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BUDGET MESSAGE – 2004 OPERATING BUDGET

December 15, 2003

To The Public:

We are pleased to present the 2004 Metropolitan Airports Commission budget that was adopted by the Commission on December 15, 2003. Total operating revenue for 2004 is projected to be \$183,198,131 and operating expense is \$182,063,360. The fourth quarter of 2003 and the final preparation of the 2004 budget continued to be a very difficult time for all involved in the air transportation system.

When staff began the 2004 budget process last summer, the economic forecast continued to be 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 budget package for 2004. In addition, staff and the airlines agreed to continue to review the budget throughout 2004 for cost savings as well as identifying areas where a change in policy may be in order. As a result of this review process, and even though there was an increase of \$1.3 million for post retirement health care, the 2004 draft budget changed from \$181.1 million to \$182.1 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 struggle economically. Two major airlines (US Air & United) have cleared Chapter 11 bankruptcy while most others continue to struggle. There appears to be little recovery in sight for the industry in 2004. Because of these continued conditions, the Commission decided that a rate reduction for the airlines of approximately \$3.3 million be granted in 2003 as well as two additional rate relief mechanisms in 2003 and 2004. The first of these in 2003 was a \$13.0 million relief package given to the carriers in 3 credit installments in August, October and December. The second mechanism was a \$7.6 million rate reduction in 2004. Even though the airlines started operating out of substantially more space (new facilities) in 2003, these reductions 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 2001-2004.

\$ = 000	2001	2002	2003	2003	2004 Final	% Change
	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Budget</u>	<u>Budget</u>	Final 2004
						vs. 2003
						Est.
Operating Revenue	\$ 170,066	\$ 170,610	\$ 174,898	\$ 174,166	\$ 183,198	4.75%
Operating Expense	(90,604)	(84,324)	(94,050)	(91,931)	(97,341)	3.50%
Net Operating Revenue	79,462	86,286	80,848	82,235	85,857	6.20%
Depreciation	(65,647)	(72,871)	(80,000)	(80,805)	(84,722)	5.90%
Subtotal	13,815	13,415	848	1,430	1,135	
2003 Airline Rate Relief	-	-	(13,000)	-	-	
(Additional)						
Net Revenues	\$ 13,815	\$ 13,415	\$ (12,152)	\$ 1,430	\$ 1,135	

The budget for 2004 started in May of 2003. The Finance Committee approved targets in June. Targets were established in the areas of Revenue, Expense, Debt Service Coverage and Total Airline Costs. In addition to budget targets, the following instructions were provided to individual departments.

- Headcount – No new headcount unless mandated for security or cost justified
- 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 – 2004 OPERATING BUDGET

FINANCE COMMITTEE

During 2003 the Finance Committee reviewed and/or acted on the following major activities:

- Audits
 - Financial Audit
 - Legislative Audit
 - Tenant Audits
 - Internal Procedure Audits
- Bonds/Debt
 - Series 2003 A related to Passenger Facility Charge Application #6 (\$102,690,000)
 - Extended the term for Bond Counsel, Airport Consultant and Financial Consultant through 2005
- Facility Closure Evaluations
 - Grieve Conference Center – Currently monitored closely and generating a small net income
 - HHH Parking Facility – Various alternatives were reviewed by staff to increase utilization. Proposal will be presented the 1st Quarter of 2004.
 - West Terminal – Closed
- Policies
 - Staff and Consultants presented a policy to deal with Derivative Financing products to allow the Commission to take advantage of savings under preferable circumstances.
- Operating Funds
 - Typically at the end of each fiscal year if there are net revenues (after all reserves + debt are covered) they are transferred to the Construction Fund to reduce the amount of new debt. As mentioned above the Commission in 2003 used the \$13.0 million for rate relief to the airlines in 3 installments.
- 2004 Operating Budget

With regards to the Operating Budget for 2004, the Committee in June established the following general financial targets:

**Target: Manage operating revenue so it is equal or greater than \$177,478,077
(Result=\$183,198,131)**

Target: Manage operating expenses, excluding depreciation, so it is equal to or less than the percentage increase in Operating Revenue (Result = Revenue increase 4.75%, Expense Increase 3.50%).

Target: Maintain a coverage ratio of 1.4 x on General Obligation Revenue and Senior General Airport Revenue Bonds. (Result 1.41x without transfer)

Target: Manage total airline payments so they are at or below \$71,577,898 (No change)

All targets established by the Commission were met. Even after the expense % target was met (#2 above) staff continued to look for ways to reduce spending.

Staff also committed to continue review of all expenses in order to become more efficient. Major areas anticipated for review in 2004 are:

- Reliever Airports – Philosophy and Rates & Charges
- HHH Parking Facility
- Concessions
- Airline Agreement
- 2005 Operating Budget
- Financial, tenant and internal audits

Staff will be reporting back to the Finance Committee late 1st quarter or early 2nd quarter 2004 on all of the above items.

BUDGET MESSAGE – 2004 OPERATING BUDGET

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 (\$32.4 million by year-end 2004). 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 Commission's debt is paid from the Debt Service Fund.

The table on the next page shows a consolidated schedule of all funds. The individual sections of this table are shown and explained in their respective areas of this document.

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BUDGET MESSAGE – 2004 OPERATING BUDGET

Consolidated Fund Detail	2002	2003	2004	2005	2006
\$ = 000	<u>Actual</u>	<u>Estimated</u>	<u>Budget</u>	<u>Projection</u>	<u>Projection</u>
<u>Sources All Funds</u>					
Total All Balances 1	760,133	407,546	414,542	383,863	456,250
Operating Fund Revenues					
Airline Rates & Charges	69,233	71,578	71,578	82,777	98,335
Concessions	67,416	69,640	75,648	78,674	81,821
Other Operating Revenues	33,961	33,680	35,972	36,350	36,797
Interest Earnings	1,353	1,253	1,285	1,285	1,285
Other & Self-Liquidating Revenue	5,893	19,266	7,827	7,873	7,922
Construction Fund Revenues					
PFC Funding	61,492	63,326	65,798	67,443	69,129
Federal Grants	19,225	35,050	49,540	21,980	19,330
State Grants	2,428	1,400	1,600	1,400	1,500
Interest Earnings	9,090	2,291	2,000	1,750	3,640
Bond Proceeds	-	-	-	-	-
Commercial Paper Program	57,000	-	100,411	44,629	7,500
Principal Amount of Bonds	-	97,762	99,952	326,920	-
Federal Letter of Intent (LOI)	13,000	11,000	8,000	8,000	7,500
Transfers In	7,300	-	7,000	5,430	5,000
Debt Fund Revenues					
Interest Earnings	9,646	5,257	5,400	5,452	5,547
Coverage Account	17,000	-	-	-	-
Bond Proceeds	(260)	8,993	8,500	25,500	-
Self-Liquidating Payments	17,002	25,300	26,221	26,386	26,589
Transfers In (PFCs and Garb Required.)	<u>66,822</u>	<u>89,202</u>	<u>91,623</u>	<u>94,708</u>	<u>104,974</u>
Total All Receipts	1,217,734	942,544	1,072,897	1,220,420	933,119
<u>Uses All Funds</u>					
Operating Fund Expenses					
Personnel	(43,074)	(45,910)	(47,571)	(50,425)	(54,837)
Administration	(880)	(1,000)	(1,002)	(1,032)	(1,063)
Professional Services	(3,385)	(3,600)	(3,555)	(3,662)	(3,771)
Utilities	(8,882)	(11,225)	(11,747)	(12,334)	(12,951)
Operating Services	(12,147)	(13,000)	(12,309)	(12,801)	(13,441)
Maintenance	(13,501)	(16,200)	(17,482)	(18,181)	(19,772)
Other/Insurance	(2,455)	(3,115)	(3,575)	(3,682)	(3,940)
Equipment Purchases	(2,005)	(713)	(1,833)	(2,500)	(3,000)
Transfers Out - Construction	(7,300)	-	(7,000)	(5,430)	(5,000)
Transfers Out - Debt	(66,822)	(89,202)	(91,623)	(94,708)	(104,974)
Other Operating Expenses	-	-	(17,900)	-	-
Construction Fund Expenses					
Capital Project Costs	(411,733)	(140,047)	(312,589)	(247,062)	(141,333)
Bond Anticipation Notes/Comm. Paper	(129,433)	(63,122)	(7,000)	(116,411)	(15,000)
Debt Service Reserve	-	(16,896)	(19,162)	(23,863)	(34,241)
Capitalized Interest	-	-	(4,000)	(31,149)	-
Issuance Expenses	-	(2,697)	(2,500)	(6,500)	-
Debt Fund Expenses					
Bond Principal & Interest Payments	<u>(108,571)</u>	<u>(118,912)</u>	<u>(128,919)</u>	<u>(133,852)</u>	<u>(148,226)</u>
Total All Costs	(810,188)	(525,639)	(689,767)	(763,593)	(561,551)
Working Capital Changes and Transfers	-	<u>(2,363)</u>	<u>733</u>	<u>(577)</u>	<u>(857)</u>
Net Balance All Funds	407,546	414,542	383,863	456,250	370,711
1 Includes Operating Fund, Construction Fund and Debt Service Fund.					

