely manner.	Better looking Airport for the traveling public. Better security and preventive maintenance.	Project deferred in 2002 due to personnel shortage & budget cuts. Will try to re-implement in 2003.
Maintain Security Gates with preventive & proper maintenance. This will eliminate security problems here and at the Relievers.	More reliability with gates, plus better security.	Project deferred due to budget cuts in 2002.
Administrative Assistant to the Trades office to handle addition work loads.	Increased work load, new systems & programs being implemented. being Eliminate the need of Temporary office help.	Personnel cut due to budget cuts.
Bring staffing up to authorized headcount so dept can be run efficiently.	Necessary to maintain existing buildings, and new buildings being completed, roadways, runways & signage that will be completed in the next year.	Staffing frozen due to budget cuts.

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Expand & enlarge the educational opportunities within the MAC Electrical Department.	To maintain proper certifications, as well as expand the knowledge of the Electricians within the department.
Implement a relamping procedure.	Relamping of the different areas around the airport in a timely manner in order to reduce outages and improve operational safety.
Provide lighting and associated electrical maintenance at the new Humphrey Terminal as well as the new Concourse A & C rotunda's.	Maintaining a high level of service to new and existing facilities with a high level of safety.
Maintain MAC security gates with proper & preventative maintenance.	Eliminate the current security problems at MSP & MAC Reliever Airports.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

TRADES - ELECTRICIANS

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Increased productivity of the MAC Electrical department.	Reduced response time for emergency and maintenance work. Mobility of the electrical staff increased.
Bring staffing level up to authorized headcount of 18.	To better help the department run efficiently.

2003 LONG TERM GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Maintain updated & new technology to keep all Electrical Department personnel current with MAC & external standards.	provide for a more knowledgeable crew of Electricians.
Continue implementation of the MAC Electrical Department relamping program.	Proper & timely replacement of all lamped lighting throughout the MAC system.
Provide general support for the MAC Electrical Foremen & the General Foreman.	Ability to work on assigned duties, rather than completing mundane paperwork.
Maintain security at gates at all MAC airports.	Elimination of security problems.

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ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

TRADES - PAINTERS Service Center Summary

	2001 Actual	2002 Budget	2003 Budget	\$ Variance	% Variance
Personnel	370,146	373,228	457,010	83,782	22.45%
Administrative Expenses	597	489	828	339	69.41%
Utilities	1,848	3,360	2,620	-740	-22.02%
Operating Services/Expenses	770	0	500	500	100.00%
Maintenance	113,588	130,050	170,650	40,600	31.22%
Other	6,114	5,100	11,800	6,700	131.37%
Total Budget	493,064	512,227	643,408	131,182	25.61%

FULL TIME EQUIVALENT SUMMARY

	2002 Actual	2002 Budget	2003 Budget
Full Time	7	8	7
Part Time	0	0	0
Total:	7	8	7

RESPONSIBILITY/FUNCTION

The function/responsibility of the MAC Paintshop is to maintain a clean, comfortable and safe environment for the traveling public using the MAC's airport terminals (Lindbergh, Humphrey, and Downtown St. Paul). To insure that all information signage is correct and completed, not only in the public buildings, but also on the roadways and in all parking areas. To insure that only the most appropriate and safest materials are utilized in accomplishing these tasks. The Paintshop is also responsible for the correct markings used on public roadways, as well as maintaining runway, taxiway and ramp markings in accordance with FAA regulations.

MAJOR 2003 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Wage increases and other contract increases are reflected in the Personnel category for organized employees. Overtime has been adjusted to reflect the averages for the past 6 years.
Maintenance	Increases in this category are attributable to the depletion of supply inventories, to comply with FAA requirements and increased facilities and surfaces in conjunction with MAC's 2010 plan require additional repairs and supplies.
Other	Additionally, monies have been requested to purchase a cushman cart (under \$5,000) for Concourses A, B & C (2010 Plan) and a 5000 psi power washer to facilitate paint removal (Re-painting preparation) related to FAR Part 139 requirements (also under \$5,000).

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Paint/ sign crew continuing education, product-equipment seminars, Product or equipment certifications	Better trained, updated technology, more productive workers	Project cancelled due to cancellation of membership dues, seminars & education related budgeted monies.
Look at staffing options	Better fulfilling of workload	Project cancelled due to hiring freeze. Attempt to re-initiate project with the request in 2003 of temporary painters.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

TRADES - PAINTERS

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Organize shop and inventories	Greater productivity, space management	This will be an ongoing process as there are constant changes in equipment and inventories
Upgrade hazardous waste/flammable materials inventory manifests	Get into compliance with state and federal mandates	To the best of my knowledge we are in compliance with state and federal hazardous waste requirements and flammable materials inventories have been being kept track of in all of 2002
Upgrade Equipment-Paint products	1- Increased productivity.2-Safety. 3-Longer periods between project rescheduling	.Much progress has been made in this area on our small machines, the truck mounted runway spray truck has been deleted from budget in 02-03
Start using Asset Handler work order system	1-Will be able to track time usage on different areas. 2-It will be easier to prioritize work load.	Converted to A/H.

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Keep within state and fed requirements on handling, storing, documenting and disposing of hazardous waste generated by shops	Eliminate the potential for fines, fires and health related problems and expenses. Reduce amount of haz material disposal costs
Provide resources for crew to expand their education, attend seminars and other job related classes/workshops.	Better educated more confident, better trained and informed paint/sign shop.
Improve communication and workload planning with other depts. we work with.	Improve working relationships/productivity.
Evaluate staffing requirements in relation to increased areas to maintain.	To keep crew size as lean as possible while keeping up with increased terminal, runway, parking ramp sq. footages
Provide the same level of service with reduced resources.	No drop in service

2003 LONG TERM GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Keep on top of changes in technology, products and equipment for paint and sign shops.	To keep improving productivity, safety, surface longevity.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

TRADES - CARPENTERS Service Center Summary

	<u>2001 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Personnel	514,203	449,712	482,343	32,631	7.26%
Administrative Expenses	4,209	1,250	4,690	3,440	275.20%
Utilities	5,997	7,500	5,850	-1,650	-22.00%
Operating Services/Expenses	132	1,000	5,240	4,240	424.00%
Maintenance	130,520	135,950	197,543	61,593	45.31%
Other	5,401	7,600	8,300	700	9.21%
Total Budget	660,462	603,012	703,966	100,954	16.74%

FULL TIME EQUIVALENT SUMMARY

	<u>2002 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>
Full Time	7	8	7
Part Time	0	0	0
Total:	7	8	7

RESPONSIBILITY/FUNCTION

The function/responsibility of MAC's Carpenter Shop is to ensure that MAC facilities are safe, secure and aesthetically acceptable for MAC, its tenants and the traveling public in general. To provide quality service to the other departments in a timely manner. This includes floor to roof, wall to wall service consisting of: locksmith services, furniture and cabinet making, carpet, floor tile, ceilings, demountable furniture and partitions, drywall and acoustical applications, concrete form work, stairs, and special & varied projects.

MAJOR 2003 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Wage increases and other contract increases are reflected in the Personnel category for organized employees. Overtime has been adjusted to reflect the averages for the past 6 years.
Operating Services/Expenses	Emergency exercise materials such as platforms, partitions, etc. Service work to be done on Cushman carts. The carpenters have at this time four carts that need service on batteries, tires and brakes. These have to be in tip top shape because they are used as service vehicle within the terminal.
Maintenance	Increases in this category are attributable to the depletion of supply inventories, to comply with FAA requirements and increased facilities plan require additional repairs and supplies. Automatic door replacement in Baggage Claim secured area parts including tracks, belts, control panels, switch harnesses, motors, sensors, guides etc. All warranties are expired. All work is accomplished in house including parts assembly, rather than contracted out - saving thousands & need to upgrade to prevent security breach.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

TRADES - CARPENTERS

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
To insure that the Carpentry Department holds the high standards that it and MAC assigns to it. The two positions of Carpenter Foreman would share certain responsibilities of running the crew on both sides of the airport and relievers.	Priority #2 Necessary to maintain existing facilities and new facilities that are completed in 2002. These positions will be a step up for two of the present carpenters.	Due to budget constraints this objective was differed.
To operate a safe and efficient carpentry department by providing additional personnel when needed	Priority #2 Necessary to maintain existing facilities and new buildings that are completed in 2002.	Due to budget constraints this objective was differed.
To keep Trades Center garage and Trades Shops clean and provide a safe work environment. This would be a shared expense between departments in the Trades Center.	To provide a safe work environment	Due to budget constraints this objective was differed.
To continue and to enlarge the educational opportunities that exist in the Carpentry/Locksmith Department.	A well rounded Carpenter that is more confident in his or her job.	Due to budget constraints this objective was differed.
To provide Carpenters and other Trades personnel with transporting of equipment by means of an escalating trailer.	Priority #2 Necessary to maintain existing facilities and new buildings completed in 2002. Offering a safe way to transport lifts to and from job site.	Due to budget constraints this objective was differed.
To provide Carpenters with transportation to and from the main terminal, perimeter buildings and relievers.	Priority #2 Necessary to maintain existing facilities and those that will be completed in 2002.	Due to budget constraints this objective was differed.
Establishing a contact person within the department who understands the numbering system that was developed by HGA for the main terminal. He/she would be contacted by architects, facilities or airport development with questions that relate to this field.	Priority #1 Keeping the door numbering system updated for the key database and current blueprints. For architects who need to tie into our existing numbering scheme because of a remodel project or new additions, a faster response time is available.	Due to budget constraints this objective was differed.
To insure a high standard of security through out the main campus and relievers. The carpenter/locksmith is responsible for the compliance of FAA Federally Mandated Lock and Key Program/ Inventory. This is tied into the present MAC system and database.	Priority #1/Federally Mandated by FAA. This person is responsible for security of all doors, AOA gates, card access wall switches on the main campus as well as relievers. He/she would maintain security by using the MAC keying system and database.	Using existing staff we me Federally Mandates regarding door security .

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

TRADES - CARPENTERS

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Develop and enlarge the educational opportunities that exist for the Carpentry and Lock Department. Through training and educational seminars, a carpenter becomes updated on current trends and more confident in their work.	Continue to provide a safe and secure airport for the traveling public.
Ensure a high standard of security through out the main campus and reliever airports by creating a new position of LOCKSMITH. This person is responsible for the pinning/maintenance of all doors, AOA gates, roll-up gates and card access wall switches.	Maintain the standards that is put upon us by the Federal Government and MAC. This is our first line of defense, a locksmith that knows the right hardware and the proper pinning of it.

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ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

TRADES - PLUMBERS Service Center Summary

	<u>2001 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Personnel	453,172	347,206	441,636	94,429	27.20%
Administrative Expenses	3,617	4,361	4,795	434	9.96%
Professional Services		0	5,000	5,000	100.00%
Utilities	4,921	3,706	2,891	-815	-21.99%
Operating Services/Expenses	110	0	0	0	0.00%
Maintenance	166,759	97,555	129,756	32,201	33.01%
Other	15,445	4,420	4,537	117	2.65%
Total Budget	644,023	457,248	588,614	131,367	28.73%

FULL TIME EQUIVALENT SUMMARY

	<u>2002 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>
Full Time	5	7	5
Part Time	0	0	0
Total:	5	7	5

RESPONSIBILITY/FUNCTION

To protect the health of the public through the maintenance and repair of the fire sprinkler systems, domestic hot and cold water, sanitary and storm sewer systems throughout the airport property. To provide valuable services to MAC Departments and timely assistance to the contractors and consultants for the new construction projects. To operate and maintain the watermain system and fire hydrants, to locate underground utilities when excavation is needed, and to perform the plumbing inspections and plumbing plan review.

MAJOR 2003 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Wage increases and other contract increases are reflected in the Personnel category for organized employees. Overtime has been adjusted to reflect the averages for the past 6 years.
Professional Services	The increase in Professional Services is for support for computerized plumbing, monitoring system and upgrades.
Maintenance	This increase is based on a three year average. Increases in a number of line items reflect the ownership of new systems not covered under warranty and for compliance in life safety systems such as the fire sprinkler systems. Other items to note for increases would be irrigation systems, pump repair and replacement and water accountability through metering.

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Contract outside services for technical support of our lift stations and computerized maintenance system.	Reliability of the system, timely upgrades, and periodical programming of system.	Cut due to insufficient funding.
To maintain the knowledge of the collection industry, and to comply with the new industry regulations through training opportunities.	Knowledgeable staff, mandatory certification by the Minnesota Pollution Control Agency for collection system operators.	The General Foreman was able to obtain certification from the MPCA as a Class C operator. The Plumbing Department has 4 more people the need to obtain their certification. This has to be accomplished through training seminars. MAC Plumbing will try to certify 2 people in 2003.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

TRADES - PLUMBERS

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
To provide the Plumbing personnel with the proper equipment to complete certain tasks.	To safely and effectively transport personnel and equipment from job to job, and effectively thaw frozen sanitary and storm drainage.	Cut due to insufficient funding.
Asset inventory of the sewer collection system.	Asset attributes such as ,locations, size, age, material, capacity, etc.	Cut due insufficient funding.
To protect the health of the airport through proactive sewer and water management, and to meet the new regulatory requirements in the waste water industry.	To operate a safe and efficient plumbing system with cost savings due to conservation and preventative maintenance.	Deferred due to hiring freeze.

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Develop priority system.	Standard system for prioritizing work so that the most critical items are dealt with first.
Establish emergency maintenance procedures for unplanned corrective maintenance.	Emergency maintenance procedures that result in quicker response time and less down time.
Maintain the current and newly added facilities on the MAC campus.	Reduce backlog of work orders.
Maintain existing and new fire sprinkler protection systems on MAC campus.	Reduced insurance premiums. More accountability by reduced liability. Better records for future reference.
Proactively manage water meter reading system with the limited amount of resources available.	Provide new meters in replacement areas by the end of 2003. More accurate reading, better accountability, cost saving related to above.

2003 LONG TERM GOALS AND OBJECTIVES

Service Center Objective	Expected Results
To maintain the knowledge of our industry and to comply with the new industry standards.	Mandatory certification of staff.
To contract outside services for technical support and maintenance of our lift stations and computerized maintenance system	Reduced down time of critical pump stations. Saving through expanded performance verses replacement.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

MAINTENANCE - FIELD Service Center Summary

	<u>2001 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Personnel	6,694,848	6,156,730	6,869,086	712,356	11.57%
Administrative Expenses	66,695	23,380	23,380	0	0.00%
Professional Services	2,227	0	2,422	2,422	100.00%
Utilities	37,517	18,600	14,507	-4,093	-22.01%
Operating Services/Expenses	119,682	18,840	24,040	5,200	27.60%
Maintenance	3,820,218	2,617,281	3,032,235	414,954	15.85%
Other	190,110	92,000	82,500	-9,500	-10.33%
Total Budget	10,931,298	8,926,831	10,048,170	1,121,339	12.56%

FULL TIME EQUIVALENT SUMMARY

	<u>2002 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>
Full Time	111	113	111
Part Time	0	0	0
Total:	111	113	111

RESPONSIBILITY/FUNCTION

Maintenance is responsible for maintaining the ramp areas, field/runway/taxiway area, the road system on airport property, parking facilities, and responding to tenant requests. In the spring, maintenance takes care of repair of blast fence, parking level power cleaning, tunnel washing, winter damage to turf (139 inspection), rubber removal, snow fence removal, ramp and runway sand removal and hauling, AOA drivers training, Smith System training, service area garbage, parking levels cleaning, removal, gate and fence repair, prioritize and plan summer construction. During the summer, maintenance takes care of surface repairs (concrete and blacktop), on runways, taxiways, ramps, roads, gate areas and parking lots, pollution control, fence and gate repair, joint sealing, paving of shoulders, roads, ramps and parking lots, service area garbage removal, parking levels cleaning, landscaping, grass cutting, tree trimming, sodding, seeding, planting, herbicide spraying and sprinkler systems, AOA training, signs, weekend cleanup, mail and parts runner and setting up all contracts for winter.

In the winter, maintenance takes care of snow removal on runways, taxiways, ramps, gate areas, parking lots, roads and sidewalks, snow melting, chemical usage, fence and gate repair, pollution control, signs, service area garbage removal, parking levels cleaning, snow hauling, assess budgeting needs, equipment and personnel.

In addition, the department maintains, services, repairs and fabricates MAC's equipment and vehicle fleet of over 500 and prepares the specifications, contracts and bids for all equipment and vehicle purchases.

MAJOR 2003 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	<p>In this area there were four main line items that increased the budget. Overtime and Double time were calculated using a six year average without the high year. Temporary seasonal snow shovelers were added back into the budget. They are needed for keeping the sidewalks clear and safe. By adding them back we can move full time personnel back onto equipment. Last was the temporary 49er's. This increase is for new pavement that needs to be plowed and an increase in contracted costs. The training line item monies are used for all shop and operator training, throughout the year. This line item directly impacts the operational status of the airport and the airlines bottom line.</p> <p>Wage increases and other contract increases are also reflected in the Personnel category for organized employees.</p>
Operating Services/Expenses	<p>This increase is due to the cost of a call out service for our personnel for snow events and other emergencies. This service saves valuable time and resources during the winter season.</p>

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

MAINTENANCE - FIELD

MAJOR 2003 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Operating Services/Expenses	This increase is due to the cost of a call out service for our personnel for snow events and other emergencies. This service saves valuable time and resources during the winter season.
Maintenance	Budget increases are directly related to new facilities and additional pavements constructed in 2002. Thirty new regional aircraft gates opened on the A and B concourses and nine new air carrier gates opened on the C Concourse. New taxiways and cargo aprons also opened in 2002. Increased costs are shown for liquid deicer, solid deicer and airside sand and are related to the new paved surfaces. Those chemicals are absolutely essential in maintaining aircraft operations during winter conditions. The opening of the Humphrey parking garage required an increase in maintenance and snow removal costs. Increased snow melter maintenance costs reflect the addition of new melters at the runway 30R deice pad, A-B Concourses, Humphrey garage, Humphrey exit plaza and the infield cargo apron. Heavy equipment leases and seasonal equipment leases have increased, but total cost has been divided between airfield and public roadway cost centers as appropriate. As aircraft operations continue to increase (very near pre-9/11 levels), preventative maintenance work will be required on the two parallel runways in order to maintain adequate surface friction levels.

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Establish a south field snow removal crew to service runway 17-35 and associated taxiways and aprons	Maintain standard runway snow removal time frames when conducting snow removal on runway 17-35 without impact to parallel runway snow removal	Deferred
Expand in-house maintenance paving and repair projects.	Successful bidding on portions of capital construction projects	Participated in several 2002 projects at costs less than third-party contractor -- 2003 participation limited by reduction in CIP projects
To establish a landscaping crew, including state certification for chemical/herbicide application	Elimination of third-party landscaping maintenance contract	In progress / under review -- decision required for FY 2004

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Reduce the cost of purchasing pulverized dirt. Reduce the cost of sand recycling and disposal. This is needed because of the closing of the MAC dump. See long term objective.	Reduction of monies for sand recycling, garbage recycling and dirt pulverizing. An average of \$70,000 per year.
Identify and implement short and long term cost saving measures while maintaining safety and integrity of aircraft movement surfaces.	Department efficiency and cost savings.
Provide snow and ice control of all sidewalks at the airport. To ensure the traveling public and employees have a safe surface to walk on.	Clean and safe sidewalks reducing MAC liability for falls which account for 75% of all claims against the MAC.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

MAINTENANCE - FIELD

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Maintain and clean out the current snow melters and an additional sixteen (16) melters that come on line in 2003.	Operational snow melters; reduce/eliminate snow hauling operations and related expense
Provide snow removal for the new Humphrey parking facility and adjacent pavements.	100% availability of all revenue-generating parking spaces in the Humphrey parking ramp
Expand snow removal contractor contracts to cover Federal Express Ramp, Sun Country/Messaba Ramp, Southwest Cargo Ramp and West Cargo Ramp.	100% availability of aircraft parking positions for tenants and to support Humphrey Terminal operations.
Provide snow and ice control for 1-existing and 3-new tunnels, as well as other new landside roadways associated with runway 17-35 development and the MSP 2010 plan	Ensure all tunnels are open and safe during all weather conditions.
Provide snow removal and ice control for the 37 new gates at concourses A,B and C and 30R de-ice pad. This is reflected in an increase for a loader and personnel to clear away snow from these gate areas and de-ice pad.	100% operation of all regional airline gates; no gate closures due to accumulated snow or unsafe conditions

2003 LONG TERM GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Evaluate, define and implement an in-house program for landscaping maintenance effective upon the December 31, 2003 expiration of a current third-party contract. See related short-term objective.	Reduction in landscaping maintenance expense.
Develop a snow removal plan for runway 17-35 and associated taxiways, aircraft parking aprons and deice pad. Procure required personnel and capital assets, determine required operating costs.	Maintain two active runways during snow/ice events. Maintain existing runway closure time frames that are already the industry standard. Maximize hourly aircraft operations during snow/ice events.
Reevaluate all contractor snow removal contracts.	Cost reduction or increased efficiency.
Evaluate a third-party contract for annual preventative maintenanc/cleaning of parking structures. Reallocate remaining personnel and equipment resources to focus on higher priority airside preventative maintenance tasks.	Reduction in the number of days a specific parking level is closed for routine maintenance and increasing available revenue-generating parking spots.
Reduction in MAC costs for sand recycling, garbage recycling and dirt pulverizing associated with the closing of the MAC dump.	Cost reduction when comparing third-party costs to capital expense over life of equipment.

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ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

RELIEVERS - ADMINISTRATION Service Center Summary

	2001 Actual	2002 Budget	2003 Budget	\$ Variance	% Variance
Personnel	508,310	531,173	535,976	4,803	0.90%
Administrative Expenses	9,772	22,875	20,875	-2,000	-8.74%
Professional Services	10,000	12,000	12,000	0	0.00%
Utilities	6,381	2,300	1,795	-505	-21.96%
Operating Services/Expenses	1,205	6,100	5,000	-1,100	-18.03%
Other	366	5,600	2,000	-3,600	-64.29%
Total Budget	536,033	580,048	577,646	-2,402	-0.41%

FULL TIME EQUIVALENT SUMMARY

	2002 Actual	2002 Budget	2003 Budget
Full Time	8	8	8
Part Time	0	0	0
Total:	8	8	8

RESPONSIBILITY/FUNCTION

The Reliever Airport staff is responsible for the operation, maintenance, and administration of the six reliever airports. The department staff manages the properties, including the administration of over 800 leases. The staff also responds to tenant, airport user and community issues and concerns.

MAJOR 2003 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Wage increases and other contract increases are reflected in the Personnel category for organized employees. Overtime has been adjusted to reflect the averages for the past 6 years.
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2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Benchmark MAC Reliever Airport system against other reliever airport systems.	Identify: marketing efforts, relationships with communities, status of policies/ procedures, relationship offairport rates to airport services provided, and other sources of revenue for other airport systems in an effort to improve upon current practices.	Deferred due to budget constraints.
Develop and implement a comprehensive global information system (GIS) based mapping system for the Reliever Airports.	Increased efficiency and time saving of Reliever Airport employees. Increased effectiveness of presentations.	Deferred due to budget constraints.

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

RELIEVERS - ADMINISTRATION

2002 GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Measurement	Results
Implement new Reliever Airport lease forms approved by the Commission in 2001.	Renew the 650+ leases that have been carried on year to year terms while staff updated lease policies and developed new lease forms.	Executed approximately 400 of the 650 expired leases with reliever airport tenants.

2003 GOALS AND OBJECTIVES

Service Center Objective	Expected Results
Review and Evaluate the Inspection and Enforcement Procedures Regarding Hangar Use and Illegal Operations on the Reliever Airports	Inspection and Enforcement Procedures that allow staff to effectively respond to misuse of airport facilities.
Review the current operating and funding philosophy for Reliever Airports	Establish the operating and funding philosophy for the Reliever Airports and Amend Ord. 87 accordingly.
Participate in the implementation of any federally directed security mandates for general aviation/reliever airports and in the interim proactively evaluate security needs.	Prepare an evaluation report and Implement mandates.
Implement the Requirements of the Memorandum of Understanding between MAC and Eden Prairie Regarding the Flying Cloud Airport.	Fulfill MAC's obligations under the agreement

ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

**RELIEVERS - ST. PAUL
Service Center Summary**

	2001 Actual	2002 Budget	2003 Budget	\$ Variance	% Variance
Personnel	468,530	444,067	414,703	-29,364	-6.61%
Administrative Expenses	4,816	4,300	4,300	0	0.00%
Professional Services	34,234	35,000	0	-35,000	-100.00%
Utilities	3,812	0	0		
Operating Services/Expenses	51,753	4,200	24,200	20,000	476.19%
Maintenance	156,580	208,279	204,328	-3,951	-1.90%
Other	103,371	12,060	11,040	-1,020	-8.46%
Total Budget	823,096	707,906	658,571	-49,335	-6.97%

FULL TIME EQUIVALENT SUMMARY

	2002 Actual	2002 Budget	2003 Budget
Full Time	6	6	6
Part Time	0	0	0
Total:	6	6	6

RESPONSIBILITY/FUNCTION

The Reliever Airport staff is responsible for the operation, maintenance, and administration of the six reliever airports. The department staff manages the properties, including the administration of over 800 leases. The staff also responds to tenant, airport user and community issues and concerns.

MAJOR 2003 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Wage increases and other contract increases are reflected in the Personnel category for organized employees. Overtime has been adjusted to reflect the averages for the past 6 years.
Operating Services/Expenses	Anticipated Federal requirements for corporate airports

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ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

RELIEVERS - LAKE ELMO Service Center Summary

	2001 Actual	2002 Budget	2003 Budget	\$ Variance	% Variance
Personnel	90,677	116,155	111,890	-4,265	-3.67%
Administrative Expenses	1,320	350	350	0	0.00%
Professional Services	3,704	0	0		
Operating Services/Expenses	6,221	200	200	0	0.00%
Maintenance	34,300	40,130	39,385	-745	-1.86%
Other	2,306	4,350	4,350	0	0.00%
Total Budget	138,529	161,185	156,175	-5,010	-3.11%

FULL TIME EQUIVALENT SUMMARY

	2002 Actual	2002 Budget	2003 Budget
Full Time	2	2	2
Part Time	0	0	0
Total:	2	2	2

RESPONSIBILITY/FUNCTION

The Reliever Airport staff is responsible for the operation, maintenance, and administration of the six reliever airports. The department staff manages the properties, including the administration of over 800 leases. The staff also responds to tenant, airport user and community issues and concerns.

MAJOR 2003 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Wage increases and other contract increases are reflected in the Personnel category for organized employees. Overtime has been adjusted to reflect the averages for the past 6 years.
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ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

RELIEVERS - AIRLAKE Service Center Summary

	<u>2001 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Personnel	121,620	111,365	106,616	-4,749	-4.26%
Administrative Expenses	1,260	350	350	0	0.00%
Operating Services/Expenses	0	200	200	0	0.00%
Maintenance	15,513	38,530	37,785	-745	-1.93%
Other	3,758	1,350	1,350	0	0.00%
Total Budget	142,151	151,795	146,301	-5,494	-3.62%

FULL TIME EQUIVALENT SUMMARY

	<u>2002 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>
Full Time	2	2	2
Part Time	0	0	0
Total:	2	2	2

RESPONSIBILITY/FUNCTION

The Reliever Airport staff is responsible for the operation, maintenance, and administration of the six reliever airports. The department staff manages the properties, including the administration of over 800 leases. The staff also responds to tenant, airport user and community issues and concerns.

MAJOR 2003 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Wage increases and other contract increases are reflected in the Personnel category for organized employees. Overtime has been adjusted to reflect the averages for the past 6 years.
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ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

RELIEVERS - FLYING CLOUD Service Center Summary

	<u>2001 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Personnel	203,310	181,593	174,470	-7,123	-3.92%
Administrative Expenses	3,255	350	350	0	0.00%
Professional Services	260	0	0		
Operating Services/Expenses	2,481	200	200	0	0.00%
Maintenance	76,506	62,514	60,204	-2,310	-3.70%
Other	757	2,200	2,200	0	0.00%
Total Budget	286,568	246,857	237,424	-9,433	-3.82%

FULL TIME EQUIVALENT SUMMARY

	<u>2002 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>
Full Time	3	3	3
Part Time	0	0	0
Total:	3	3	3

RESPONSIBILITY/FUNCTION

The Reliever Airport staff is responsible for the operation, maintenance, and administration of the six reliever airports. The department staff manages the properties, including the administration of over 800 leases. The staff also responds to tenant, airport user and community issues and concerns.

MAJOR 2003 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Wage increases and other contract increases are reflected in the Personnel category for organized employees. Overtime has been adjusted to reflect the averages for the past 6 years.
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ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

**RELIEVERS - CRYSTAL
Service Center Summary**

	2001	2002	2003	\$	%
	Actual	Budget	Budget	Variance	Variance
Personnel	226,185	224,807	222,930	-1,877	-0.83%
Administrative Expenses	3,420	2,700	2,700	0	0.00%
Professional Services	72	0	0		
Utilities	1,526	0	0		
Operating Services/Expenses	776	200	200	0	0.00%
Maintenance	57,708	66,517	64,161	-2,356	-3.54%
Other	1,343	2,200	2,200	0	0.00%
Total Budget	291,030	296,424	292,192	-4,232	-1.43%

FULL TIME EQUIVALENT SUMMARY

	2002	2002	2003
	Actual	Budget	Budget
Full Time	4	4	4
Part Time	0	0	0
Total:	4	4	4

RESPONSIBILITY/FUNCTION

The Reliever Airport staff is responsible for the operation, maintenance, and administration of the six reliever airports. The department staff manages the properties, including the administration of over 800 leases. The staff also responds to tenant, airport user and community issues and concerns.

MAJOR 2003 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Wage increases and other contract increases are reflected in the Personnel category for organized employees. Overtime has been adjusted to reflect the averages for the past 6 years.
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ORGANIZATIONAL STRUCTURE - 2003 OPERATING BUDGET

RELIEVERS - ANOKA Service Center Summary

	<u>2001 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Personnel	211,852	179,782	176,802	-2,980	-1.66%
Administrative Expenses	5,615	2,700	2,700	0	0.00%
Professional Services	1	0	0		
Utilities	2,031	0	0		
Operating Services/Expenses	89,306	100,200	158,900	58,700	58.58%
Maintenance	77,427	97,311	95,001	-2,310	-2.37%
Other	1,237	1,200	1,200	0	0.00%
Total Budget	387,469	381,193	434,603	53,410	14.01%

FULL TIME EQUIVALENT SUMMARY

	<u>2002 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>
Full Time	3	3	3
Part Time	0	0	0
Total:	3	3	3

RESPONSIBILITY/FUNCTION

The Reliever Airport staff is responsible for the operation, maintenance, and administration of the six reliever airports. The department staff manages the properties, including the administration of over 800 leases. The staff also responds to tenant, airport user and community issues and concerns.

MAJOR 2003 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Wage increases and other contract increases are reflected in the Personnel category for organized employees. Overtime has been adjusted to reflect the averages for the past 6 years.
Operating Services/Expenses	Operating Expense has increased 30% due to the new Sewer/Water Maintenance Agreement with City of Blaine

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CONSTRUCTION BUDGET – 2003 OPERATING BUDGET

The construction budget is presented in three sections. The Capital Improvement Plan (CIP) is detailed first, followed by a chart and discussion on sources and uses within this budget. This is followed by a brief summary of projects in process. Finally, a detailed description of the major projects by category along with a summary of how these projects will affect operating costs.

Each year the MAC approves Capital Projects that will start within the next 12 months, and a Capital Improvement Program which covers all projects which are to be started during the second calendar year. In addition, a Capital Improvement Plan which covers an additional five years is adopted. These serve as a basis for determining funding requirements and other operational planning decisions. Certain projects which have a metropolitan significance are also submitted to the Metropolitan Council for review and approval. The Metropolitan Council is a regional planning agency responsible for coordination and planning of certain governmental services for the metropolitan area.

CAPITAL IMPROVEMENT PROGRAM PRIORITY CRITERIA

Staff has developed a set of project priority categories to use as a guide in determining what projects to include in the CIP, particularly the first year, where Commission approval authorizes staff to proceed with plans and specifications and bring the actual bids back to the Commission for contract award.