BUDGET MESSAGE – 2004 OPERATING BUDGET

OPERATING BUDGET

Staff prepared the budget based on the current economic conditions of the aviation industry. The guidelines identified previously were used as a basis to establish the budget. See the Operating Budget Section - Revenue and Expense Assumptions for details.

The following table is a summary of the 2002 Actual, 2003 Estimate, 2003 Budget and 2004 Budget revenue and expenses. (It does not include non-operating items such as interest income, other & self-liquidating revenue equipment purchases or transfers.)

\$ = 000	<u>2002 Actual</u>	<u>2003 Budget</u>	<u>2003 Estimate</u>	<u>2004 Budget</u>	2003 Estimate vs. 2004 Budget	
					<u>Dollars</u>	<u>Percentage</u>
OPERATING REVENUE						
Airline Rates and Charges	\$ 69,233	\$ 71,578	\$ 71,578	\$ 71,578	\$ -	0.0%
Concessions	67,416	69,179	69,640	75,648	6,008	8.6%
Other	33,961	33,409	33,680	35,972	2,292	6.8%
Airline Rate Relief	-	-	(13,000)	-	-	
Total Operating Revenue	170,610	174,166	161,898	183,198	8,300	4.7%
OPERATING EXPENSE						
Personnel	43,074	42,568	45,910	47,571	1,661	3.6%
Administrative Expenses	880	1,014	1,000	1,002	2	0.2%
Professional Services	3,385	3,680	3,600	3,655	55	1.5%
Utilities	8,882	11,274	11,225	11,747	522	4.7%
Operating Services	12,147	13,364	13,000	12,309	(691)	-5.3%
Maintenance	13,501	16,716	16,200	17,482	1,282	7.9%
Other	2,455	3,315	3,115	3,575	460	14.8%
Total Operating Expenses	84,324	91,931	94,050	97,341	3,291	3.5%
Depreciation	72,871	80,805	80,000	84,722	4,722	5.9%
Total Expenses	157,195	172,736	174,050	182,063	8,013	4.6%
Net Revenues*	\$ 13,415	\$ 1,430	\$ (12,152)	\$ 1,135	\$ 287	

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

Operating Revenues are projected to increase \$8.3 million or 4.7% to \$183.2 million. (This excludes the Airline Rate Relief of \$13 million (\$183.2 million less (161.9 million + 13.0 million) = \$8.3 million)). Airline rates and charges will remain the same based on the Commission's decision to hold Airline Rates and Charges equal to the 2002 Budget. (See Revenue Assumptions explaining airline rates and charges). Concessions are projected to increase \$6.0 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 \$2.3 million. This increase can be attributed to Sun Country Airlines resuming service and new cargo facilities (Federal Express/UPS). (See Revenue Assumptions - Other Revenues).

Operating Expenses are projected to increase \$8.0 million or 4.6%. All areas of the budget except Operating Services (down \$691,000) are anticipated to increase. Personnel costs are up due to wage increases and the adjustment for Post Retirement Health Care liability. 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. Maintenance is up due to additional space that needs to be cleaned and maintained 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 – 2004 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 that will start during the second calendar year. In addition, a Capital Improvement Plan covering an additional five years is adopted.

Approved Capital Projects for 2004 total \$307.1 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)		
	<u>2004</u>	<u>2003</u>
Minneapolis/St. Paul International Airport		
Field & Runway	\$ 157,300	\$ 63,340
Environmental	18,300	17,550
Landside & Terminals	<u>127,500</u>	<u>4,150</u>
Total Minneapolis/St. Paul International	303,100	85,040
Reliever Airports	<u>3,955</u>	<u>1,900</u>
Total All Airports	\$307,055	\$ 86,940

As stated earlier, the economic conditions and forecasts continue to impact the construction program for 2004. Only essential projects (primarily rehab or repair) and Runway 17/35 construction will move forward in 2004. Approximately \$146 million of total project cost relates to runway 17/35 while \$70 million relates to the Lindbergh Terminal Baggage Screening Project. A more detailed discussion of this program is provided in the Construction Section of this Budget.

DEBT ACTIVITY – 2002-2005

BANS

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 BANs were retired in August of 2002.

Commercial Paper

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 \$60 million outstanding. It is anticipated that the outstanding amount will increase to \$170 million by the end of 2004. A portion of this will be paid from 2005 bonds and the remaining balance retired over time.

BUDGET MESSAGE – 2004 OPERATING BUDGET

New Issues

Based on the Capital Improvement Plan (CIP) presented in late fall 2003, and the current status of Runway 17/35, it appears that in 2004 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. The 2004 Series (\$100 million) will be supported with Passenger Facility Charge (PFC) Revenue and will be a variable rate issue. The 2005 issues are projected to be General Airport Revenue Bonds (\$125 million) and PFC supported bonds (\$202 million). These new issues, totaling \$427 million, should complete the majority of the 2010 Plan Debt Funding. It is possible that additional debt will need to be issued after 2005. The issuance of additional debt, however, will depend on the status of the airline industry and timing of projects. 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 2004. The first and by far most important one is the continued 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 since 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, 2002, and 2003 were extremely difficult with two major carriers (United and US Air) filing for bankruptcy protection. 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. 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 continued during 2003. These discussions enhance two-way communication between employee and supervisor. However, based on the economic reality of 2001 through 2003, staff has significantly adjusted goals and objectives for 2004. 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 2004.

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, 2003.

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.

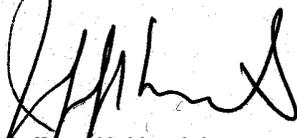
The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

GFOA AWARD – 2004 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 2004 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*

PRESENTED TO

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

For the Fiscal Year Beginning

January 1, 2003



President



Executive Director

OTHER AWARDS – 2004 OPERATING BUDGET

Metropolitan Airports Commission Awards 1993 to Present			
Year	Source of Award	AWARD	Group Judged/Rated
2003	US Police Canine Association (USPCA)	4th place out of 50 contestants to Police Officer Amy Kilian and her K-9 partner, Ginger	Regional K-9 competition (police officers and K-9 partners)
2003	MN Chapter of the American Society of Landscape Architects (MASLA)	Honor Award in Public Design for the Inbound/Outbound Roadway Project	Nominated engineering achievements in Minnesota
2003	American Council of Engineering Companies of Minnesota (ACEC)	Engineering Excellence Grand Award for the Inbound/Outbound Roadway Project	Nominated engineering achievements in Minnesota
2003	Airport Revenue News (formerly Airport Retail News)	1st Place: Large Airport with Best Concessions Program Design	Airport concessions throughout North America (airports with more than 10 million enplaning passengers.)
2003	Airport Revenue News (formerly Airport Retail News)	1st Place: Large Airport with Best Overall Program	Airport concessions throughout North America (airports with more than 10 million enplaning passengers.)
2002	J.D. Power and Associates in the Dec 2002 issue of Meetings & Conventions	MSP Ranked in the top five for passenger satisfaction. Top five large airports (> 30 million pax/year) are Chek Lap Kok in Hong Kong, McCarran in Las Vegas, Schiphol in Amsterdam, Phoenix Sky Harbor and Minneapolis-St. Paul.	Forty-six major airports worldwide
2002	ACI-NA	Excellence in Marketing and Communications	Airport publications/marketing from 64 airports
2001	National Asphalt Paving Association (NAPA)	Quality in Construction Award	Hot mix asphalt pavement projects
2001, 2000, 1999	International Air Transport Association	Airport Service Excellence Award- Best Large North American Airport in "Overall Customer Satisfaction". "Large" defined as handling over 25 million passengers per year.	Airports throughout the world (up to 52 in number).
2001, 2000	International Air Transport Association	Airport Service Excellence Award -- Runner Up Best Airport-Worldwide. Category: 25-40 million passengers.	Airports throughout the world (up to 52 in number).
2001, 2000	Airport Retail News	Best Concessions Mgmt. Team	Airport concessions throughout North America
2001, 2000	Airport Retail News	Best Concessions Program Design	Airport concessions throughout North America
2001, 2000	Airport Retail News	Best Redeveloped Concessions Program	Airport concessions throughout North America

OTHER AWARDS – 2004 OPERATING BUDGET

Metropolitan Airports Commission Awards 1993 to Present			
Year	Source of Award	AWARD	Group Judged/Rated
2001, 2000	Airport Retail News	Best Overall Concessions Program	Airports throughout North America
2001	Airport Retail News	Among top 5 airports-Most Innovative Services Award	Airport concessions throughout North America
2001	Airport Retail News	Best New Specialty Retail Concept-Travel Mart	Airport concessions throughout North America
2001	Airport Retail News	Best Airport Retail Store Design-Minnesota Store	Airport concessions throughout North America
2001	Airport Retail News	Best Airport Restaurant Design-Starbucks	Airport concessions throughout North America
2001	Airport Council International	Best Food & Beverage Program -1st Place	Airport concessions throughout North America
2001	Airport Council International	Best Overall Concessions Program- 1st Place	Airport concessions throughout North America
2001	Airport Council International	Best Retail and Specialty Program- 2nd Place	Airport concessions throughout North America
2001	Federal Aviation Administration	Airport Safety Excellence Award	Large airports in the Great Lakes Region (O'Hare, Detroit, etc.) Nominated and selected by the FAA Safety/ Certification Office in Des Plaines, IL.
2003, 2002, 2001, 2000, 1999, 1998, 1997, 1996, 1995, 1994, 1993	Government Finance Officers Association	Distinguished Budget Presentation Award	Submitted budget documents from various government organizations.
Winters of 2000-2001, 1996-1997, 1991-1992	International Aviation Snow Symposium-American Association of Airport Executives	Balchen-Post Award	Large hub U.S. Airports
2002, 2001, 2000, 1999	Minnesota Safety Council	Meritorious Achievement Award in Occupational Safety	Outstanding Achievement Award
2001	International Council of Shopping Centers	International Design & Development Award-presented to Architectural Alliance (MAC consultant)	
2001	International Parking Institute	International Award for Best Design --Honorable Mention AWARD	Parking structures with 800+ spaces.
2001	MNDOT & Concrete Paving Association	Best Project of Type	
2001	MNDOT & Concrete Paving Association	Best Project of Type	

OTHER AWARDS – 2004 OPERATING BUDGET

Metropolitan Airports Commission Awards 1993 to Present			
Year	Source of Award	AWARD	Group Judged/Rated
2001, 2000	Wall Street Journal	One of Best Airports in the Country	20 largest airports in U.S.
2003, 2002, 2001, 2000, 1999, 1998, 1997, 1996, 1995, 1994, 1993	Government Finance Officers Association	Certificate of Achievement for Excellence in Financial Reporting	Submitted report must be easily readable and efficiently organized.
2000	Airports Council International	Best Overall Airport Program	
2000	Airports Council International	Excellence in Communications: Media Guides (1st Place); Newsletters/External 2 colors or less (1st Place); Newsletters/ Internal (2nd Place)	
2000	Airports Council International	Richard A. Griesbach Award of Excellence	
2000	Airport Retail News	Best New or Renovated Enclosed Center	
2000	American Consulting Engineers Council	Engineering Excellence Award	
2000	Consulting Engineers Council of Minnesota	Honor Award to the MAC	
2000	Consulting Engineers Council of Minnesota	Grand Award to the MAC	
2000	Board of Directors of Partnership of Minnesota	Certificate of Commendation	
2000		National Superior Achievement in Design and Imaging (SADI) Award	
1999	AIG Aviation	1999 Medallion Award	Airports throughout North America
1999	Airport Retail News	Minnesota Shopping Center Starr Award	
1999	Twin Cities Area Labor Management Council	Earl Willford Labor Management Cooperation and Partnership Award	Twin City Area Labor Management Council affiliates
1999	MNDOT & Concrete Paving Association	Merit Award for Outstanding Performance	
1999	World Retail News	Best Airport Retail Design-Small Concessionaire Award-awarded to CBR (Carole Howe), Inc.	

OTHER AWARDS – 2004 OPERATING BUDGET

Metropolitan Airports Commission Awards 1993 to Present			
Year	Source of Award	AWARD	Group Judged/Rated
1998	American Concrete Pavement Association	National Award for Excellence -- Best Portland Cement Concrete	Commercial & military runways poured in 1998
1998	MNDOT & Concrete Paving Association	Merit Award for Outstanding Performance	
1996	Minnesota Council of Airports	Award of Excellence/Project Awards	
1996	MNDOT & Concrete Paving Association	Merit Award for Outstanding Performance	
1996	Municipal Treasurer's Association of the U.S. and Canada.	Certificate of Excellence	Cities, Counties, municipal entities
1995	FAA-Great Lakes Region	MSP Police Department	
1994	Society of the American Institute of Architects	Honor Award	
1993	Minnesota Society of Professional Engineers	Award for Distinguished Engineering Achievement	

2003 ORGANIZATIONAL GOALS AND OBJECTIVES – PROGRESS REPORT

The Metropolitan Airports Commission completed its first Strategic Plan over six years ago. In subsequent years, the MAC has utilized its strategic goals to drive department and individual performance plans throughout the organization.

In 2003, the organization focused on the two primary goals as the aviation and airport industry continued to recover from the events of 9/11 and the recent economic slump. The chart below depicts MAC's organizational goals with results accomplished for each goal. This progress report was prepared by obtaining input from senior staff and their work areas.

2003 Strategic Goals

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

Given the nation's aviation security concerns and the industry's overwhelming financial challenges, it was important to direct MAC's resources towards the most vital and demanding issues. However, customer service, air service competition and environmental stewardship programs continued on a more limited basis.

2003 Strategic Plan Results

Goal	Objective	Results
Provide a Safe and Secure Airport System	Meet security mandates	<ul style="list-style-type: none"> → Memorandum of Agreement signed with TSA to obtain reimbursement for 6 law enforcement officers at the Lindbergh and Humphrey Terminal checkpoints, providing a combined total of 48 hours of coverage per day. The Memorandum of Agreement is renewable though September 30, 2007. → Twenty-two temporary airport police officers continue to provide checkpoint coverage and mandatory law enforcement presence at the gate for flights departing to Reagan International Airport.
	Develop coordinated response plans to security events	<ul style="list-style-type: none"> → Mutual Aid Agreements signed with Hennepin and Dakota Counties. → Bomb Incident Prevention Plan submitted to TSA in April. → Bloomington Police Department bomb squad response agreement renewed for an additional 5 years. → Memorandum of Procedures for Threat Containment Unit submitted to TSA. → Airport Security Program rewritten and submitted to TSA in September. → Plan developed to use several MAC departments during heightened security events. → Airport Emergency Plan for terminal evacuation developed and disseminated December 30, 2003. → APD representation on the FBI Joint Terrorism Task Force to better disseminate critical information from federal officials.
	Ensure existence of appropriate facility and infrastructure	<ul style="list-style-type: none"> → Commission approval for purchase of 800 MHz radios for Public Safety in 2004. Recommended that other MAC departments be converted to the system in 2005. → Perimeter fencing and field gates reviewed. Plan developed to remove approximately 40 field gates and bring the entire perimeter up to MAC standards in 2004. → Harden security along the front of the Lindbergh and Humphrey Terminals and create plan to harden security at the fuel farm facilities. → SIDA Incursion Program test site developed that includes several cameras, lighting at locations, and microwave alarm technology. → Biometrics reader test site installed adjacent to Checkpoint 2. → Card readers have been installed on the rear loading dock elevators. → Letter of Intent (LOI) submitted to TSA for EDS installation.

2003 ORGANIZATIONAL GOALS AND OBJECTIVES – PROGRESS REPORT

Goal	Objective	Results
Maintain the Economic Viability of the Airport System	Maintain sufficient liquidity to meet operating and debt service requirements.	<ul style="list-style-type: none"> → Projected non-airline revenue for 2003 is \$103,320,000. Results are \$732,000 above the target of \$102,588,000. → Projected operating expense, excluding depreciation, is \$94,050,000. Results exceed the target of \$91,930,954 by \$2.1M. → The projected coverage ratio is 1.52. This exceeds the target of 1.4. → A four-month reserve was maintained in the Operating Fund. → The RFP for the new concessions program was issued. → New parking rates were approved that will generate an additional \$3.1M on an annual basis. → Expense reductions totaling \$986,244 were identified. → Continued work between Legal, CMAA and Finance Departments on tenant collection matters and bankruptcy issues.
	Maintain a competitive airline cost structure.	<ul style="list-style-type: none"> → Total Airline Rates & Charges are \$13.0M below the target as a result of the one-time credit to the airlines. → The Airline Cost Per Enplanement is in the lower 1/2 of large hub airports.
	Continue implementation of the 2010 Plan within the limits of available funding.	<ul style="list-style-type: none"> → Awarded 51 contracts at a value of \$51.6 million. → Received \$33.2 million in Federal aid for projects at MSP. → Received \$1.2 million in Federal aid for projects at the reliever airports. → Received \$1.6 million of State aid. → Received a \$1.0 million commitment from the City of St. Paul toward the cost of the dike at St. Paul Downtown Airport.
	Ensure public input into the budgeting process.	<ul style="list-style-type: none"> → A Budget Policy was adopted that required a 90-day public review and input process. This requirement was met.