These priority categories, with a brief explanation, follow:

0. Committed
Commission has made a commitment to complete these projects. Some projects are new while others are phases of a larger project.
1. Safety
This category includes projects that staff feels are required to enhance or insure continued safety at each of the airports in the MAC system.
2. Essential Maintenance
This category is for projects that cannot be accomplished by MAC maintenance forces, but are "essential" for reasons of economics or continued operation. Failure to proceed with the projects allows continued deterioration, which leads to higher replacement/repair costs, safety problems or insurance claims.
3. Regulatory Requirements
This category includes projects that are necessitated by regulatory control over the Commission's actions, such as Federal Aviation Regulations and local, state or federal laws.
4. Noise Abatement/Other Environmental
These projects address various environmental issues ranging from asbestos abatement to wetland mitigation and are precipitated by environmental concerns as well as regulations.
5. Preventative Maintenance
These are projects oriented toward the continuous changes occurring at the airports, the need to continuously upgrade older pavements to meet the loadings they receive today, and to avoid larger, disruptive projects in future years.
6. Customer Service/Tenant Projects
These projects, as the name implies, are oriented toward improved customer service and/or convenience.
7. Operational Improvements
These projects have been identified as improving various operational aspects of the airports, whether applicable to aircraft, tenants, and MAC staff or off airport service providers.
8. Other
As might be expected, there are always projects that don't logically fall into any category.

CONSTRUCTION BUDGET – 2003 OPERATING BUDGET

The above categories are listed in what staff believes to be a reasonable priority order.

Commission policies for Capital Projects are:

1. Maximize all federal aid.
2. Safety and customer service oriented.
3. Metropolitan Council approval required on Reliever Airport projects in excess of \$2 million and MSP International projects in excess of \$5 million if they are viewed as having a metropolitan significance.
4. Projects are prioritized.

Anticipated project totals planned for 2003, 2004, 2005, and the extended period 2006-2009 (i.e. the proposed Capital Improvement Plan for 2003) are summarized below by location. The amounts shown represent the estimated total cost for the projects in the year construction will begin. These figures differ from those shown in the "Use of Funds" section in the Construction Budget detailed further below because the figures listed in that schedule represent anticipated actual costs for that year.

All project costs listed in this section are in 2002 dollars.

CAPITAL IMPROVEMENT PLAN SUMMARY (CIP) (\$ = 000)	2003	2004	2005	2006-2009	Total 2003-2009
<u>Minneapolis/St. Paul International</u>					
Runway Deicing/Holding Pad	\$ 375	\$ 19,375	\$ 2,000	\$ 0	\$ 21,750
Runway 17/35	41,000	127,800	42,450	0	211,250
Runway 4/22 Development	2,000	1,000	3,500	0	6,500
Noise Mitigation	17,550	21,800	25,050	71,000	135,400
Taxiway C/D Complex Construction	0	0	28,000	0	28,000
Airfield Rehabilitation	500	7,200	11,600	6,000	25,300
Runway Rehabilitation	0	0	0	35,000	35,000
Environmental Remediation	0	0	0	0	0
Public Parking/Auto Rental Expansion	0	0	0	0	0
Green Concourse Extension	200	750	0	0	950
Concourse Expansion & Rehabilitation	0	0	0	0	0
Lindbergh Terminal Rehabilitation & Development	0	30,000	9,100	0	39,100
Humphrey Terminal Development	0	2,000	0	0	2,000
Landside Rehabilitation & Repair	2,000	4,700	12,100	11,400	30,200
Miscellaneous Field & Runway	0	1,400	1,400	1,600	4,400
Miscellaneous Landside	500	4,500	81,100	0	86,100
New Projects	<u>20,915</u>	<u>4,400</u>	<u>43,400</u>	<u>103,000</u>	<u>171,715</u>
Total Minneapolis/St.Paul International	<u>\$85,040</u>	<u>\$224,925</u>	<u>\$259,700</u>	<u>\$228,000</u>	<u>\$797,665</u>
<u>Reliever Airports</u>					
Reliever Airports	1,900	3,925	71,560	26,900	104,285
Reliever Airports Utility Extension	<u>0</u>	<u>550</u>	<u>5,400</u>	<u>0</u>	<u>5,950</u>
Total Reliever Airports	<u>1,900</u>	<u>4,475</u>	<u>76,960</u>	<u>26,900</u>	<u>110,235</u>
Total All Facilities	\$86,940	\$229,400	\$336,660	\$254,900	\$907,900

CONSTRUCTION BUDGET – 2003 OPERATING BUDGET

The seven-year total of approximately \$907.9 million represents a decrease of \$70.1 million from the previous year's CIP. This decrease can be attributed to adjustments/revisions and projects being completed in the 2010 Plan.

The Construction Budget below represents anticipated sources and uses of funds during the years 2003-2005. The information for 2002 indicates expected transactions during the fourth quarter.

CONSTRUCTION BUDGET 2003					
(\$ = 000)					
	<u>Estimated 2002</u>	<u>Budget 2003</u>	<u>Projected 2004</u>	<u>Projected 2005</u>	<u>Projected Total</u>
Sources of Funds					
Balance 12/31/02	\$494,809				\$ 494,809
Balance Carried Forward		\$136,832	\$139,962	\$149,140	
Transfer From Operating Fund	7,300	0	0	0	7,300
PFC Funding	59,000	60,180	61,488	63,027	243,695
Federal Grants	21,000	30,665	12,500	8,000	72,165
State Grants	2,428	0	3,006	1,400	6,834
Interest Income (1)	12,341	9,869	3,316	3,546	29,073
Net Bond Proceeds (See Above)	0	0	0	0	0
Commercial Paper Program (2)	57,000	(38,600)	102,344	(120,744)	0
Principal Amount of Bonds	0	119,046	0	541,214	660,260
Federal Letter Of Intent (LOI)	<u>13,000</u>	<u>11,000</u>	<u>8,000</u>	<u>7,500</u>	<u>39,500</u>
Total Sources of Funds	172,069	192,160	190,654	503,943	1,058,827
Uses of Funds					
CIP Project Costs	(400,614)	(179,010)	(181,476)	(245,844)	(1,006,944)
Bond Anticipation Notes	(129,433)	0	0	0	(129,433)
Debt Service Reserve	0	(6,020)	0	(24,500)	(30,520)
Capitalized Interest	0	(2,000)	0	(24,500)	(26,500)
Issuance Expenses	<u>0</u>	<u>(2,000)</u>	<u>0</u>	<u>(7,500)</u>	<u>(9,500)</u>
Total Use of Funds	<u>(530,047)</u>	<u>(189,030)</u>	<u>(181,476)</u>	<u>(302,344)</u>	<u>(1,202,897)</u>
Balance Carried Forward	\$136,832	\$139,962	\$149,140	\$350,739	\$ 350,739
1 Interest Rate Assumed 2.0% for the period 2002 through 2005.					
2 Negative amount in commercial paper represents amount paid off or transferred to long term debt.					
Funding Source Summary					
Current Balance	31.07%				
Transfer From Operating Fund	0.46%				
PFC Funding	15.27%				
Federal Grants	3.20%				
State Grants	0.38%				
Interest Income	1.73%				
Net Bond Proceeds-(See Current)	0.00%				
Commercial Paper Program	3.58%				
Principal Amount of Bonds - PFCs	29.28%				
Principal Amount of Bonds - Garbs	12.56%				
Federal Letter Of Intent (LOI)	<u>2.47%</u>				
Total Sources of Funds	100.00%				

CONSTRUCTION BUDGET – 2003 OPERATING BUDGET

SOURCES AND USES

From 12/31/02 through 2005, MAC has identified nine funding sources totaling \$1,525,269,000 including a beginning balance of \$494,809,000. During this period, MAC will expend \$1,202,897 leaving a net balance of \$322,373 at the end of 2005. This balance represents a portion of the 2004 and 2005 projects that were started but not yet completed by 12/31/05.

SOURCES

Each source of funding is discussed below.

The transfer from the operating budget is made at the end of each year after the debt service requirement and working capital balance have been funded. Due to the current and forecasted economic conditions, no transfer is being projected in 2003 and beyond.

PFC funding or Passenger Facility Charge funding is the third largest funding source at \$243.7 million or 15.98% of the total. Passenger Facility Charges (PFCs) were authorized by Congress to allow proprietors of commercial service airports, such as MAC, to impose a charge on enplaning passengers at those airports. The charge was originally set at \$1, \$2, or \$3. Essential Air Service Flights and Frequent Flyers are exempted from this charge. The basis for the PFC is to provide needed supplemental revenues to expedite the improvement of airport facilities used by passengers, to mitigate noise impacts and to expand airport system capacity. The Commission's first application began collecting PFCs on June 1, 1992. The \$66 million application was completed (i.e. funded) on July 31, 1994. A second application was approved in 1994 totaling \$113 million. Collection on this application began on August 1, 1994, and continued through December 1999. This application was submitted to be amended in November 1997. The amendment requested additional funding of \$18,846,000 and an extension of the collection period from May 1999 through December 1999. This amendment was necessary due to a reduction in anticipated Federal Aid. A third application for \$32.7 million was approved in December 1995. Collection on this application began in August 1996 and was fully funded in 1997. The Commission submitted a fourth application totaling \$55 million in July 1998. Approval of this application by the Federal Aviation Administration was received in December 1998. This allowed PFC funding to continue through mid 2000. In October of 1999 the Commission submitted a fifth application totaling \$106.9 million. Approval of the fifth application by the Federal Aviation Administration was received in January 2000. In September 2000, the Commission submitted to the FAA amendments for the following applications:

PFC #1 - 1992	\$26,359,000
PFC #2 - 1994	\$14,557,000
PFC #4 - 1998	\$4,212,000
PFC #5 - 2000	Change in level from \$3.00 to \$4.50

In conjunction with filing these amendments, the Commission was required to file a Competition Plan. Before any approval/consideration could be given to these amendments, the FAA needed to approve this Plan. Approval from the FAA regarding the Competition Plan was received on November 21, 2000. In addition, Congress earlier in 2000 authorized proprietors of commercial service airports to increase the level of PFC up to a maximum of \$4.50. This level of collection required the completion and approval of a Competition Plan for the airport. The Commission received approval of these amendments in January 2001.

In September 2002, MAC submitted PFC application #6 totaling approximately \$1.225 billion dollars. This application can be separated into four parts: 1) pay as you go (similar to the previous 5) \$32 million 2) annual costs of \$10 million to pay debt service on previously bond funded projects (pay as you go), 3) \$500 million in new or ongoing construction costs (new debt), 4) interest costs associated with the new debt \$683 million. FAA approval is expected in late January 2003. The amount shown here is for the annual collection only.

Federal Grants are funds which are used for FAA approved projects including approved noise compatibility programs and noise insulation projects for communities surrounding the airport. These funds are estimated at \$72.2 million or 4.73% of the sources listed above. Certain criteria must be met when an application for a project is submitted to the FAA. If the criteria are met, the grant money may be issued.

CONSTRUCTION BUDGET – 2003 OPERATING BUDGET

State Grants are similar to Federal grants. The dollars are on a much smaller scale, but each application must meet the required criteria in order to receive the grant. This source is estimated at \$6.8 million or 0.45% of the total funding through 2005.

Interest Income is based on the balance in the fund. As noted above, a 2.0% rate is assumed for 2002 through 2005. This figure can vary significantly depending upon approval of projects and their starting dates. Interest Income of \$27.7 million or 1.82% of sources is projected.

Commercial Paper is used as an interim funding source. For the period 2002-2005 the Commission anticipates issuing \$177 million in Commercial Paper. Based on current forecasted data all of this paper will be refinanced as follows:

(\$=000)	Issued	Refinanced	Running Balance
Prior Period	\$75,000	0	\$75,000
2002	57,000	0	132,000
2003	18,400	<\$84,000>	66,400
2004	102,344	0	168,400
2005	0	<\$120,744>	\$47,656

Bond Funding - PFCs (Passenger Facility Charges) represents the second largest source and makes up \$422.6 million or 27.20%. This amount is the principal portion only. The final amount issued will be dependent upon FAA approval and if some projects are possibly deferred.

Bond Funding – GARBS (General Airport Revenue Bonds) is the fourth largest source at \$237.6 million or 15.29%. This amount represents and one issue in 2005. The amounts could vary depending on economic conditions and project status.

Federal Letter Of Intent (LOI) is a grant program similar to Federal Grants listed above. MAC submitted an application in June 1998 totaling \$186 million. The LOI was approved in mid 1999 at a \$95 million level. The Commission will receive the \$95 million in various amounts until 2010. LOI funding in 2001 was \$10.0 million. In October 2000, the Commission approved and implemented a short-term variable rate program. The vehicle chosen was Commercial Paper. The initial offering was for \$75 million. The primary purpose of this program was to prefund the LOI aid program and to pay the Commercial Paper issue down as the LOI dollars are received. Additional information regarding this program is provided in the Debt Service Budget. LOI Funding is estimated for the period at \$39.5 million or 2.54%.

USES

There are five general categories of uses listed. The first, CIP project costs (\$1,006.9 million) represent 83.7% of the total. The second area is Bond Anticipation Notes (\$129.4 million) and represents 10.8% of the total. These Notes were issued in August 2001. It was anticipated at that time that Long Term Debt would be issued in 2002 to “take out” these Notes. This mechanism was to be used as an interim funding source. With the economic downturn and the events of 9/11, virtually all projects were deferred. During the 1st quarter of 2002 MAC applied for and received special consideration from the IRS to reserve funds on hand to redeem these Notes. The other three categories relate to the bond issues described above and in the Debt Service Budget and comprise the other 5.5% of this total.

CIP project costs include both actual construction costs and any fees (i.e. architectural/engineering) which may be associated with the project. Also included in this figure are projects in process. Significant project costs include those associated with construction of runway 17/35, land acquisition for runway 17/35, and additional terminal facilities.

The balance carried forward at the end of 2005 can be attributed to a number of significant projects scheduled to begin in early 2005. It is quite possible that this balance could be significantly different as the timing of projects historically has been delayed for any number of reasons. This timing will be monitored very closely so that if bond funds are required they will not be issued prior to when they are necessary.

CONSTRUCTION BUDGET – 2003 OPERATING BUDGET
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The table below identifies current projects in process whose estimated cost is greater than \$3.0 million.

Projects in Process (As of November 8, 2002)
(\$ = 000)

<u>Project Description</u>	<u>Estimated Project Cost</u>	<u>Payments To Date</u>
2000 Green Concourse Apron Extension	\$15,287,525.00	\$13,800,948.75
Runway 12R Category 3	4,015,000.00	2,027,180.91
Runway 30R Deicing Pad	21,570,350.00	20,011,873.58
Runway 4/22 Reconstruction – Segment 3	13,525,000.00	6,665,203.97
Runway 12R Deicing Pad	19,000,000.00	794,356.64
2001 Aircraft Fueling System	6,400,000.00	5,995,353.20
Runway 17/35 Land Acquisitions and Developments	614,302,600.00	391,811,392.40
Green Concourse Expansion – Fees	16,130,000.00	11,555,665.15
Green Concourse People Mover	49,850,000.00	41,267,390.86
Green Concourse Expansion - Phase 2	91,115,000.00	81,613,518.53
2001 Lindbergh Terminal Interior Rehabilitation	6,040,000.00	5,376,078.67
EMC - Chiller Additions	7,645,000.00	2,985,771.25
North Terminal Expansion	14,371,000.00	5,604,125.45
Concourse F Infill	3,740,000.00	3,242,359.66
Ground Power Systems	5,310,000.00	4,714,233.87
Naval Air Reserve Center Relocation	15,705,000.00	11,502,179.14
Parking Expansion-Transit Center	14,600,000.00	13,441,557.20
HHH Terminal - Gate 10 Expansion	3,050,000.00	2,893,605.44
Econolot/HHH Parking Structure - Fees	11,600,000.00	8,312,024.18
Econolot Modifications	3,220,000.00	3,028,709.43
HHH Terminal Parking Ramp Developments	109,140,000.00	80,451,193.64
HHH Roadways: 34th Avenue - Phase 2	6,000,000.00	3,304,815.73
LRT Tunnel/Station and Developments	106,500,000.00	52,611,228.73
Mesaba Hangar	9,500,000.00	576,611.98
Cargo Area Developments	27,740,000.00	17,931,221.30
Part 150 Sound Insulation Projects (Homes & Schools)	38,718,000.00	28,177,119.44
All Other Projects in Process	122,195,428.00	47,347,495.50
Total:	\$1,356,269,903.00	\$867,043,214.60

CONSTRUCTION BUDGET – 2003 OPERATING BUDGET

The listing below summarizes all construction, and expansion projects whose costs exceed \$5.0 million at MSP and \$2.0 million at the reliever airports. These dollar limits represent the level at which the Metropolitan Council (a regional planning agency) must review and approve projects. In addition, noise projects in excess of \$1.0 million are summarized.