2004 ORGANIZATIONAL GOALS AND OBJECTIVES

The preliminary 2004 Strategic Plan provided here will be presented to the Commission in January 2004 for approval. For the past two years, MAC's strategic plan has remained constant with a focus on top priorities as the aviation and airport industry recover from the events of 9/11 and the recent economic downturn. The rapid pace and increasingly complex issues of this industry continue to demand high performance from the organization and its workforce.

The information listed here outlines the organization's two primary goals and the objectives that continue to be worked on to achieve these goals.

Proposed 2004 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	Institute necessary security measures as identified nationally and locally	Develop response plan to "US Visit" (Visitor Immigrant Status Indicator Technology) program.	<ul style="list-style-type: none"> • Agreement in place with TSA for implementation • Written plan in place • Required capital projects defined and executed
		Implement long term "EDS" (Explosive Detection System) installation plan.	<ul style="list-style-type: none"> • EDS installation underway
		Create cargo security program in concert with airlines and TSA guidance.	<ul style="list-style-type: none"> • Program identified and implementation plan in place.
		Test and implement as applicable new security technology to include biometric identification opportunities.	<ul style="list-style-type: none"> • Development of Plan for • incorporation of TSA approved technologies.
		Deploy and test newly created General Aviation Security Program throughout the Reliever Airport System.	<ul style="list-style-type: none"> • Program deployed and tested at all six Reliever Airports
	Enhance Airfield Safety Program	Expand training and evaluation of Airport Emergency Plan (AEP) to include focused tabletops.	<ul style="list-style-type: none"> • Table top exercises conducted for all critical AEP response elements.
		Expand runway incursion prevention training program.	<ul style="list-style-type: none"> • Ensure new ordinance is effectively promulgated. • Study potential for licensing phase to move forward and create licensing plan
		Create emergency evacuation plan for Communication Department.	<ul style="list-style-type: none"> • Emergency evacuation/relocation plan in place and tested
		Develop and implement 800 MHz communication plan for public safety departments. Create plan for the rest of the organization (i.e. field maintenance etc.)	<ul style="list-style-type: none"> • Implementation plan in place and public safety radio transition accomplished. • Phase II 800 MHz plan developed
		Create Airport Operations Center (AOC) plan for consolidating 24 hour operations.	<ul style="list-style-type: none"> • AOC plan in place

2004 ORGANIZATIONAL GOALS AND OBJECTIVES

Goal	Objective	Activities	Outcomes
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 \$111,620,253.	<ul style="list-style-type: none"> Actual revenue meets or exceeds the budget target A four-month reserve is maintained in the Operating Fund Additional revenue opportunities are identified
		Manage operating expenses, excluding depreciation, so they are at or below the target of \$97,241,425.	<ul style="list-style-type: none"> Actual expenses, excluding depreciation, do not exceed the budget target A four-month reserve is maintained in the Operating Fund
		Maintain a coverage ratio of 1.4.	<ul style="list-style-type: none"> AA- Bond Rating is maintained
		Secure funding for airport safety, security and other capital improvement projects.	<ul style="list-style-type: none"> Funding is identified, with an emphasis on external sources
		Implement new concession contracts awards resulting from the concession RFP process.	<ul style="list-style-type: none"> Increased concessions sales and revenue to MAC on an enplaned passenger basis
		Implement revised reliever airport rates and charges structure.	<ul style="list-style-type: none"> Reduce deficit for the entire reliever airport system
		Maintain a competitive airline cost structure.	<ul style="list-style-type: none"> MAC's airline cost/enplanement is within the lower 1/2 of large hub airports in the United States
	Continue implementation of the 2010 Plan within the limits of available funding.	Determine available funding.	<ul style="list-style-type: none"> A plan is in place by April 2004 to fund prioritized projects during 2004 A plan is in place by July 2004 to fund prioritized projects in 2005
		Develop 2006 - 2011 CIP.	<ul style="list-style-type: none"> Plan is in place by December 31 Reporting requirements are met

OPERATING BUDGET SUMMARY AND TARGETS – 2004 OPERATING BUDGET

The 2004 Operating Budget contains two sections. One incorporates the total revenues and expenses detailed from operations along with those items which are non-operating. Non Operating items include interest income and transfers to other funds. (See the Budget Message and Cash Flow sections.) The other section, presents only revenue and expense derived from operating the Commission's facilities. 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.

The Budget Process section is presented in 3 parts: Operating Budget Summary and Budget Targets; Budget Preparation and Amendment Process; and Financial Policies.

REVENUE AND EXPENSES WITH BUDGET TARGETS

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

(\$ = 000)	2002	2003	2003	2004	<u>2003 Est vs. 2004 Budget</u>	
	<u>Actual</u>	<u>Estimate</u>	<u>Budget</u>	<u>Budget</u>	<u>Dollar</u> <u>Change</u>	<u>%</u> <u>Change</u>
REVENUE						
Airline Rates & Charges	\$ 69,233	\$ 71,578	\$ 71,578	\$ 71,578	\$ -	0.00%
Concessions	67,416	69,640	69,178	75,648	6,008	8.63%
Other	<u>33,961</u>	33,680	<u>33,409</u>	<u>35,972</u>	2,292	6.81%
Airline Rent Credit	-----	(13,000)	-----	-----	<u>13,000</u>	
Operating Revenue	\$170,610	\$161,898	\$174,166	\$183,198	** \$ 8,300	4.75%
EXPENSE						
Personnel	\$ 43,074	\$ 45,910	\$ 42,568	\$ 47,571	\$ 1,661	3.62%
Administrative	880	1,000	1,014	1,002	2	.24%
Professional Services	3,386	3,600	3,680	3,655	55	1.54%
Utilities	8,882	11,225	11,274	11,747	522	4.65%
Operating Services	12,147	13,000	13,364	12,309	(691)	-5.32%
Maintenance	13,501	16,200	16,716	17,482	1,282	7.91%
Other*	<u>2,455</u>	<u>3,115</u>	<u>3,315</u>	<u>3,575</u>	460	14.76%
Total Operating Expense Excluding Depreciation	\$ 84,324	\$ 94,050	\$ 91,931	\$ 97,341	\$ 3,291	3.50%
Gross Depreciation	<u>\$ 72,871</u>	<u>\$ 80,000</u>	<u>\$ 80,805</u>	<u>\$ 84,722</u>	<u>\$ 4,722</u>	5.90%
Total All Expenses	<u>\$157,195</u>	<u>\$174,050</u>	<u>\$172,736</u>	<u>\$182,063</u>	<u>\$ 8,013</u>	4.60%
Operating Income	<u>\$ 13,415</u>	<u>\$(12,152)</u>	<u>\$ 1,430</u>	<u>\$ 1,135</u>	<u>** \$ 287</u>	33.83%

* Includes General Insurance, Minor Equipment, and miscellaneous items.
** Excludes Airline Rent Credit

OPERATING BUDGET SUMMARY AND TARGETS – 2004 OPERATING BUDGET

Revenue

MAC's total Operating Revenues of \$183.2 million is \$8.3 million or 4.75% above the 2003 estimate of \$161.9 million. (This excluded the Airline Rent Credit).

The projected budget for Airline Rates and Charges, which are 39.1% of total Revenue, is \$71.6 million for 2004. Airline Rates and Charges have remained flat since the 2002 budget. 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 in 2002. The Commissioners, in 2003, approved a request by the airline industry for an adjustment to their rates. The 2003 estimate reflects this one time reduction adjustment to the airlines of \$13 million.

Concessions, which is 41.3% of total Revenue, is estimated to increase \$6.0 million or 8.63% from 2003 Estimate to 2004 Budget. The increase is due to the anticipated growth in the number of passengers.

Other, comprises 19.6% of the total Revenue and is projected to rise \$2.3 million or 6.81%. 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 \$182 million is \$8.0 or 4.60% above the 2003 Estimate of \$174.1 million.

The targets for the 2004 Operating Budget were approved at the June 16, 2003 Commission meeting. All targets were met. Each target is discussed separately below.

Target 1: Debt Coverage Ratio would be maintained at 1.4x

Debt Coverage Ratio	Estimated <u>2003*</u>	Budget <u>2004</u>	<u>Target</u>	2003 Bond Feasibility Report <u>For 2004</u>
With Transfer	1.39	1.58		1.57
Without Transfer	1.23	1.42	1.41	1.42

*The Debt Coverage Ratio for 2003 reflects the one-time relief package to the airlines of \$13 million.

Target 2: Airline Rates and Charges would remain flat at \$71,577,898.

	Estimated <u>2003</u>	Budget <u>2004</u>	Target
Airline Rates & Charges	\$71,577,898	\$71,577,898	\$71,577,898

By continuing to hold airline rates and charges level with the 2002 Budget as compared with the Airline Agreement, the Commission is providing additional rate relief estimated at \$3,080,096 in 2003 and \$6,028,270 in 2004.

OPERATING BUDGET SUMMARY AND TARGETS – 2004 OPERATING BUDGET

Target 3: Operating Revenue would be at least \$177,478,077.

	Estimated 2003	Budget 2004	Target
Operating Revenue	\$174,897,898 (excludes Airline Rent Relief)	\$183,198,131	\$177,478,077

Operating Revenue has exceeded the target amount for the 2004 Budget by \$5,720,054.
See Revenue Assumptions for additional details

Target 4: 2004 Operating Expense, excluding depreciation, would increase by no more than the percentage increase in Operating Revenue

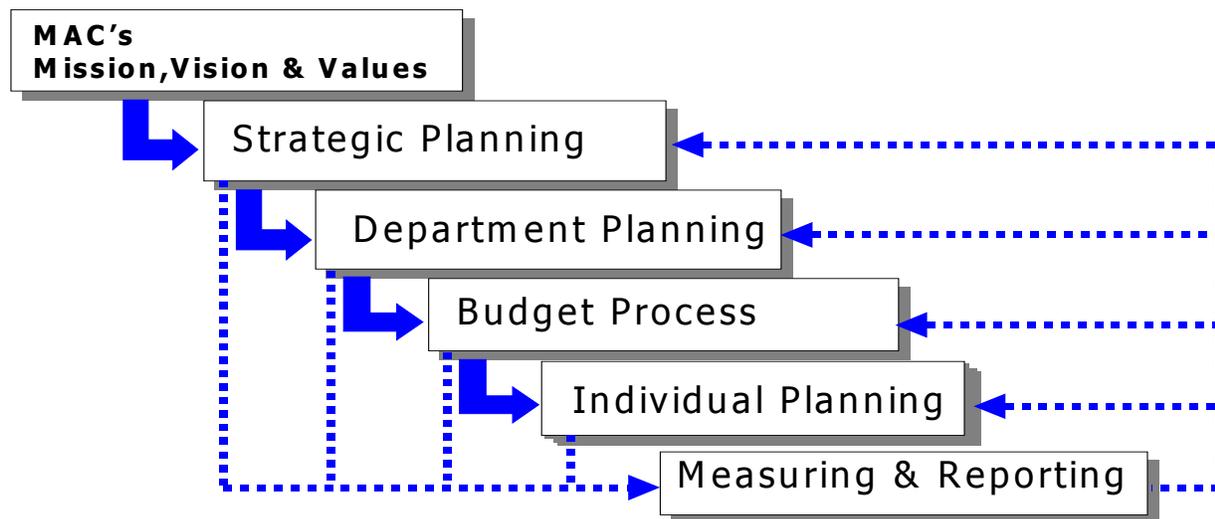
	% Change Estimated 2003 To Budget 2004
Operating Revenue Change	4.75%
Operating Expense Change	3.50%

As indicated in the above chart, revenue increased 4.75% while expenses increased 3.50%.
The fourth target was met by 1.25%. (The revenue calculation includes the airline rent credit.)

BUDGETING AND AMMENDMENT PROCESS – 2004 OPERATING BUDGET

BUDGETING PROCESS

The budget process is the fourth step in MAC’s overall strategic planning process internally called “Strategic Links), as indicated in the following chart. The Strategic Links process at the Metropolitan Airports Commission (MAC) is essentially a year-round project. The first step of the process reviews MAC’s mission, vision, and values. Based upon the current conditions Senior Staff is reviewing MAC’s mission, vision, and values again, no materials were available for publication. The previous vision statement was “Setting standards of excellence for airports”.



A major portion of strategic and department planning consists of determining individual goal/objectives, additional resources necessary, and required internal/external relationships needed. These strategic (organizational) and department goals are used to generate budget requests and prioritize department spending. Departments were asked to use the guidelines below for their prioritization.

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.

BUDGETING AND AMMENDMENT PROCESS – 2004 OPERATING BUDGET

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 2004 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.

BUDGETING AND AMMENDMENT PROCESS – 2004 OPERATING BUDGET

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.

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

BUDGETING AND AMMENDMENT PROCESS – 2004 OPERATING BUDGET

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. Propose budget targets to Finance Committee. 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. Adoption of budget targets after 30 day public comment period. 6. Distributes budget packages (in late May and/or early June). Begins training of Budget Specialists. 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. Present draft budget to 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.

FINANCIAL POLICIES – 2004 OPERATING BUDGET

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 Finance Committee at four months working capital.

FINANCIAL POLICIES – 2004 OPERATING BUDGET

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.
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.

BASIS OF BUDGETING – 2004 OPERATING BUDGET

Basis of Budgeting

Each year the Finance Department with the aid of Airport Development and Commercial Management projects revenue for the upcoming budget year. The annual operating budget is prepared based on targets established by the Commission. Typically the budget is prepared to generate an operating surplus after providing for all operating expenditures (including pension and post retirement requirements), capital equipment purchases, debt service requirement and the four-month operating reserve.

The Commission operates as an Enterprise Fund with three segregated areas: Operating Fund (Used for day to day operations), Debt Service Fund (Used to pay required principal and interest payments), and Construction Fund (Used to pay capital costs associated with projects).

An Enterprise Fund may be used to “report any activity for which a fee is charged to external users for goods or services.” GASB-34 states that an Enterprise Fund *must* be used to account for an activity if any one of the following criteria is satisfied (GASB-34, par. 67):

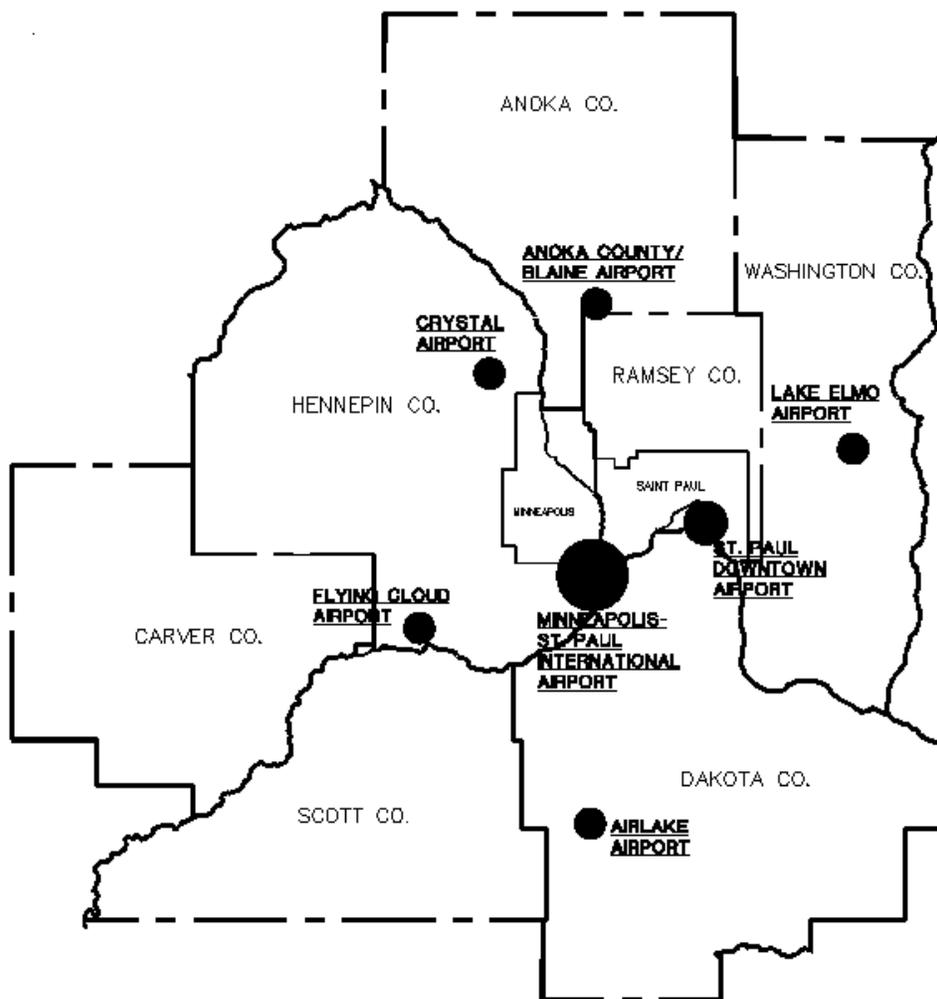
- The activity is financed with debt that is secured *solely* by a pledge of the net revenues from fees and charges of the activity.
- Laws or regulations require that the activity’s costs of providing services, including capital costs (such as depreciation or capital debt service), be recovered with fees and charges, rather than with taxes or similar revenues.
- The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

The budgets for all three Segregated Funds identified above are prepared using the accrual basis of accounting. Strictly speaking, the accrual basis of accounting is described as follows:

- Accrual accounting attempts to record the financial effects on an enterprise of transactions and other events and circumstances that have cash consequences for an enterprise in the periods in which those transactions, events, and circumstances occur rather than only in the periods in which cash is received or paid by the enterprise. Accrual accounting is concerned with the process by which cash expended on resources and activities is returned as more (or perhaps less) cash to the enterprise, not just with the beginning and end of that process.