CAPITAL IMPROVEMENT PROJECTS (Dollars in Thousands)

MSP International	2003 \$	2004 \$
<u>Runway Deicing/Holding Pad Program</u>		
<u>12R Deicing Pad/Holding Pad</u>		\$19,000
<p>This project will provide for the construction of the airport's deicing/holding pad on Runway 12R to allow for the efficient deicing of aircraft and collection of residual glycol as well as for the holding of aircraft for operational reasons. This project will also include the construction of Taxiway B between the deicing pad and Exit Taxiway B10.</p>		
Other Runway Deicing/Holding Pad Projects Less Than \$5,000,000	<u>\$375</u>	<u>\$375</u>
Total Runway Deicing/Holding Projects	<u>\$375</u>	<u>\$19,375</u>
<u>Runway 17/35 Program</u>		
<u>Runway 17/35 Land Acquisition</u>	\$12,000	\$38,000
<p>During 2003, there will be a continuation of the acquisition of off-airport land as well as lease extinguishment required to provide for the Runway 17/35 Protection Zone (RPZ). Costs for these items will be determined based on negotiations with the impacted property owners. In addition, certain residential properties in Bloomington that would be in high DNL noise zones associated with activity on Runway 17/35 will also be acquired.</p>		
<u>Buildings Demolition</u>	\$4,000	\$8,100
<p>This project provides for the demolition of buildings and facilities in the Runway Protection Zone (RPZ) including the Federal Express and BAX Global facilities, the Sun Country and Mesaba hangars, the McClay VFW, the Amoco and Super America gas stations, the Double Tree, Sheraton, and Excel hotels, the 2850 Metro Office Park building including the parking ramp, the Budget Rental Car facility.</p>		
<u>Runway 17/35 North End Paving</u>	\$21,500	
<p>This project will provide for the placement of concrete pavement on the Runway north of the Runway 4/22 intersection.</p>		

CONSTRUCTION BUDGET – 2003 OPERATING BUDGET		
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MSP International	2003 \$	2004 \$
<u>Runway 17/35 Construction – South End</u> This project provides for the site preparation and paving of the runway and taxiway system south of the Runway 4/22 intersection. The construction of a landside access road to the southwest cargo apron and demolition of the existing glycol storage ponds will also be included with this project.		\$18,000
<u>Runway 4/22 Tunnel</u> This project provides for the construction of the vehicle tunnel under Runway 4/22 which will provide access to the midfield development area. The project also includes the construction of the service road adjacent to the Taxiway D and W intersection.		\$52,000
Other Runway 17/35 Program Projects Less Than \$5,000,000	<u>\$3,500</u>	<u>\$11,700</u>
Total Runway 17/35 Program Projects	<u>\$41,000</u>	<u>\$127,800</u>
<u>Runway 4/22 Development (All under \$5,000,000)</u>		
Total Runway 4/22 Development	<u>\$2,000</u>	<u>\$1,000</u>
<u>Noise Mitigation Program</u>		
<u>Residential Sound Insulation (Inside 1996 65 DNL)</u> This series of projects is a continuation of the program to insulate residential houses within the certified 1996 DNL 65 noise contour.	\$14,200	\$14,000
<u>Residential Sound Insulation-Multi Family (Inside 1996 65 DNL)</u> This project provides the insulation of multi-family dwellings within the certified 1996 DNL 65 noise contour.		\$7,500
Other Noise Mitigation Program Projects Less Than \$5,000,000	<u>\$3,350</u>	<u>\$300</u>
Total Noise Mitigation Program Projects	<u>\$17,550</u>	<u>\$21,800</u>
<u>Airfield Rehabilitation Program</u>		
<u>Pavement Rehabilitation – Aprons</u> An ongoing program to replace sections of concrete pavement in the aircraft operational areas that have deteriorated to a point where maintenance is no longer a viable option. This year's project will replace the apron pavement adjacent to gates E2 through E6, D1 through D6 and C1.		\$6,700
Airfield Rehabilitation Projects Less Than \$5,000,000	<u>\$500</u>	<u>\$500</u>
Total Airfield Rehabilitation Projects	<u>\$500</u>	<u>\$7,200</u>
<u>Green Concourse Extension Program (All under \$5,000,000)</u>		
Total Green Concourse Extension Program	<u>\$200</u>	<u>\$750</u>

CONSTRUCTION BUDGET – 2003 OPERATING BUDGET

MSP International	2003	2004
	\$	\$
<u>Lindbergh Terminal Rehab & Development Program</u>		
<u>Lindbergh Terminal North Addition</u>		\$28,000
This project provides for the construction of a two-story expansion to the north end of the Lindbergh Terminal. The first level (ticketing level) will include an extension of the Northstar Crossing retail mall as well as adding new public restrooms and a public elevator and stair to the mezzanine level. The mezzanine level will provide for expanded MAC and airline tenant office space.		
Lindbergh Terminal Rehabilitation & Development Projects Less Than \$5,000,000	\$0	\$2,000
Total Lindbergh Terminal Rehabilitation & Development Projects	\$0	\$30,000
<u>Humphrey Terminal Development Program (All under \$5,000,000)</u>		
Total Humphrey Terminal	\$0	\$2,000
<u>Landside Rehabilitation & Repair Program (All under \$5,000,000)</u>		
Total Landside Rehabilitation & Repair Program	\$2,000	\$4,700
Total Reliever Airports Projects (All under \$2,000,000)	\$1,900	\$3,925
<u>Reliever Airports Utility Extension Program</u>		
Total Reliever Airports Utility Extension Projects (All under \$2,000,000)	\$0	\$550
<u>Miscellaneous Field & Runway Program (All under \$5,000,000)</u>		
Total Miscellaneous Field & Runway Program	\$0	\$1,400
<u>Miscellaneous Landside Program</u>		
Miscellaneous Landside Projects (All under \$5,000,000)	\$500	\$4,500

CONSTRUCTION BUDGET – 2003 OPERATING BUDGET
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New Projects Program

Cat. II System Installation – 12L/Alec Mods \$6,600

This is a continuation of the program to install new Instrument Landing Systems (ILS) on Runways 12L, 12R and 35. This project will provide the installation of ILS systems on Runways 12L and 35.

Checked Baggage Screening \$12,864

MAC has been working with the Transportation Security Administration (TSA) and the airlines at MSP to develop a plan for 100 percent baggage screening at the Lindbergh and Humphrey Terminals. In August, the Commission was advised that the TSA would accept the proposed concepts for the two terminals and would fund costs of the systems and building improvements. Full funding would be provided for the Humphrey Terminal but a \$12.7 million "gap" in funding for the Lindbergh Terminal existed. MAC staff has been working with the local FAA-Airport District Office to obtain a federal grant for additional AIP funding to fund this "gap" and in September the FAA extended a grant offer in the amount of \$12,864,928. In that the baggage screening project will be implemented in 2003, these dollars need to be moved to 2003.

New Projects Less Than \$5,000,000	<u>\$1,450</u>	<u>\$4,400</u>
Total New Projects	<u>\$20,915</u>	<u>\$4,400</u>
TOTAL ALL PROGRAMS	<u>\$86,940</u>	<u>\$229,400</u>

Program Summary

Runway Deicing/Holding Pad	\$375	\$19,375
Runway 17/35	\$41,000	\$127,800
Runway 4/22 Development	\$2,000	\$1,000
Noise Mitigation	\$17,550	\$21,800
Airfield Rehabilitation	\$500	\$7,200
Green Concourse Extension	\$200	\$750
Lindbergh Terminal Rehab	\$0	\$30,000
Humphrey Terminal Development	\$0	\$2,000
Landside Rehab & Repair	\$2,000	\$4,700
Reliever Airports	\$1,900	\$3,925
Reliever Airports Utility Extension	\$0	\$550
Miscellaneous Field & Runway	\$0	\$1,400
Miscellaneous Landside	\$500	\$4,500
New Projects	<u>\$20,915</u>	<u>\$4,400</u>
<u>TOTAL ALL PROGRAMS</u>	<u>\$86,940</u>	<u>\$229,400</u>

CONSTRUCTION BUDGET – 2003 OPERATING BUDGET

The following table attempts to identify additional maintenance & operations (M&O) expenses that can be attributed to new projects/facilities coming on line in 2003 and 2004. The 2003 budget dollars for operating expenses include the figures listed in the "Budget Year 2003" column. As stated in the Budget Message, the Capital Improvement Program remains conservative for 2003. The underlying reasons are twofold: (1) Defer as much capital costs as possible so as to not issue any new debt other than the planned for PFC issue in 2003 and (2) Avoid adding additional maintenance and operating (M & O) costs to the budget in 2003. The result of these actions is seen in the anticipated M & O expenditures in 2003 and 2004 except for the Terminal and Landside which is explained below.

Maintenance & Operating Budget Impact of 2003 - 2004 Projects			
\$ = 000	2003-2004 Project Cost Totals	Impact Budget Year 2003	Impact Budget Year 2004
Program/Project Areas			
Field & Runway/Airside			
1 Rehab/Other Projects	\$ 97,714	\$ -	\$ -
Completion 2002 - 2004	13,400	125	65
1 Post 2004 Completion	<u>110,500</u>	<u>-</u>	<u>-</u>
Totals	\$ 221,614	\$ 125	\$ 65
Environmental			
1 Rehab/Other Projects	\$ 39,350	\$ -	\$ -
Completion 2002 - 2004	-	-	-
1 Post 2004 Completion	<u>-</u>	<u>-</u>	<u>-</u>
Totals	\$ 39,350	\$ -	\$ -
Terminals & Landside			
1 Rehab/Other Projects	\$ 12,450	\$ -	\$ -
Completion 2002 - 2004	2,650	250	900
1 Post 2004 Completion	<u>33,900</u>	<u>-</u>	<u>-</u>
Totals	\$ 49,000	\$ 250	\$ 900
Reliever Airports			
1 Rehab/Other Projects	\$ 5,825	\$ -	\$ -
Completion 2002 - 2004	550	-	-
1 Post 2004 Completion	<u>-</u>	<u>-</u>	<u>-</u>
Totals	\$ 6,375	\$ -	\$ -
Total All Areas			
1 Rehab/Other Projects	\$ 155,340	\$ -	\$ -
Completion 2002 - 2004	16,600	375	965
1 Post 2004 Completion	<u>144,400</u>	<u>-</u>	<u>-</u>
Totals	\$ 316,340	\$ 375	\$ 965
1 No budget impact because there were no expanded or new facilities, or noise/sound proofing related or the project will not be completed until post 2004.			

CONSTRUCTION BUDGET – 2003 OPERATING BUDGET

<u>Category</u>	<u>2003 - 2004 Maintenance & Operating Expense Impact</u>
Field & Runway	<p>Of the \$221.6 million of projects listed, \$97.7 million are listed in the rehab category and represent either actual rehab projects or property acquisition costs. In either case no M&O costs are anticipated in 2003 or 2004. Approximately \$110.5 million of projects relate to the runway 17/35 program and will not be operational until after 2005. Of the \$13.4 million in projects listed as being completed in 2002-2004, \$6.6 million is for the Cat II/III System. This system provides new instrument landing systems (ILS) on Runways 12L, 12R and 35. As such, it will require little maintenance. The remaining projects include a fuel island, Runway Safety Area Improvements roadway work and landscaping. These projects, because of their nature also require very little maintenance.</p>
Environmental	<p>There are no expected maintenance and operating costs associated with projects in this category.</p>
Landside	<p>Of the \$49.0 million of projects, \$12.45 million are rehab projects and result in no new areas or facilities so there is no budget impact. Approximately \$33.9 million of projects will be completed post 2004. At the present time, it is too difficult to determine if there could be a budget impact in 2004 for these projects. The balance of the projects, \$2.65 million, will have a budget impact of \$250,000 in 2003 and \$900,000 in 2004. The majority of the projects to be completed in 2002-2004 will again have a minimal maintenance impact. The balance of the increase for 2003 can be attributed to the Terminal Expansion project associated with Concourse A, B, C. A significant portion of the project opened in June, 2002 with the balance late 2002. The budget for 2003 reflects a full year of operation. The additional dollars projected for 2004 relate to the Concourse Tram. Due to construction delays and an accident during testing, this tram will not be operational until 4th quarter 2003.</p>
Relievers	<p>There are no expected maintenance and operating costs associated with projects in this category.</p>

DEBT SERVICE BUDGET/FINANCIAL POLICIES

DEBT SERVICE BUDGET/FINANCIAL POLICIES

This budget section is divided into three areas: Debt Service Requirement, Long Term Debt and the Debt Service Budget. MAC's financial policies regarding Debt Service are as follows:

Debt Service and Reserve

- A. Debt
- 1) Currently the Commission is able to issue Airport Improvement Bonds, General Obligation Revenue Bonds and General Airport Revenue Bonds, both fixed and variable rate.
 - 2) Funds will be managed to avoid any property tax levy.
 - 3) MAC will maintain the highest rating available from Fitches, Moodys and/or Standard and Poor's on Airport Improvement Bonds and General Obligation Revenue Bonds.
 - 4) Procedures/mechanisms will be developed to obtain the highest possible rating on the General Airport Revenue Bonds.
 - 5) All refundings of General Obligation Revenue Bonds must show a minimum 3% Net Present Value (NPV) savings as specified in Minnesota Statute Section 475.67, Subd. 12.
 - 6) The current authorized level of issuance for General Obligation Revenue Bonds is \$55 million.
 - 7) The MAC will endeavor to keep the total maturity length of General Obligation Bonds below 20 years and retire at least 50% of the principle within 10 years. In all cases, the maturity shall be shorter than the life of the related assets.
- B. Reserve - The Commission is required to have a restricted cash and temporary cash investment balance on October 10 each year for General Obligation Revenue Bonds in an amount sufficient to cover debt service to the end of the second following year. For General Airport Revenue Bonds a one-year maximum annual debt service is required.

DEBT SERVICE REQUIREMENT

The Metropolitan Airports Commission in the past has issued two forms of indebtedness: Airport Improvement Bonds and General Obligation Revenue Bonds. From 1943 to 1975 MAC issued Airport Improvement Bonds to provide funds for its capital improvement program. Since 1976 General Obligation Revenue Bonds have been issued which are backed by Commission revenues and the authority to levy any required taxes on the assessed valuation of the seven-county metropolitan area have been used. In 1998 the Commission began to issue General Airport Revenue Bonds (GARBs) which are not backed by the Commission's ad valorem taxing power. Additionally, the Commission has agreed, pursuant to the terms of the Master Trust Indenture entered into by the Commission in connection with its issuance of GARBs, to collect rates, tolls, fee, rentals and charges, so that during each fiscal year the Net Revenues, together with any permitted transfer, will be equal to at least 125% of aggregate annual debt service on the outstanding GARBs. (See Long Term Debt Section below.)

The MAC is required by law to maintain Debt Service funds sufficient to bring the balance on hand in the Debt Service Account on October 10 of each year to an amount equal to all principal and interest to become due on General Obligation Revenue Bonds payable there from to the end of the second following year. The required balance as of October 10 in the Debt Service Account for the next five years is as follows (in thousands):

October 10, 2003	\$67,764
October 10, 2004	\$67,111
October 10, 2005	\$65,110
October 10, 2006	\$64,063
October 10, 2007	\$64,440

(These figures do not include any new bond issues.)

DEBT SERVICE BUDGET/FINANCIAL POLICIES

The annual actual debt service and coverage requirement for the next five years for the GARB issue 1998 Series A, B, C, 1999 Series A, B, 2000 Series A, B and 2001 Series A, B, C, D is:

January 1, 2003	\$85,282
January 1, 2004	\$85,225
January 1, 2005	\$85,198
January 1, 2006	\$85,162
January 1, 2007	\$85,133

(These figures do not include any new bond issues.)

The table below shows future debt requirements on an annual calendar year basis after December 31, 2002 for the next five years as well as a cumulative total for the period 2008-2032. The dollars shown are in thousands.

(\$ = 000)	Notes Payable	General Obligation Bonds (Principal)	General Airport Rev- enue Bonds (Principal)	Total Outstanding Bonds	Total All Interest	Total Principal & Interest
2003	\$131,000	\$ 12,395	\$ 18,580	\$ 30,975	\$ 88,304	\$ 250,279
2004	-	13,160	19,540	32,700	86,389	119,089
2005	-	13,820	20,590	34,410	84,688	119,098
2006	-	13,810	21,705	35,515	82,858	118,373
2007	-	13,185	22,890	36,075	80,958	117,033
2008-2032	-	<u>303,340</u>	<u>1,152,280</u>	<u>1,455,620</u>	<u>1,159,581</u>	<u>2,615,201</u>
	\$131,000	\$ 369,710	\$ 1,255,585	\$ 1,625,295	\$ 1,582,778	\$ 3,339,073

Notes Payable represents Commercial Paper

(The October 10, 2003, listing prior to the above chart will not nor are they intended to tie out due to timing of payments and period covered. The information used to calculate the tables above is the same however.)

LONG TERM DEBT

The acquisition and construction of facilities at the airports operated by the Commission have been substantially financed by the issuance of Airport Improvement Bonds, General Obligation Revenue Bonds and General Airport Revenue Bonds (GARBs).

General Obligation Revenue Bonds are general obligations of the Commission, payments of which are secured by the pledge of all operating revenues of the Commission. The Commission has the power to levy property taxes upon all taxable property in the seven county Metropolitan Area in order to pay debt service outstanding on General Obligation Revenue Bonds.

The Commission has not levied taxes for the payment of debt service since 1969. Since then, Commission revenues have been sufficient to pay principal and interest due to Airport Improvement Bonds and General Obligation Revenue Bonds.

DEBT SERVICE BUDGET/FINANCIAL POLICIES

The 1996 Minnesota State Legislature authorized the Commission to issue General Airport Revenue Bonds (GARBs). These bonds would be secured by the pledge of all operating revenues of the Commission. The Commission's authority to issue additional GARBs is subject to an additional bonds debt service coverage ratio test. (This ratio demonstrates the current ability to repay debt.) This ratio cannot fall below 1.10 coverage if historical net revenue coverages are used and 1.25 coverage if projected net revenues are used. These coverage ratios include debt service on the General Obligation Revenue Bonds.

The projected coverage ratio for 2003 on Senior Debt Obligations is 1.39x. With the optional coverage transfer this figure goes to 1.51x.

The table below provides summary information for all current long-term debt.

Bonds Payable, due serially (\$ = 000):	Issue Date	Original Amount	Final Payment In	Outstanding as of Year End	
				2003	2002
Notes Payable:					
Series A - 1.10 to 1.25%	*	40,000	2003	\$ 40,000	\$ 40,000
Series B - 1.15 to 1.65%	*	42,000	2003	35,000	42,000
Series D - 1.05 to 1.10%	*	49,000	2003	-	49,000
Total Notes Payable				<u>\$ 75,000</u>	<u>\$ 131,000</u>
General Obligation Revenue					
Bonds:					
Series 10 - 3.6 to 5.0% (Refund Series 1 & 6)	05/01/93	29,025	2006	\$ 6,060	\$ 8,360
Series 13 - 4.0 to 5.25% (Refund Series 7)	11/01/98	38,750	2015	32,520	34,650
Series 14 - 5.0 to 5.5% (Refund Series 8)	11/01/01	25,690	2011	23,395	25,690
Series 15 - 3.0 to 6.85% (Refund Series 9)	01/01/02	287,825	2022	<u>282,155</u>	<u>287,825</u>
Total General Obligation Revenue Bonds				<u>\$ 344,130</u>	<u>\$ 356,525</u>
General Airport Revenue Bonds:					
1998 Series A - 5.00 to 5.20%	06/01/98	225,885	2030	\$ 225,885	\$ 225,885
1998 Series B - 5.00 to 5.50%	06/01/98	84,000	2016	84,000	84,000
1998 Series C - 5.94 to 6.27%	06/01/98	37,040	2007	21,810	27,185
1999 Series A - 5.125%	07/01/99	132,415	2031	132,415	132,415
1999 Series B - 4.75 to 5.625%	07/01/99	135,095	2022	127,140	131,215
2000 Series A - 5.75 to 5.99%	05/01/00	115,325	2032	115,325	115,325
2000 Series B - 5.25 to 6.20%	05/01/00	88,745	2021	86,020	88,745
2001 Series A - 5.25%	06/01/01	85,190	2032	85,190	85,190
2001 Series B - 5.0 to 5.75%	06/01/01	98,815	2024	96,225	98,815
2001 Series C - 5.125 to 5.5%	06/01/01	196,600	2032	196,600	196,600
2001 Series D - 5.0 to 5.75%	06/01/01	70,210	2016	<u>66,395</u>	<u>70,210</u>
Total General Airport Revenue Bonds				<u>\$ 1,237,005</u>	<u>\$ 1,255,585</u>
TOTAL BONDS OUTSTANDING				\$ 1,656,135	\$ 1,743,110
* Issue dates for the Notes Payable are various.					

BOND REFUNDING

In January 2002 the Commission refunded General Obligation Revenue Bond Series 9 (15). The Commission through this refunding realized present value savings of 13.74% or approximately \$37.1 million. This Series is a taxable issue. No other refundings are planned for 2003.

DEBT SERVICE BUDGET/FINANCIAL POLICIES

DEBT ACTIVITY – 2002

In August 2001 the Commission issued \$125 million in Bond Anticipation Notes (BANs). These notes were Scheduled to interim fund the 2002 capital program in anticipation of two long term debt issues scheduled for 2002 and 1st quarter 2003. With the continued economic downturn and events of 9/11, the majority of the capital plan for 2002 and 2003 was deferred. As a result the Commission took immediate action to be able to “take out” the BANs in August 2002. The first action in this process was gaining approval from the IRS to use unspent existing bond proceeds (primarily those from the May 2001 GARB Issue) to reserve for the amount due in August 2002. The second action was to review and analyze the 2002/2003 capital program (as stated above) to determine project deferrals. The final result was the BANs being taken out in August of 2002.

In other action, the Commission in September 2002 approved an additional \$75 million Commercial Paper Program. This new Commercial Paper Issue is in addition to the existing \$125 million issue. The Commission in November 1997 approved a short-term borrowing program. In October 2000, the Commission issued \$75 million of Commercial Paper. The current program has \$75 million outstanding, with \$50 million not yet issued. However, because of potential property acquisitions associated with Runway 17/35 security requirements, and the timing of the Passenger Facility Charge (PFC) debt issue (see New Issues below); there could be a circumstance where funding would not be available. The new paper program is essentially a short-term gap issue until the PFC debt is sold in the second quarter of 2003.

NEW ISSUES

Based on the Capital Improvement Plan (CIP) presented in late fall 2002 revised in early 2003, and the current status of Runway 17/35, it appears that in 2003 and 2005 the Commission will likely issue bonds. A number of variables come into consideration as to whether bonds will be issued and if so, when. These include interest rates, projects that are approved, disapproved or put on hold before final approval of the CIP is given and the economic condition of the airline industry. The 2003 Series will be somehow supported with Passenger Facility Charge (PFC) Revenue. The three 2005 issue will likely be a regular General Airport Revenue Bond and two issues supported by PFC revenue. PFC 6-2 would fall under the existing application while PFC-7 would require a new application. The table below illustrates gross proceeds, net proceeds and capitalized interest/issuance costs attributed to the anticipated Bonds to be issued for the period 2003-2005:

(\$ = 000)	<u>Gross Bond Proceeds</u>	<u>Net Bond Proceeds</u>	<u>Capitalized Interest/ Issuance Costs</u>
2003-PFC 6-1 Supported	\$119,046	\$109,026	\$10,020
2005 PFC 6-2 Supported	114,484	104,849	9,635
2005 General Airport Revenue Bond Issue	237,619	206,625	30,994
2005 PFC 7	189,111	173,194	15,917
	<u>\$660,260</u>	<u>\$593,694</u>	<u>\$66,566</u>

A mixed rating of A/a/A to AA/Aa/AA was used in our analysis.

OTHER ISSUES

As mentioned above, the Commission is still authorized to issue approximately \$55 million in General Obligation Revenue Bonds. Staff is currently evaluating this as an option to finance part of the construction program. If issued, these bonds would likely be rated AAA/Aaa/AAA and as such come with a slightly lower interest rate than the General Airport Revenue Bonds (GARBs) shown in the table above.

DEBT SERVICE BUDGET/FINANCIAL POLICIES

DEBT SERVICE BUDGET

The Debt Service Budget is shown below.

2003 DEBT SERVICE BUDGET						
(\$=000)						
	Actual	Estimated	Budget	Budget	Projected	Projected
	<u>2001</u>	<u>2002</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
January 1 Balance	176,579	236,851	252,849	221,435	222,590	220,776
Source Of Funds:						
Transfer from Operating Fund	50,409	66,818	72,042	73,968	72,262	72,233
Transfer from PFCs 3	-	-	-	17,900	21,400	24,400
Interest earnings 1	11,283	9,577	9,901	6,980	6,500	6,500
Bond Proceeds 2	61,319	576	129,433	-	-	-
NWA payments	<u>29,399</u>	<u>17,003</u>	<u>35,586</u>	<u>26,155</u>	<u>25,550</u>	<u>25,550</u>
Total Sources Of Funds	152,410	93,974	246,962	125,003	125,712	128,683
Uses Of Funds						
Principal/Interest payments 2	<u>(92,138)</u>	<u>(109,390)</u>	<u>(246,672)</u>	<u>(123,848)</u>	<u>(127,526)</u>	<u>(130,534)</u>
Ending Balance	236,851	221,435	253,139	222,590	220,776	218,925
1 Interest Rate Assumed 2.0% for the entire period.						
2 Includes Debt Reserve, Capitalized Interest & Issuance Costs.						
3 Includes \$12.9 million in existing debt, \$5.0 and \$8.5 in 2003 and 2004 respectively for PFC 6-1 new debt and \$3.0 million in 2005 for PFC 6-2 new debt						

SOURCES OF FUNDS

Each source of funding is discussed below.

The transfer from the operating fund occurs each October 10th for General Obligation Revenue Bonds. For General Airport Revenue Bonds the transfer occurs in late December each year. This transfer will fluctuate due to interest earnings, refundings and new issues. The years 2003-2005 reflect new bond issues (GARBs).

The PFC transfer represents the use of PFCs to pay a portion of existing debt beginning in 2003 and some future debt (see footnote 3 above) instead of operating funds.

Interest earnings are assumed at 2.0% for 2002 through 2005. In projecting interest income the Commission typically takes a conservative approach.

Bond proceeds are made up of reserves, issuances costs and capitalized interest. In 2002 MAC budgeted bond funds to "take out" the Bond Anticipation Notes (BANs) (See Debt Activity-2002 above). In addition, MAC refunded General Obligation Bond Services 9 (15). The proceeds in 2003 represent the Passenger Facility Charge (PFC) backed GARB, while the amounts in 2004 and 2005 represent the proceeds from the projected GARB issues in those years. (See New Issues above).

NWA payments represent the principal and interest due on the following bond issues:

- General Obligation Series 13 (2015)
- General Obligation Series 15 (2022)

USES OF FUNDS

Disbursements represent principal and interest payments made during the year by bond series. The dramatic change in 2002 budget and estimate can be attributed to payment of the BANs in August (budget) and the refunding of Series 9 (15) in January (estimate). The increase in payments for 2003 represents the debt service on the PFC issue in 2003 while the increase in 2005 includes the second PFC issue.

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STATISTICAL – 2003 OPERATING BUDGET

The Statistical section is divided into four parts:

1. Historical Revenue/Expense and Facility Comparison of MAC
2. Activity /Operations Statistics
3. Comparison of MAC to other airports on a national level
4. Other Informational statistics

HISTORICAL REVENUE/EXPENSE AND FACILITY COMPARISONS

The comparisons in this section indicate, that both revenue and expense from 1992 have increased. The majority of categories within revenue and expense do fluctuate as a percentage of the total, however; overall, the changes in percentages are not significant through the year 2001. The estimated 2002 depreciation and budget 2003 depreciation, however; reflects a larger increase due to closing of construction projects. Also, the facilities comparison shows that expanded facilities at the MAC affect all areas.

Three comparisons are analyzed in this section:

A.

HISTORICAL OPERATING REVENUE & OPERATING EXPENSE SUMMARY 1992 VS 2001						
(\$ = 000)						
	1992		2001		1992-2001 Change	Annual % Change
	\$	% of Total	\$	% of Total		
Operating Revenue						
Airline Rates & Charges	\$ 27,223	41.7%	\$ 70,361	41.4%	\$ 43,138	11.1%
Concessions	28,882	44.2%	69,707	41.0%	40,825	10.3%
Other	9,242	14.1%	29,998	17.6%	20,756	14.0%
Total Operating Revenue	\$ 65,347	100.0%	\$ 170,066	100.0%	\$ 104,719	11.2%
Operating Expenses						
Personnel	\$ 22,308	35.2%	42,627	27.3%	\$ 20,319	7.5%
Administrative Expenses	923	1.5%	1,708	1.1%	785	7.1%
Professional Services	4,813	7.6%	5,177	3.3%	364	0.8%
Utilities	4,412	7.0%	11,208	7.2%	6,796	10.9%
Operating Services	5,907	9.3%	13,634	8.7%	7,727	9.7%
Maintenance	7,088	11.2%	15,250	9.8%	8,162	8.9%
Depreciation b)	17,976	28.3%	65,647	42.0%	47,671	15.5%
Other	-	0.0%	1,000	0.6%	1,000	
Total Operating Expenses	\$ 63,427	100.0%	\$ 156,251	100.0%	\$ 92,824	10.5%
Net Revenues	\$ 1,920	a)	\$ 13,815	a)	\$ 11,895	

a) Required as contribution towards debt service payments and construction program financing.
b) Depreciation figures for these years are net, not gross, as the 1992 figure could not be ascertained

STATISTICAL – 2003 OPERATING BUDGET

This first comparison 1992 versus 2001, emphasizes the following results:

1. Changes in revenue are:
 - ◆ The largest growth occurred in the Other Revenue category (14.0%), however; Other Revenue represents less than one-fourth of the total revenue. This increase can be attributable to building rentals, HHH terminal common use rates and other fees associated with non-signatory airline landing and ramp fees. (See Operating Budget Revenue Assumptions).
 - ◆ The second largest average annual percentage increase is in the Airline Rates and Charges (11.1%). This is due in part to landing fees and expanded terminal facilities, necessary to accommodate the growth in passenger activity. Landing fees are calculated on a breakeven basis with revenue and expense being equal. An increase in revenue, therefore, is a result of increased costs in the Field and Runway area, directly attributable to increases in maintenance, utilities, and depreciation. The increase between 1992 and 2001 also results from changes in the airline agreement and new facilities that have become operational. (See Operating Budget Revenue Assumptions).
 - ◆ The average annual percentage increase in the Concession Revenue is 10.3%. This is a result of increasing auto parking fees, facilities, and changes/renewals to the Auto Rental contracts and separate concession agreements with various firms to operate concessions in the terminal building, including food/beverage, newsstands, telephones, advertising, games/amusements, etc. Contract agreements for both indoor and outdoor advertising also contributes to the increase.
2. The average annual percentage increase in revenue from 1992 to 2001 (11.2%) is greater than the annual percentage increase in expenses from 1992 to 2001 (10.5%). Over this ten year period, revenue grew at a slightly higher rate than expenses. This years budget shows the spread between 1992 and 2001 revenue to expense is .7 % (or the difference between 11.2% revenue growth and 10.5% expense growth). This percent is lower than in the past due to the economic conditions of the industry.
3. Personnel costs have increased from 1992 to 2001 by \$20.3 million. This equates to an average annual increase of 7.5%, however, the percentage of total for personnel was reduced from 35.2% in 1992 to 27.3% in 2001. Depreciation by contrast, rose at an average rate of 15.5% or \$47.7 million, resulting in the depreciation percent of total increasing from 28.3% in 1992 to 42.0% in 2001. This change in depreciation can be attributed to the completion of several new and/or expanded facilities.