GENERAL DESCRIPTION – 2004 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

GENERAL DESCRIPTION – 2004 OPERATING BUDGET

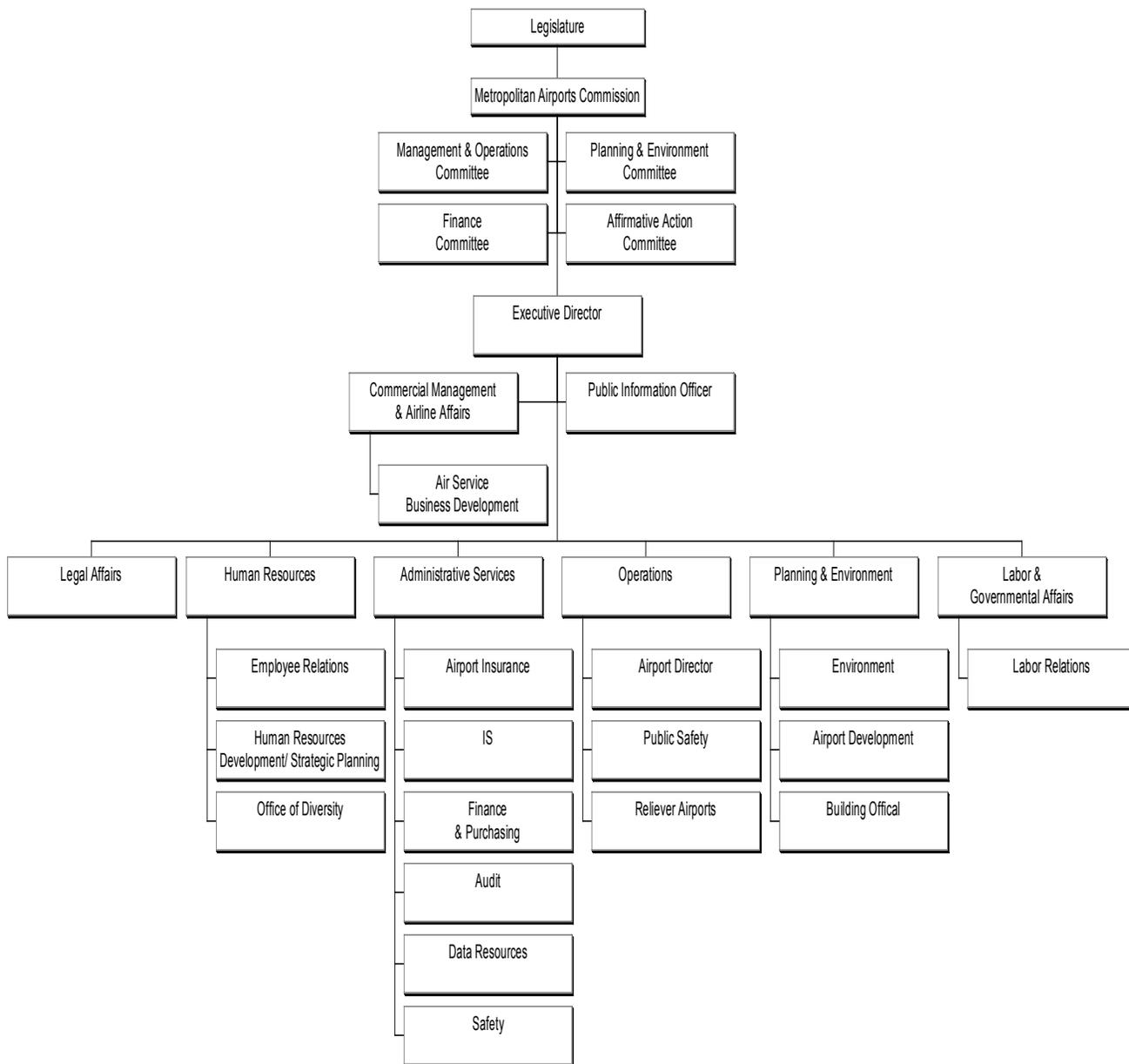
Fourteen Commissioners and a Chairperson govern the Airports Commission. The Governor of the State of Minnesota appoints twelve Commissioners. Of these twelve, eight are from designated districts within the Metropolitan area and four are from outstate. The Mayor of St. Paul and the Mayor of Minneapolis 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	Kari Berman
District C	Coral Houle
District D	John Williams
District E	Lonni McCauley
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:	Greg Warner 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.

CHART OF ORGANIZATION – 2004 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.



DEPARTMENT LIST – 2004 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.

DEPARTMENT LIST – 2004 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

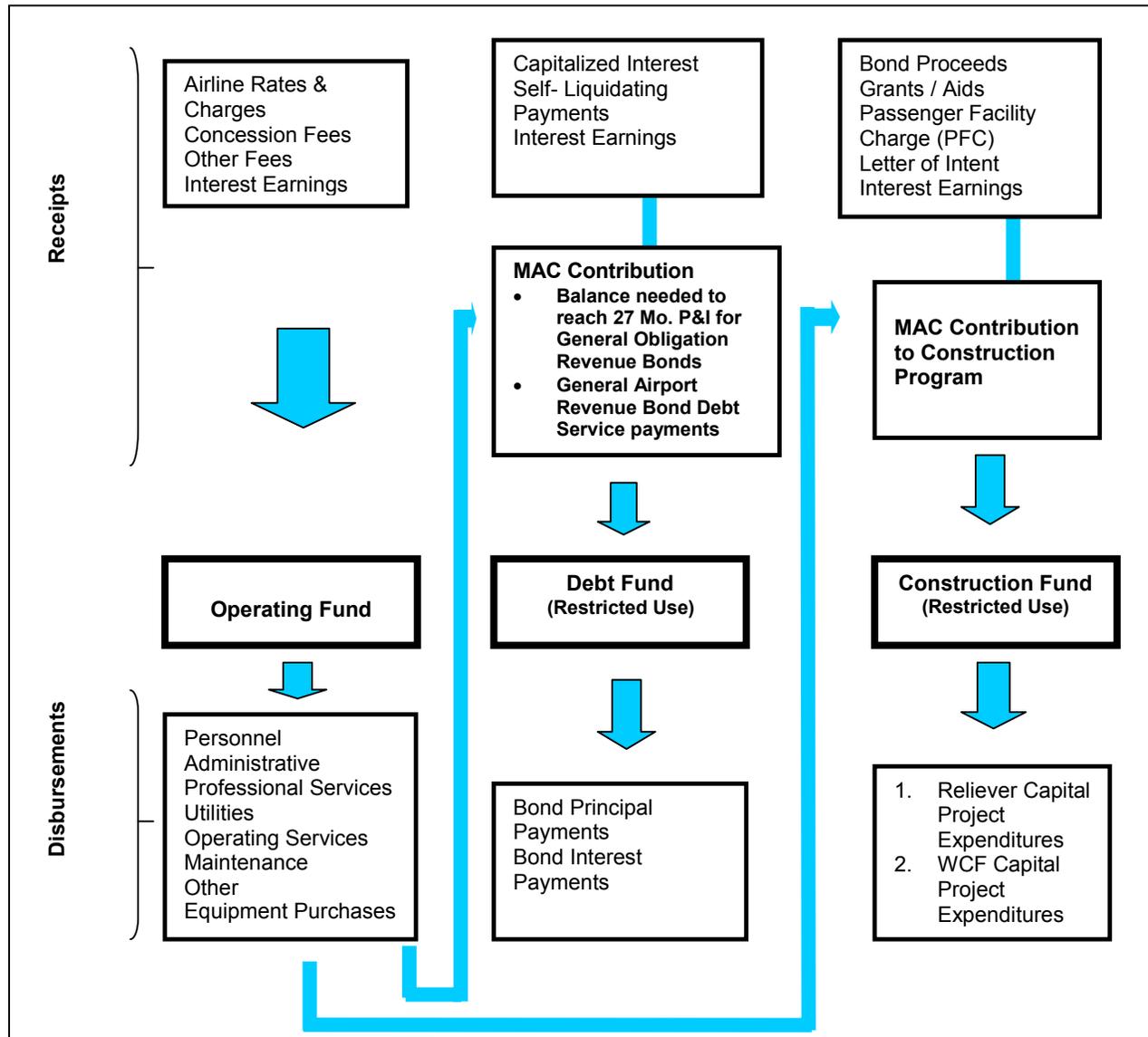
DEPARTMENT LIST – 2004 OPERATING BUDGET

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 – 2004 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 – 2004 OPERATING BUDGET