STATISTICAL – 2003 OPERATING BUDGET

B.

HISTORICAL OPERATING REVENUE & EXPENSE SUMMARY 2001 VS 2003

	Actual 2001		Estimated 2002		Budget 2003		2001-2003 Change	Annual %
		% of		% of		% of		
	\$	Total	\$	Total	\$	Total		
Operating Revenue								
Airline Rates & Charges	\$ 70,361	41.4%	\$ 71,541	42.8%	\$ 71,578	41.5%	\$ 1,217	0.9%
Concessions	69,707	41.0%	66,290	39.6%	69,178	40.1%	(529)	-0.4%
Other	<u>29,998</u>	17.6%	<u>29,475</u>	17.6%	<u>31,679</u>	18.4%	<u>1,681</u>	2.8%
Total Operating Revenue	\$ 170,066	100.0%	\$ 167,306	100.0%	\$ 172,435	100.0%	\$ 2,369	0.7%
Operating Expenses								
Personnel	\$ 42,627	27.3%	\$ 42,600	26.3%	\$ 42,568	24.9%	\$ (59)	-0.1%
Administrative Expenses	1,708	1.1%	1,025	0.6%	1,013	0.6%	(695)	-23.0%
Professional Services	5,177	3.3%	3,825	2.4%	3,680	2.2%	(1,497)	-15.7%
Utilities	11,208	7.2%	10,650	6.6%	11,274	6.6%	66	0.3%
Operating Services	13,634	8.7%	12,800	7.9%	13,364	7.8%	(270)	-1.0%
Maintenance	15,250	9.8%	13,760	8.5%	16,716	9.8%	1,466	4.7%
Other	<u>1,000</u>	0.6%	<u>758</u>	0.5%	<u>1,585</u>	0.9%	<u>585</u>	25.9%
Total Operating Expenses without Depreciation	\$ 90,604	58.0%	\$ 85,418	52.7%	\$ 90,200	52.7%	(404)	-0.2%
Depreciation	<u>65,647</u>	42.0%	<u>76,750</u>	47.3%	<u>80,805</u>	47.3%	<u>15,158</u>	10.9%
Total Operating Expenses Including Depreciation	\$ 156,251	100.0%	\$ 162,168	100.0%	\$ 171,005	100.0%	\$ 14,754	4.6%
Net Revenues	<u>\$ 13,815</u>	a)	<u>\$ 5,138</u>	a)	<u>\$ 1,430</u>	a)	<u>\$ (12,385)</u>	-67.8%

a) Required as contribution towards debt service payments and construction program financing

The second table illustrates 2001 actual, 2002 estimated and 2003 budgeted revenue and expense categories with dollars and percentages. The following comparisons are explained:

1. Changes in Revenue are as follows:

- ◆ Revenue is projected to increase slightly, for an average of .7% annually from actual 2001 to budgeted 2003. This is directly associated with the events of September 11th and the continued slow economy.
- ◆ Airline Rates and Charges are increasing slightly at .9%. This is due in part to landing fees and expanded terminal facilities, necessary to accommodate the growth in passenger activity during 1999, 2000 and the first 8 months of 2001. Landing fees are calculated on a breakeven basis with revenue and expense being equal. An increase in revenue, therefore, is a result of increased costs in the Field and Runway area, directly attributable to increases in maintenance, utilities, and depreciation. The budget for 2003 is approximately the same as estimated 2002. This line item contains a one time reduction adjustment to the airlines of \$3.3 million. The adjustment is in response to the conditions of the industry and maintaining level, rates and charges, for 2002 and 2003.
- ◆ Concessions are predicted to decline .4% as parking revenue for the 2003 budget is expected to remain lower than actual 2001. An increase, however; between the years 2002 and 2003 is projected to be at 7.7% due to opening of previous closed parking spaces and anticipated passenger growth. Also, Merchandise/Personal Services, and Food/Beverage is expected to increase slightly over the estimated 2002 due to a projected increase in passenger activity.

STATISTICAL – 2003 OPERATING BUDGET

2. Changes in Expenses are as follows:

- ◆ Increases in expenses are projected to be 4.6%, however; most categories have been reduced and reflect negative annual changes. (See Operating Expense Assumptions for greater details).
- ◆ Personnel expenses have decreased annually by 0.1%. This is a result of a reduction in total FTE's. In the past, open positions were included in the FTE count, however; these positions have been eliminated in the budget for 2003. The budget does reflect wage growth for contract personnel.
- ◆ Administrative costs have decreased 23.0%. Significant reductions have been made in travel, computer upgrades, and printing costs.
- ◆ Professional Services has also decreased by 15.7%, due to reducing or limiting of various consultants in several departments.
- ◆ The category for utilities indicates a .3% increase. This can be attributable to the rising costs of utilities along with the completion of additional facilities.
- ◆ Operating Services reflects a 1.0% reduction. The majority of the decrease occurred in the line items for advertising, shuttle bus, and copy machines agreement.
- ◆ Maintenance increases of 4.7% are a result of the completion of additional facilities, (Concourse A,B,&C-Lindbergh Terminal and Humphrey Parking Facility), along with expired warranties in 2003 that will require maintenance service agreements.
- ◆ The majority of the 25.9% increase in the other category reflects MAC's escalating costs in liability insurance.
- ◆ Depreciation expenses show a 10.9% increase due to completion of major projects, both new and renovations.

STATISTICAL – 2003 OPERATING BUDGET

c.

Facility Expansion				
Lindbergh and HHH				
	<u>1993</u>	<u>2002*</u>	<u>Increase</u>	<u>% Increase</u>
Lindbergh & Regional				
Terminal Square Footage	1,586,044	2,630,818	1,044,774	65.9%
Number of Gates (Aircraft Loading Positions)	66	117	51	77.3%
Ramp Lineal Footage	8,874	11,172	2,298	25.9%
Parking (All Facilities)	11,396	15,746	4,350	38.2%

* Actual as of 12/02

The final chart in this section compares the development and expansion of the major facilities at MSP International between 1993 and 2002. The significance of this growth impacts both revenue and expenses. Similarly, the closing of parking spaces in the last quarter of 2001 due to the events of September 11th had a significant impact in the reduction of revenue for 2001 and budgeted 2002. New facilities occupied by tenants will continue to generate additional income. Expenses include maintenance, both labor and materials; repairs; utilities; security and administrative costs. All sections of MAC are impacted by changes in facilities. Since 1992, the following new facilities have been added: Auto Rental Facilities; South Lindbergh Terminal addition; three new parking ramps; Terminal Vertical Circulation/Skyways; International Arrivals facility; Ground Transportation Center; Deicing Facilities; Butler fueling facility; Concourse G-C (Gold/Green) connecting; Concourse A,B&C-Lindbergh Terminal; Humphrey Parking Facility; new HHH terminal; Federal Express facilities (2002) and UPS facilities (2003). (See Construction Budget for impact of new facilities on the Operating Budget).

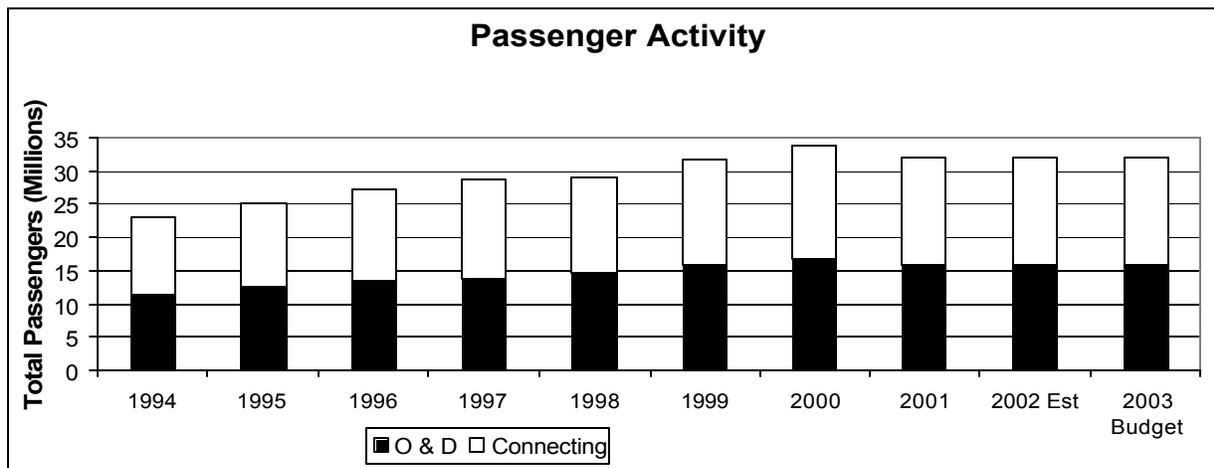
STATISTICAL – 2003 OPERATING BUDGET

ACTIVITY/OPERATIONS STATISTICS

This section contains the historical and forecasted levels of activity for the period 1994 through 2003 in the MAC's system of airports.

Four charts are reviewed in this section:

A.



This chart illustrates that increases in passenger activity occurred at MSP International during the time period 1994 to 2000. Approximately 50% of passengers were connecting passengers (those transferring directly to another flight) in 1994 and has remained consistent though the 2003 budget. The number of passengers is projected to remain about the same in 2002 and budget for 2003 due to the September 2001 events and the projection of a continued slow economic recovery. (O & D = Originating and Destination).

B.

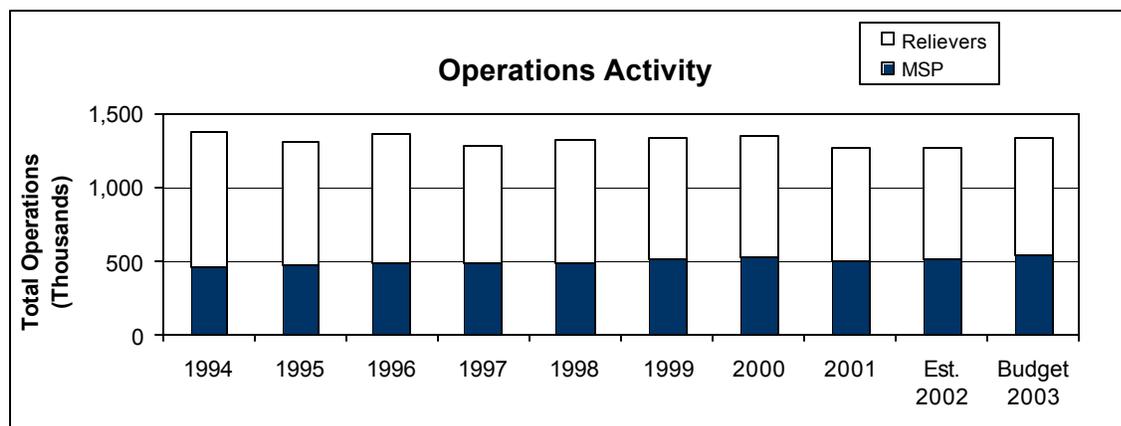
Passenger Type Comparisons 2000 to 2003				
	2000	2001	2002	2003
	Actual	Actual	Estimate	Budget
Passenger Type				
Enplaned	8,418,500	7,949,636	7,700,000	7,774,304
Deplaned	8,503,095	8,089,490	7,950,000	7,911,686
Connecting	<u>16,921,595</u>	<u>16,155,712</u>	<u>15,750,000</u>	<u>15,799,392</u>
Total Passengers	<u>33,843,190</u>	<u>32,194,838</u>	<u>31,400,000</u>	<u>31,485,382</u>

Estimates of passenger activity form an important element in forecasting revenue each year. The second chart represents actual passenger statistics for 2000 and 2001 with estimates for 2002 and budget 2003. The following categories are each used in a specific manner when calculating revenue:

- ◆ Enplaned (originating) passengers plus connecting passengers are used in forecasting most concession revenue.
- ◆ Deplaned (final destination) passengers are used in the process of estimating auto rental revenue.
- ◆ Enplaned (originating) passengers, excluding connecting, are used in estimating common use and carousel and conveyor percentages for billing the airlines.

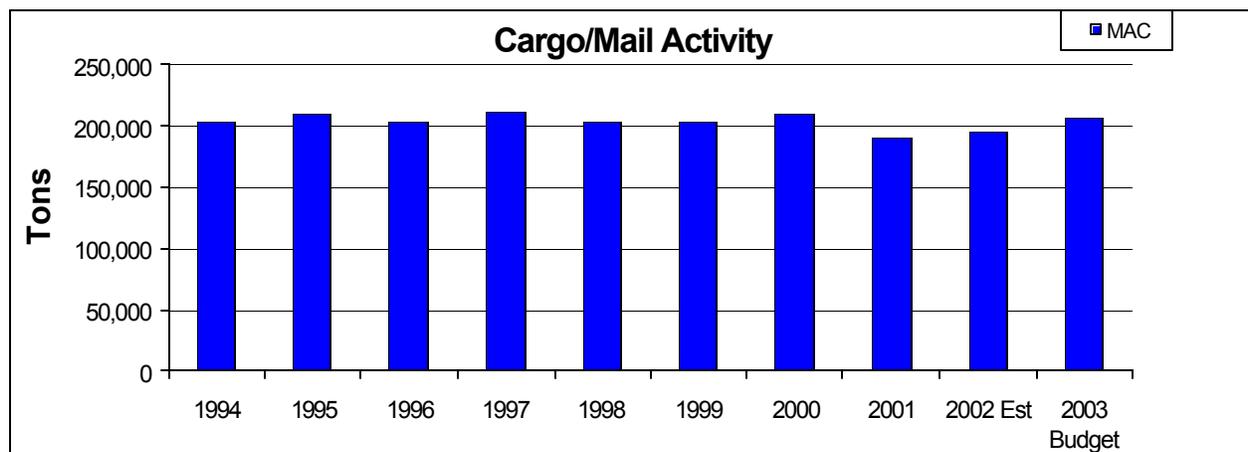
STATISTICAL – 2003 OPERATING BUDGET

C.



The third chart depicts the total Operations Activity for both the Reliever Airports, and MSP International. An operation represents one takeoff or landing. Total operations for the MAC system have fluctuated from 1994, as shown above. From 2002est to 2003 budget are expected to increase about 5% or approximately 63,043 operations based upon the current trend, projections of a slow economic recovery, the events of September 2001, the reduction in service by Northwest Airlines from this hub.

D.



The Cargo / Mail Activity Chart indicates a decrease in activity for the year 1996, with 1998, 1999 and 2000 about the same volume level. This decrease in volume in 1996 is the result of freight/cargo hauled by major and commuter carriers. As load factors (% of seats filled) increase for the carriers, less space is available for cargo/freight. Due to the pilots strike at Northwest Airlines in September 1998, the Cargo/Mail volume was down from 1997. 2001 indicates a lower number due to the September 2001 events and economy along with the construction of Runway 17/35 that required the acquisition of a number of freight facilities. The budget for 2003 has been increased by 5% as expanded replacement facilities (Federal Express and UPS) became operational in 2002.

STATISTICAL – 2003 OPERATING BUDGET

NATIONAL COMPARISONS

The information presented in this section was obtained from two national surveys, the American Association of Airport Executives (AAAE) and Moody's, a bond rating agency. The first set of comparisons was tabulated by AAAE. This survey grouped hub airports into three categories: large, medium, and small. To be considered a large hub for purposes of this survey, an airport must have at least 6,566,889 enplanements (departures). MSP is considered a large hub airport.

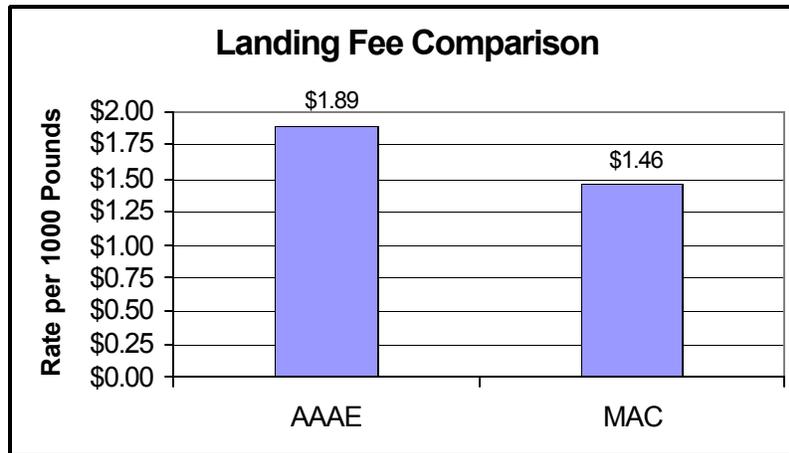
The following two subjects are addressed:

Rates and Concessions
Industry

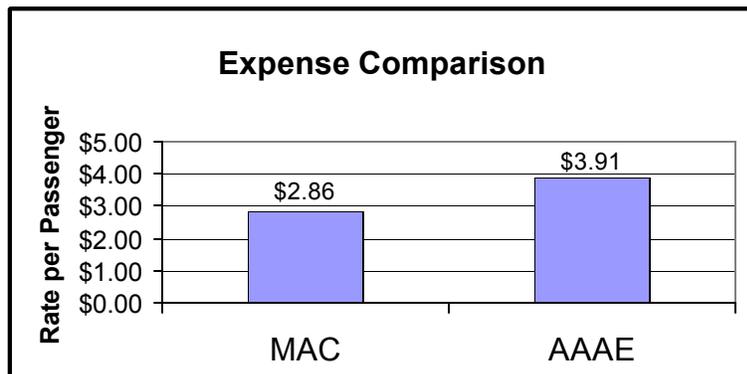
RATES AND CONCESSIONS

Four comparisons will be reviewed in this section utilizing the national statistics from the most recent survey (2000-2001) and MAC's data from the 2003 budget.

A.



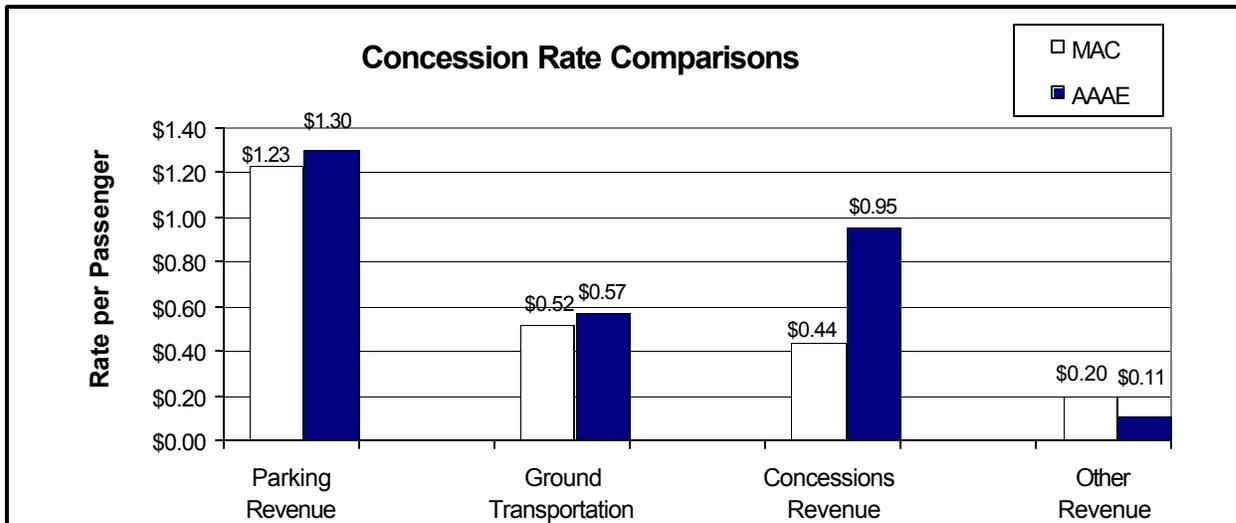
B.



The first graph (Landing Fee Comparison) indicates MSP's rate of \$1.46 is below the national average of \$1.89. The second graph (Expense Comparison), relates MSP's expenses (less depreciation) per passenger to the average as indicated in the AAAE survey. MAC's expenses of \$2.86 per passenger are lower than the national average of \$3.91. This survey, however, was conducted for 2000-2001 with 2000 year reporting data. Since that time, with the events of September 11, national averages have changed.

STATISTICAL – 2003 OPERATING BUDGET

C.



The third graph compares passenger revenue from selected concessions. As shown, parking revenue (\$1.23) is lower than the national hub average (\$1.30) for the second year. This is directly attributable to the survey date (2000) and using MAC's 2003 budget data which incorporates reductions due to the events of September 11, 2001. This decrease is due to the FAA mandated closure of parking spaces and the reduction in air travel. Ground transportation has been affected in the same manner. Concession revenue is also lower than the average due to the events that occurred. In addition, concession areas that were available to the general public are restricted to ticketed passengers only. MAC's averages are above the national averages in the other category. With the major remodeling/expansion of the concessions program, the newly expanded auto rental facilities, and improvement in the economy, revenue per passenger should increase in the future.

STATISTICAL – 2003 OPERATING BUDGET

D.

Concession Revenues

(in thousands of dollars)

Year	Parking	Rental Car & Ground Transportation	Food & Beverage	General Merchandise	Other	Total
1997	\$ 31,675	\$ 9,507	\$ 2,541	\$ 3,432	\$ 5,115	\$ 52,270
1998	35,052	10,568	2,719	3,664	4,828	56,831
1999	36,670	11,429	3,084	4,043	6,894	62,120
2000	42,950	15,179	3,534	4,925	4,172	70,760
2001	39,339	16,488	4,053	4,572	5,256	69,708
2002E	36,000	16,890	4,200	4,500	4,700	66,290
2003B	38,815	16,432	4,560	4,641	4,731	69,179

2002 figures are estimated

2003 figures are budget

This table presents historical concession revenues from 1997 to 2003.

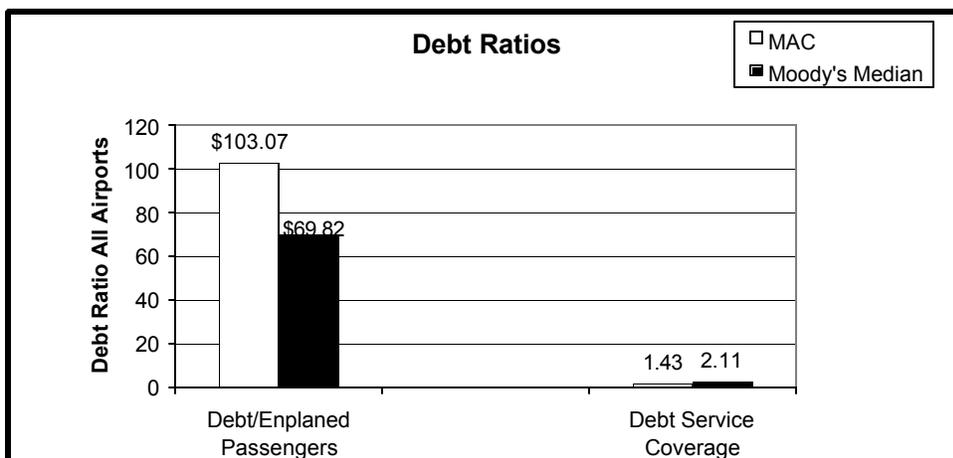
- ◆ Parking revenues are related to the level of originating traffic at the MSP and parking rates. Expanded facilities in 1999 and 2000 account for the increases in those years. 2001 and 2002 indicate a decrease in revenue due to the closing of parking spaces and the decline in passenger air travel related to the economy and September 2001. As closed parking spaces have become available, revenues are expected to increase.
- ◆ Rental car revenue can be associated with the level of destination traffic and rental car agreements. The large increase in the year 2000, can be attributable to the expanded facilities in 2000. For the 2003 budget, auto rentals are anticipated to increase due to the minimum rental fee each firm pays. Ground transportation, however, is expected to decrease. This decrease can be attributed to Off-Airport car rentals where Enterprise Car Rental is filling the vacancy resulting from the combination of Alamo and National.
- ◆ Food and beverage have been steadily increasing due to the expanded facilities through 2003, as well as increased dwell time in 2002 and 2003.
- ◆ General merchandise also had a period of expansion through 2000 related to increases in passenger growth and expanded facilities. The 2003 budget reflects additional sales in general merchandise over the 2002 estimate, however continues to remain below the 2002 sales.
- ◆ Other revenue consists of advertising both indoor and outdoor, telephones, vending and miscellaneous concession revenue.
- ◆ See Revenue assumptions for further details.

STATISTICAL – 2003 OPERATING BUDGET

INDUSTRY

Three charts presented in this segment compare MAC's financial and operating ratios to industry performance ratios. Moody's, one of the bond rating agencies, publishes separate financial and operating ratios for Hub and Originating and Destination airports (little or no connecting passenger activities.) These ratios are based on 2001 financial and operating data and have been used for purposes of comparison. The medians published by Moody's are intended to serve as broad indicators. Significant deviation from the median is not necessarily an indicator of credit quality, and may, in fact, highlight a significant event or unusual characteristic of an enterprise. All MAC data is based upon estimated 2002 information.

A.

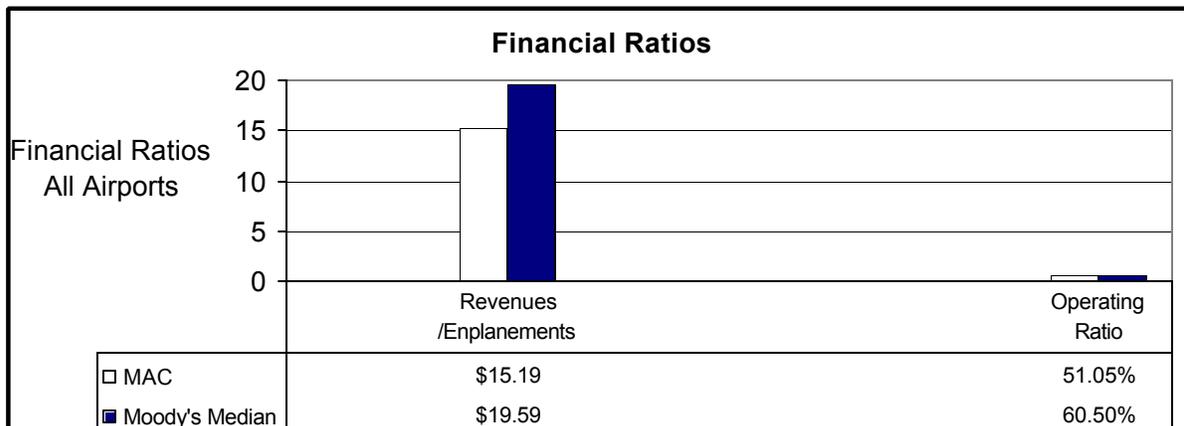


Debt per enplaned passenger is calculated by dividing total outstanding debt by the number of enplaned passengers. MAC's ratio of debt/enplaned passenger is above the industry average because of the current construction program (\$3.0 billion). (See Debt Service Section).

Debt service coverage demonstrates the current ability to repay debt. The MAC's coverage ratio as shown, is at 1.43x for 2002. The current projection for 2003 is 1.49x. Both of these ratios are below the median of 2.11x. This indicates MAC's ability to repay the debt from revenue sources is not quite at the average of other airports. Reduction in revenue resulting from September 11th along with many of the projects in the construction program being "in progress" attributes to this lower ratio. A number of them will be completed in 2002, and along with recovering revenue should help push the coverage closer to the average. (See also Debt Service Section).

STATISTICAL – 2003 OPERATING BUDGET

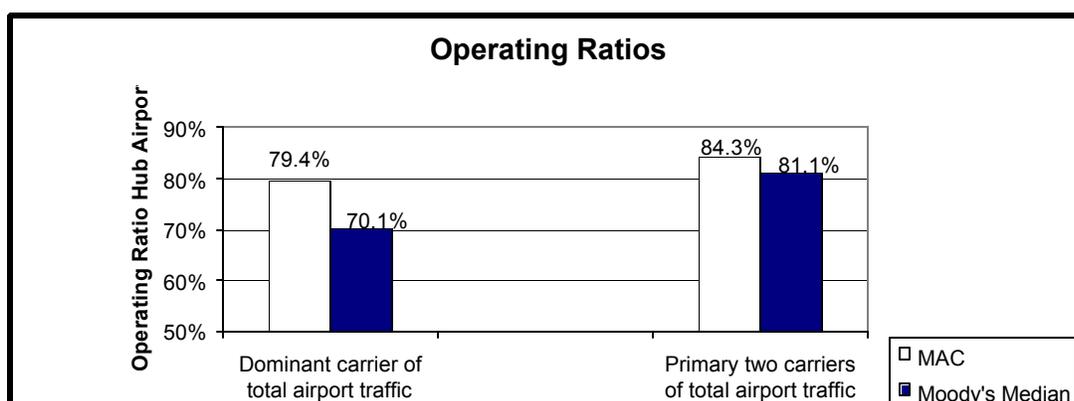
B



Ratios derived from the income statement provide measures of profitability. Each ratio is discussed below.

- ◆ Revenue/enplanement is calculated by dividing the total of operating and nonoperating income by total/enplaned passengers. This ratio is below the median by \$4.40/enplanement. Moody's outlook was published for the year 2001 and reflects decreases in revenue for the last quarter of that year. MAC's revenue is based upon 2002 estimates, and would include a full year of the effects of September 2001. With an improving economy and completion of concessions along with updated Moody's reports, this ratio difference is expected to become closer.
- ◆ The operating ratio is calculated by dividing total operating expenses, excluding depreciation, by total operating revenues. MAC's operating ratio indicates that operating expenses are a lower percentage of the total operating revenue than the median represents. This difference is partly attributable to the manner in which other airports account for long term leases with the airport tenants and a reduction in revenue.

C.



The dominant carrier at MSP is Northwest Airlines. Their percentage of total traffic is 79.4% compared to the industry median of 70.1%. The second largest carrier is American which serves 4.9% of total airport traffic.

STATISTICAL – 2003 OPERATING BUDGET

OTHER INFORMATIONAL STATISTICS

This section will provide information pertaining to the population of Minnesota along with rankings of the Minneapolis-St. Paul airport. Each table will identify its source(s). The following two subjects are reviewed:

Population
Airport Activity

POPULATION

Minnesota ranks 21st in the nation and also ranks 21st in percent population growth over the last decade, according to the 2000 census.

Two tables will be reviewed:

A.

POPULATION					
(in thousands)					
Calendar Year	United States	Minnesota	Minneapolis- St. Paul MSA	MSA * as % of U.S.	MSA as % of Minnesota
1991	252,127	4,428	2,582	1.0%	58.3%
1992	254,995	4,472	2,617	1.0%	58.5%
1993	257,746	4,524	2,656	1.0%	58.7%
1994	260,289	4,566	2,693	1.0%	59.0%
1995	262,765	4,605	2,730	1.0%	59.3%
1996	265,190	4,648	2,765	1.0%	59.5%
1997	267,744	4,687	2,792	1.0%	59.6%
1998	270,248	4,726	2,831	1.0%	59.9%
1999	272,691	4,776	2,872	1.1%	60.1%
2000	281,422	4,919	2,969	1.2%	60.4%
2005F	287,716	5,005	3,015	1.0%	60.2%

Sources: John F. Brown Co., U.S. Depart. of Commerce, Bureau of the Census
MSA = Metropolitan Statistical Area F= Forecast

The first table presents the population for the nation, the State and the MSA (Metropolitan Statistical Area). The MSA has grown consistently faster than the State and the nation through the 2000 time period. The projected population growth in the MSA from 2000 to 2005 is expected to slow somewhat but is expected to be equal to the State and only slightly less than the nation. Most of the historical population growth is attributed to births outnumbering deaths.

STATISTICAL – 2003 OPERATING BUDGET

B.