The table below is presented to show the general overview of the 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 - 2004 BUDGET

(\$ = 000)

	2002	2003	2004	2005	2006
	<u>Actual</u>	<u>Estimated</u>	<u>Budget</u>	<u>Projection</u>	<u>Projection</u>
OPERATING FUND					
1/1 Balance	28,473	45,878	54,967	32,413	34,039
Total Sources of Funds	177,856	195,417	192,310	206,959	226,160
Total Uses of Funds	(160,451)	(183,965)	(215,597)	(204,756)	(222,751)
Transfers & Working	-	(2,363)	733	(577)	(857)
Capital Changes					
Ending Balance	45,878	54,967	32,413	34,039	36,591
CONSTRUCTION FUND					
1/1 Balance	494,809	123,178	111,245	100,295	152,862
Total Sources of Funds	169,535	210,829	334,301	477,552	113,599
Total Uses of Funds	(541,166)	(222,762)	(345,251)	(424,985)	(190,574)
Ending Balance	123,178	111,245	100,295	152,862	75,887
DEBT SERVICE FUNDS					
1/1 Balance	236,851	238,490	248,330	251,155	269,349
Total Sources of Funds	110,210	128,752	131,744	152,046	137,110
Total Uses of Funds	(108,571)	(118,912)	(128,919)	(133,852)	(148,226)
Ending Balance	238,490	248,330	251,155	269,349	258,233

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

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

TAXING AUTHORITY – 2004 OPERATING BUDGET

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 2002/2003 taxable market value, the maximum amount available for maintenance and operations of the Commission would have been approximately \$13.5 Million.

TOTAL OPERATING BUDGET SUMMARY – 2004 OPERATING BUDGET

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 (\$ = 000)	2002	2003	2003	2004	2005	2006
	<u>Actual</u>	<u>Estimated</u>	<u>Budget</u>	<u>Budget</u>	<u>Projection</u>	<u>Projection</u>
<u>Sources</u>						
1/1 Balance	28,473	45,878	30,067	54,967	32,413	34,040
Airline Rates & Charges	69,233	71,578	71,578	71,578	82,777	98,335
Concessions	67,416	69,640	69,178	75,648	78,674	81,821
Other Operating Revenues	33,961	33,680	31,680	35,972	36,350	36,797
Interest Earnings 1	1,353	1,253	1,100	1,285	1,285	1,285
Other & Self-Liquidating Revenue	<u>5,893</u>	<u>19,266</u>	<u>6,857</u>	<u>7,827</u>	<u>7,873</u>	<u>7,922</u>
Total Sources	206,329	241,295	210,460	247,277	239,372	260,200
<u>Uses</u>						
Personnel	(43,074)	(45,910)	(42,568)	(47,571)	(50,425)	(54,837)
Administration	(880)	(1,000)	(1,014)	(1,002)	(1,032)	(1,063)
Professional Services	(3,385)	(3,600)	(3,680)	(3,555)	(3,662)	(3,771)
Utilities	(8,882)	(11,225)	(11,274)	(11,747)	(12,334)	(12,951)
Operating Services	(12,147)	(13,000)	(13,364)	(12,309)	(12,801)	(13,441)
Maintenance	(13,501)	(16,200)	(16,716)	(17,482)	(18,181)	(19,772)
Other/Insurance	(2,455)	(3,115)	(1,585)	(3,575)	(3,682)	(3,940)
Equipment Purchases	(2,005)	(713)	(713)	(1,833)	(2,500)	(3,000)
Transfers Out - Construction	(7,300)	-	-	(7,000)	(5,430)	(5,000)
Transfers Out - Debt	(66,822)	(89,202)	(73,968)	(91,623)	(94,708)	(104,974)
Other Operating Expenses	<u>-</u>	<u>-</u>	<u>(1,580)</u>	<u>(17,900)</u>	<u>-</u>	<u>-</u>
Total Uses	(160,451)	(183,965)	(166,462)	(215,597)	(204,755)	(222,749)
Working Capital Changes/ Transfers 2	-	(2,363)	(12,427)	733	(577)	(857)
Ending Balance	45,878	54,967	31,571	32,413	34,040	36,594
1 Interest Rate Assumed 2% for 2002 - 2006.						
2 Change in working capital represents fluctuations in year-end operating payments, receivables and transfers.						

SOURCES AND USES – 2004 OPERATING BUDGET

SOURCES AND USES

SOURCES

There are three General sources of funding: operating revenues (airline rates and charges, concessions, and other operating revenues) which are described in detail in the Revenue Assumptions section, Other/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 2006. 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).

USES

The Operating Fund will start 2004 with a \$54,967,000 balance in January. This balance includes \$7.0 million to be transferred to the Construction Fund for the UPS facility, \$17.9 million for restricted use to be determined during the 2003 audit and the 4 month Operating reserve of \$30.1 million. 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 \$30.6 million for 2004.

For 2002 and 2004 another line item under uses has been added; Other Operating Fund Expenses. This item includes other cash payments and/or transfers made in 2001 and for 2002. These payments to the City of Richfield are made for property acquisition, funding the Operating Reserve and an as yet to be determined distribution.

SOURCES AND USES – 2004 OPERATING BUDGET

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2004 OPERATING BUDGET SUMMARY - 2004 OPERATING BUDGET

						2003 Estimate vs 2004 Budget	
	2002 Actual	2002 Budget	2003 Budget	2003 Estimate	2004 Budget	Dollar Change	% Change
REVENUE							
Airline Rates & Charges	69,233,471	71,577,898	71,577,898	71,577,898	71,577,878	(20)	0.00%
Concessions	67,416,125	64,821,047	69,178,400	69,640,000	75,648,061	6,008,061	8.63%
Other	33,960,896	28,408,135	33,409,464	33,680,000	35,972,192	2,292,192	6.81%
Airline Rent Credit				(13,000,000)			0.00%
Total Operating Revenue	<u>170,610,492</u>	<u>164,807,080</u>	<u>174,165,762</u>	<u>161,897,898</u>	<u>183,198,131</u>	<u>8,300,233</u>	<u>4.75%</u>
EXPENSE							
Personnel	43,074,190	41,580,954	42,568,349	45,910,000	47,570,606	1,660,606	3.62%
Administrative Expenses	880,153	1,172,285	1,013,554	1,000,000	1,002,449	2,449	0.24%
Professional Services	3,385,509	3,954,289	3,679,931	3,600,000	3,655,492	55,492	1.54%
Utilities	8,881,920	10,755,267	11,273,625	11,225,000	11,747,048	522,048	4.65%
Operating Services/Expenses	12,146,538	12,925,142	13,364,422	13,000,000	12,309,006	(690,994)	-5.32%
Maintenance	13,501,063	14,342,662	16,716,065	16,200,000	17,482,088	1,282,088	7.91%
Other	2,454,794	623,196	3,315,008	3,115,000	3,574,737	459,737	14.76%
Total Operating Expense (Excludes Depreciation)	<u>84,324,167</u>	<u>85,353,795</u>	<u>91,930,954</u>	<u>94,050,000</u>	<u>97,341,425</u>	<u>3,291,425</u>	<u>3.50%</u>
Capital Assets	72,870,581	76,517,352	80,804,757	80,000,000	84,721,935	4,721,935	5.90%
Total Operating Expense	<u>157,194,748</u>	<u>161,871,147</u>	<u>172,735,711</u>	<u>174,050,000</u>	<u>182,063,360</u>	<u>8,013,360</u>	<u>4.60%</u>
Operating Income	<u>13,415,744</u>	<u>2,935,933</u>	<u>1,430,051</u>	<u>(12,152,102)</u>	<u>1,134,771</u>	<u>286,873</u>	<u>33.83%</u>