CIVILIAN UNEMPLOYMENT RATE			
Calendar Year	United States	Minnesota	Minneapolis- St. Paul MSA**
1990*	5.6%	4.8%	4.3%
1991*	6.8%	5.1%	4.6%
1992	7.5%	5.1%	4.5%
1993	6.9%	5.1%	4.3%
1994	6.1%	4.0%	3.3%
1995	5.6%	3.7%	2.9%
1996	5.4%	4.0%	3.1%
1997	4.9%	3.3%	2.5%
1998	4.5%	2.6%	2.0%
1999	4.2%	2.8%	2.2%
2000	4.0%	3.3%	2.2%
2001	5.8%	3.7%	3.3%
2002***	5.7%	3.7%	3.5%

Sources: U.S. Department of Labor, Bureau of Labor Statistics,
Employment and Earnings Publications, May 1991 through May 1999 editions;
Historical Economic Statistics, 1997 Edition, John F. Brown Co

*Indicates national recession during all or part of year

**The MSA consisted of 11 counties in 1990-1992, and 13 counties in 1993 and beyond.

***Sources U.S. Department of Labor, Bureau of Labor Statistics website accessed 1/29/03

The second table indicates Minnesota's and Minneapolis-St. Paul's historically low unemployment rates. The unemployment rate for the MSA was less than the national unemployment rate in every year, especially in the years that a national recession was indicated including 2001. The unemployment rate for the MSA was also approximately half of the national rate for the 1997 to 2000 time period. The unemployment rates began to increase in 2001 and 2002 but remained lower than the national average and continue to be lower than the early 1990's time period. This increase in unemployment affects all aspects relating to revenue in the 2003 budget.

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AIRPORT ACTIVITY

The passenger traffic at MSP is affected by the region's economic profile. For example, the amount and type of commerce in the region may affect the level of business travel to (or from) MSP or the amount of personal income in the region may affect the level of discretionary travel from MSP.

Three tables are provided:

A.

2001 RANKING OF U.S. AIRPORTS					
(For the 12 months ending December 31, 2001)					
Total Passengers*			Total Cargo		
(in millions)			(freight and mail, in thousands of metric tons)		
Rank	Airport	Passengers	Rank	Airport	Cargo
1	Atlanta	75.9	1	Memphis	2,631.6
2	Chicago-O'Hare	67.4	*		
3	Los Angeles	61.6	15	Dayton	532.3
4	Dallas/Ft. Worth	55.2	16	Ontario	419.0
5	Denver	36.1	17	Seattle-Tacoma	400.5
6	Phoenix	35.4	18	Boston Logan	395.1
7	Las Vegas	35.2	19	Denver	358.6
8	Houston	34.8	20	Minneapolis-St. Paul	339.7
9	San Francisco	34.6	21	Houston	337.8
10	Minneapolis-St. Paul	34.3	22	Honolulu	337.6
11	Detroit	32.3	23	Dulles-Washington	330.9
12	Miami	31.7	24	Toronto Pearson	323.0
13	New York-Newark	30.6	25	Cincinnati	321.9

Source: Airports Council International website 11/27/02
 Note: *Enplaned and deplaned volume

MSP is one of the highest-activity airports in the United States. Approximately 50% of the passengers are connecting while the other 50% is origin-destination. International travelers and a strong demand for charter services also contribute to providing MSP with a strong and diverse passenger base. MSP ranked 8th in 2000, while 2001 statistics indicate MSP is at the 10th place.

When ranked with total cargo, MSP placed 20th in the U.S. This is a 5 position increase from the prior year where MSP was ranked at 25th. The cargo volume is expected to increase upon completion of new expanded cargo facilities. Cargo revenues help to support the viability of scheduled passenger flight operations at MSP as a portion is carried in the belly compartments of passenger flights. The two major all cargo carriers are FedEx, and UPS.

STATISTICAL – 2003 OPERATING BUDGET

B.

DOMESTIC SCHEDULED PASSENGER JET SERVICE MINNEAPOLIS-ST. PAUL INTERNATIONAL AIRPORT (for the second week of March)					
	1996	2001	2003	Change	
				1996-2001	2001-2003
U.S. cities served*	81	89	105	+8	+16
Number of carriers**	12	17	19	+5	+2
Average weekly departures					
Flights	2,756	3,362	3,652	+606	+290
Seats	352,633	437,618	439,461	+84,985	+1,843
Average seats per flight	128	130	120	+2	-10
Source: John F. Brown Co., Official Airline Guide					
Notes: *number of cities served nonstop by at least 5 schedule jet departures per week on average during period.					
**U.S. carriers which enplaned at least 1,000 passengers on scheduled passenger jet flights					
Data for 2003 was obtained from the January OAG Schedule					

A substantial amount of domestic service capacity was added to MSP over the five years between March 1996 and March 2001. The above table illustrates the historical growth of the pre-September 11, 2001 time period and reflects the change between the years 2001 and 2003.

C.

INTERNATIONAL SCHEDULED PASSENGER JET SERVICE MINNEAPOLIS-ST. PAUL INTERNATIONAL AIRPORT (for the second week of March)									
Destination Area	Number of Cities Served			Number of Carriers Serving			Weekly Jet Flight Departures		
	1996	2001	2003	1996	2001	2003	1996	2001	2003
Canada	8	8	8	2	3	3	132	152	152
U.K. and Europe	2	3	3	2	2	2	15	27	26
Asia	1	1	1	1	1	1	1	10	7
Mexico	5	7	8	1	2	3	5	28	50
Caribbean	-	3	4	-	1	2	-	3	6
Central America	-	1	1	-	1	1	-	1	1
Total	16	23	25	4	5	6	153	221	242
Source: John F. Brown Co., Official Airline Guide									
Data for March 2003 was obtained from the January OAG Schedule									

International travel represents a small portion (just over 6 percent in March 2003) of total jet flight operations at MSP. In the 1996-2001 period, however, international service increased at twice the rate for domestic service. Flight service to various cities in Canada, the Caribbean, Tokyo, and Reykjavik was expanded. This table also illustrates the historical growth from 1996 to pre-September 11, 2001 and the limited growth between 2001 and 2003.

GLOSSARY – 2003 OPERATING BUDGET

Accrual Basis – This basis of accounting attempts to record financial transactions in the period they occur rather than recording them in the period they are paid.

ACI – Airports Council International

Administrative Expenses – One of the main expense categories and includes the following: office supplies, computer supplies, postage, printing, memberships, and travel.

ADO – Airport Director's Office

Agreement (The) – The airline agreement which expires on 12/31/10. This agreement is the basis for airline rates and charges primarily the landing fee, ramp fee, carousel and conveyors, terminal building rates, and the noise surcharge.

Airline Rates and Charges – One of the three main revenue categories. Includes all charges set by the airline agreement (landing fees, ramp fees, terminal rents, noise surcharge, and carousels & conveyors) plus other airline terminal rents.

AMSS – Airport Message Sending System

AOA – Airport Operations Area

Apron – The extensive paved area immediately adjacent to the Terminal Building area and hangar area. Also referred to as Ramp.

AVI – Automated Vehicle Identification. Relates to Landside Operations.

BIDS – Baggage Information Display System

CSOs – Community Service Officers.

Capital Improvement Program (CIP) – This program covers projects which will be started during the next two years. Also, a Capital Improvement Plan is used to project an additional five years worth of projects. These serve as a basis for determining funding requirements and other operational planning decisions.

The Commission – Metropolitan Airports Commission.

Concessions – One of the three main revenue categories. This category includes: food and beverage, news & gifts, parking, auto rental, vending, ground transportation, telephones, and numerous other small lessees.

Concourse – The long hallway-like structure where loading and unloading of passengers takes place.

Connecting Passengers – Passengers who transfer to another flight-Mpls./St. Paul International not being their final destination.

Construction Fund – A special account whose monies are used for capital project expenditures, including consulting fees, at all Commission facilities. (See Construction Budget.)

C.U.T.E. - Common Use Terminal Equipment - used for ticketing and gate use.

Debt Serve Account – An account which MAC is required by law to maintain whereby the balance on hand on October 10th of each year is equal to all principal and interest due on all Airport Improvement Bonds and General Obligation Revenue Bonds payable therefrom to the end of the second following year.

Debt Redemption Fund (Sinking Fund) – A special account whose monies are set aside to retire debt. (See Debt Service Budget.)

GLOSSARY – 2003 OPERATING BUDGET

Deficit – Represents the negative difference between operating revenues less operating expenses (including depreciation).

DTN – Data Transmission Network Corporation

Dual Track Process – The path designated by the Legislature that MAC and the Met Council will follow regarding a new airport. One track deals with a new airport whereas the other track deals with expansion of MSP International. The decision to expand MSP International was made in March 1996.

EMS – Emergency Medical Services

Enplaned Passengers – The number of passengers boarding an aircraft, including originating and stopover or on-line transfer passengers.

Enterprise Fund – This type of fund accounts for all cost allocations including depreciation while its cost of services are recovered through user fees/charges.

Exclusive Use – Space rented to a specific airline.

Exclusive Use–Janitored – With this space the Commission furnishes janitorial cleaning.

FAA Regulation Part 36 – This regulation deals with noise standards, aircraft type, worthiness and certification.

FAA Regulation Part 150 – This regulation: a) establishes a uniform nationwide system of describing aircraft noise and noise exposure on different communities; b) describes land-use compatibility for the guidance of local communities; and c) provides technical assistance to airport operators and other governmental agencies to prepare and execute noise compatibility planning.

FIDS – Flight Information Display System

Fuel Storage Facility – Operated by Airline Consortium and used to provide fuel to the airlines.

GAAP (Generally Accepted Accounting Principles) – Conventions, rules and procedures necessary to describe accepted accounting practice at a particular time.

General Airport Revenue Bonds (GARBs) – These bonds are secured by the pledge of all operating revenues of the Commission subject to the prior pledges of such revenues for payment of General Obligation Revenue Bonds.

General Insurance – Part of the "Other" expense category. This includes insurance covering property, casualty, liability, crime, auto, and equipment.

General Obligation Bonds (GORBs) – General obligations of the Commission, payments of these bonds are secured by the pledge of all operating revenues of the Commission. The Commission has the power to levy property taxes upon all taxable property in the seven-county Metropolitan Area in order to pay debt service on outstanding General Obligation Revenue Bonds.

Hubert H. Humphrey Terminal (HHH Terminal) – The Commission's second terminal where some international, some scheduled and most charter flights arrive and depart.

Imputed Interest – This rate is essentially a weighted average of all outstanding bond issue interest rates. It is used in the calculation of landing fees, ramp fees, and terminal building rates.

IS – Information Systems

Landing Fees – This fee is charged to all airplanes that land at MSP. The fees are calculated by dividing total field and runway costs by total landed weight. (See Revenue Assumptions section.)

Landed Weight – Actual gross weight of a particular plane. The weights for all aircraft are published by the

GLOSSARY – 2003 OPERATING BUDGET

FAA.

Lindbergh Terminal – The main terminal where most of the scheduled flights arrive and depart. Also referred to as the "Terminal Building".

Lobby Fees – These fees are a per passenger fee charged to airlines when they use the HHH Terminal.

LOI – Letter of Intent-Grant program by the FAA. Used for major projects and requires a separate application.

MAC – Metropolitan Airports Commission.

MSP or MSP International – Minneapolis/St. Paul International Airport. This is the name used for the total airport facility.

Major Carriers – Those airlines which participate in the airline agreement. As of 11/30/00 these include American, Air Tran, ATA, America West, Air Canada, Continental, Delta, Frontier, KLM, Northwest, TWA, United, U.S. Air, and Vanguard. In addition to these there are several freight carriers, charter carriers, and commuter carriers that participate in the airline agreement.

Maintenance Expense – One of the main expense categories and includes five subdivisions: Trades building, field, equipment and cleaning.

MALSR – Medium Approach Lighting System with a Rail (Runway alignment indicator lights)

Minor Equipment – Includes items whose cost is less than \$5,000. These items are minor equipment, computers & accessories and office furniture.

MUFIDS – Multiple Users Flight Information Display

NPDES – National Pollutant Discharge Elimination System

NWA – Northwest Airlines.

NOTAMS – Notice to Airmen System

O & D Passengers – Originating and final destination passengers-originating passengers initiate their travel from Mpls./St. Paul International. Destination (final) passengers arrive at Mpls./St. Paul International and are not transferring to another flight.

OAG – Official Airline Guide

Operating Fund – A special fund used to pay all operating expenses such as personnel, maintenance, utilities, supplies, insurance, miscellaneous, and equipment purchases. (See discussion on Operating Budget.)

Operating Services – One of the main expense categories and includes the parking management and contract, shuttle bus, advertising costs, copy agreement, bank charges, pollution control, service contracts, storm water monitoring, and other charges.

Operation – The aircraft operation which represents a takeoff or landing.

Other Expenses – One of the main expense categories and includes general insurance, safety materials and miscellaneous items.

Other Revenue – One of the three revenue categories and includes other building rents, ground rents, utilities, and miscellaneous items.

GLOSSARY – 2003 OPERATING BUDGET

Passenger Facility Charge (PFC) – An authorization by Congress which allows proprietors of commercial service airports, such as MAC, to impose a passenger facility charge upon revenue passengers enplaning at those airports. The charge can be set at \$1.00, \$2.00, or \$3.00, \$4.00, or \$4.50. There are exemptions for passengers flying on Essential Air Service flights. The basis for the PFC is to provide needed supplemental revenues to expedite the improvement of airport facilities used by passengers, to mitigate noise impacts and to expand airport system capacity. MAC's initial application was approved with charges starting June 1, 1992. On April 1, 2001 the level of PFC's charged by MAC will go to \$4.50. The Commission filed its 6th application in September of 2002.

Personnel – One of the main expense categories and includes all wages, salaries and benefits.

Professional Services – This expense category refers to various types of professionals, such as architects, engineers, auditors, lawyers, and other specialists hired during the year to perform studies or required work and make recommendations based upon their findings.

Ramp Fees – A fee charged to a particular airline for exclusive use of a specific area of ramp, calculated by dividing the total estimated costs in the appropriate cost center by the number of lineal feet of ramp space. Also referred to as Apron Area.

Reimbursed Expense – Costs paid by the Commission initially, and then billed back to tenants. (This is in "Other Expenses" as a reduction.)

Reliever Airports – Refers to St. Paul Downtown, Flying Cloud, Crystal, Anoka, Lake Elmo, and Airlake Airports. These airports provide facilities for general aviation activity and reduce traffic and congestion at MSP International.

SAAC – Secured Area Access Control System

SCAN – Spot Challenge and Notify – An airport employee watch guard program

Self-Liquidating Rents – Fees received for the rental of facilities constructed for a specific airline or tenant; leases or lease amendments are negotiated for each facility to assure that the payment of all associated costs of constructing, financing and maintaining it are reimbursed to the Commission.

Service Center – The Commission's terminology for a specific department in order to keep track of costs.

Seven County Metropolitan Area – The counties surrounding and including the cities of Minneapolis, St. Paul and MSP International. The counties include Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Signatory Carriers/Airlines – Refers to those carriers/airlines who have signed the Airline Agreement. This includes carriers/airlines from the major, commuter, charter, and cargo/freight carrier categories.

Sinking Fund – A special account whose monies are set aside to retire debt.

Snow Removal – An expense account under the Maintenance Expense category. All costs associated with removal of snow, with the exception of labor, flow into this account. These costs include materials such as salt, urea sand, and equipment rental used for both hauling and plowing snow.

Southwest Cargo Area – An area constructed for parking or maintenance by cargo and charter companies. Currently occupied by Federal Express, Sun Country, Mesaba and Signature.

Stage II Aircraft – The second-level "stage" description used by FAA Regulation 36 to identify "middle-aged" and noisy jet aircraft. The Stage II aircraft make up the bulk of the U.S. domestic fleet. (Examples of Stage II Aircraft include Boeing 727s, some 747s, and McDonnell Douglas DC9s.)

Stage III Aircraft – The new generation of "quiet" jet aircraft which comply to the latest noise standards of the FAA Regulation Part 35. (Examples of Stage III Aircraft include Boeing 757s, 767s, 747-200s, McDonnell Douglas DC10s, DC9-80s, and the Lockheed L-1011s.)

GLOSSARY – 2003 OPERATING BUDGET

Subledger - Commission terminology for grouping expenses from various service centers to determine rates and charges for tenants and users of the MAC facilities.

Surplus – Represents the positive difference between operating revenues less operating expenses (including depreciation).

Taxiway – Paved areas on the airport to be primarily used for ground movements of aircraft to, from, and between runways, ramp and apron space, and storage areas.

Utilities/Expense – One of the major expense categories. Included in this section are electricity, telephone, water, sewer, and fuel. (Fuel includes both natural gas and fuel oil.)

VOR – Visual Omni-Directional Radio

Wold-Chamberlain Field (WCF) – The airfield itself excluding the Terminal Building.

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