OPERATING REVENUES - 2004 OPERATING BUDGET

	2003 Estimate vs 2004 Budget						
	2002 Actual	2002 Budget	2003 Budget	2003 Estimate	2004 Budget	Dollar Change	% Change
Airline Rates & Charges							
Landing Fees	40,149,891	40,601,778	37,948,994	38,073,104	35,703,489	(2,369,615)	-6.22%
Ramp Fees	5,071,597	5,569,458	5,366,998	5,194,029	5,095,996	(98,033)	-1.89%
Terminal Rentals - Agreement	21,235,766	22,433,939	25,225,278	25,300,000	27,603,516	2,303,516	9.10%
Terminal Rentals - Other	420,765	420,765	420,765	420,765	420,765		0.00%
Terminal Rentals - IAF	2,071,224	2,332,606	2,383,844	2,390,000	2,486,092	96,092	4.02%
Carrousel & Conveyors	284,228	219,352	232,019	200,000	268,020	68,020	34.01%
Total Airline Rates & Charges	69,233,471	71,577,898	71,577,898	71,577,898	71,577,878	(20)	0.00%
Concessions							
Landside							
Parking	36,754,506	36,042,518	38,814,517	39,300,000	44,208,749	4,908,749	12.49%
Auto Rental	13,358,640	13,597,000	13,707,758	14,200,000	13,294,130	(905,870)	-6.38%
Ground Transportation Fees	3,642,226	2,895,677	2,723,478	2,700,000	3,293,782	593,782	21.99%
Total Landside	53,755,372	52,535,195	55,245,753	56,200,000	60,796,661	4,596,661	8.18%
Terminal/Other							
Food & Beverage	4,340,423	3,610,000	4,560,000	4,600,000	5,206,000	606,000	13.17%
Merchandise	4,835,593	4,006,000	4,641,000	4,740,000	5,238,000	498,000	10.51%
Terminal Services	3,713,389	3,849,732	3,776,447	3,100,000	2,961,400	(138,600)	-4.47%
Other Concessions	771,347	820,120	955,200	1,000,000	1,446,000	446,000	44.60%
Total Terminal/Other	13,660,753	12,285,852	13,932,647	13,440,000	14,851,400	1,411,400	10.50%
Total All Concessions	67,416,125	64,821,047	69,178,400	69,640,000	75,648,061	6,008,061	8.63%
Other							
Building Rentals	15,434,830	14,650,746	15,662,067	15,300,000	16,352,496	1,052,496	6.88%
Lobby Fees - HHH Terminal	2,807,092	2,201,055	2,812,929	2,825,000	3,054,534	229,534	8.13%
Ground - SW Cargo	879,023	1,016,016	1,597,979	1,580,000	253,784	(1,326,216)	-83.94%
Ground - Other	3,613,805	3,564,914	3,475,689	1,350,000	5,597,798	4,247,798	314.65%
Utilities	1,835,302	1,923,570	1,871,670	1,825,000	1,544,474	(280,526)	-15.37%
Other	6,662,896	5,051,834	6,259,053	6,300,000	6,840,106	540,106	8.57%
Reimbursed Expense	2,727,948		1,730,077	4,500,000	2,329,000	(2,171,000)	-48.24%
Total Other	33,960,896	28,408,135	33,409,464	33,680,000	35,972,192	2,292,192	6.81%
Airline Rent Credit				(13,000,000)			0.00%
Total Operating Revenue	<u>170,610,492</u>	<u>164,807,080</u>	<u>174,165,762</u>	<u>161,897,898</u>	<u>183,198,131</u>	<u>8,300,233</u>	<u>4.75%</u>

OPERATING REVENUES - 2004 OPERATING BUDGET

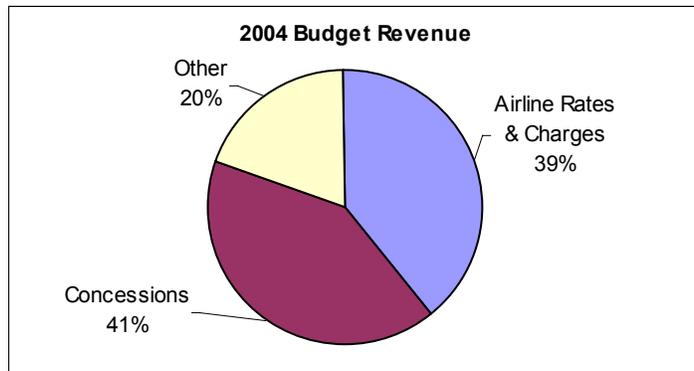
	2004 Budget				2003 Estimate vs 2004 Budget		
	Mpls.- St.Paul	Reliever Airports	2003 Budget	2003 Estimate	2004 Budget	Dollar Change	% Change
Airline Rates & Charges							
Landing Fees	35,703,489		37,948,994	38,073,104	35,703,489	(2,369,615)	-6.22%
Ramp Fees	5,095,996		5,366,998	5,194,029	5,095,996	(98,033)	-1.89%
Terminal Rentals - Agreement	27,603,516		25,225,278	25,300,000	27,603,516	2,303,516	9.10%
Terminal Rentals - Other	420,765		420,765	420,765	420,765		0.00%
Terminal Rentals - IAF	2,486,092		2,383,844	2,390,000	2,486,092	96,092	4.02%
Carrousel & Conveyors	268,020		232,019	200,000	268,020	68,020	34.01%
Total Airline Rates & Charges	71,577,878		71,577,898	71,577,898	71,577,878	(20)	0.00%
Concessions							
Landside							
Parking	44,208,749		38,814,517	39,300,000	44,208,749	4,908,749	12.49%
Auto Rental	13,294,130		13,707,758	14,200,000	13,294,130	(905,870)	-6.38%
Ground Transportation Fees	3,293,782		2,723,478	2,700,000	3,293,782	593,782	21.99%
Total Landside	60,796,661		55,245,753	56,200,000	60,796,661	4,596,661	8.18%
Terminal/Other							
Food & Beverage	5,206,000		4,560,000	4,600,000	5,206,000	606,000	13.17%
Merchandise	5,238,000		4,641,000	4,740,000	5,238,000	498,000	10.51%
Terminal Services	2,961,400		3,776,447	3,100,000	2,961,400	(138,600)	-4.47%
Other Concessions	1,446,000		955,200	1,000,000	1,446,000	446,000	44.60%
Total Terminal/Other	14,851,400		13,932,647	13,440,000	14,851,400	1,411,400	10.50%
Total All Concessions	75,648,061		69,178,400	69,640,000	75,648,061	6,008,061	8.63%
Other							
Building Rentals	16,096,233	256,263	15,662,067	15,300,000	16,352,496	1,052,496	6.88%
Lobby Fees - HHH Terminal	3,054,534		2,812,929	2,825,000	3,054,534	229,534	8.13%
Ground - SW Cargo	253,784		1,597,979	1,580,000	253,784	(1,326,216)	-83.94%
Ground - Other	3,887,608	1,710,190	3,475,689	1,350,000	5,597,798	4,247,798	314.65%
Utilities	1,544,474		1,871,670	1,825,000	1,544,474	(280,526)	-15.37%
Other	6,095,357	744,749	6,259,053	6,300,000	6,840,106	540,106	8.57%
Reimbursed Expense	2,329,000		1,730,077	4,500,000	2,329,000	(2,171,000)	-48.24%
Total Other	33,260,990	2,711,202	33,409,464	33,680,000	35,972,192	2,292,192	6.81%
Airline Rent Credit				(13,000,000)		13,000,000	-100.00%
Total Operating Revenue	<u>180,486,929</u>	<u>2,711,202</u>	<u>174,165,762</u>	<u>161,897,898</u>	<u>183,198,131</u>	<u>9,032,369</u>	<u>5.19%</u>

REVENUE ASSUMPTIONS – 2004 OPERATING BUDGET

Total revenue for 2004 is \$183,198,131, which is an \$8,300,233 or 4.75% increase compared to 2003 estimates. This increase does not incorporate the \$13,000,000 airline rent credit in 2003. (See Operating Budget Summary) The greatest increase in revenue is due to Parking (up \$4,908,749). The detailed explanations for other major changes in revenue are included in this section.

REVENUE CATEGORY	2002		2003		2004		2003 Estimate vs. 2004 Budget	
	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>	<u>Estimate</u>	<u>Budget</u>	<u>Dollar</u>	<u>%</u>	
						<u>Change</u>		<u>Change</u>
Airline Rates & Charges	\$ 69,233,471	\$ 71,577,898	\$ 71,577,898	\$ 71,577,898	\$ 71,577,878	\$ (20)		0.00%
Concessions	67,416,125	64,821,047	69,178,400	69,640,000	75,648,061	6,008,061		8.63%
Other	33,960,896	30,144,848	33,409,464	33,680,000	35,972,192	2,292,192		6.81%
Airline Rent Credit	-	-	-	(13,000,000)	-	-		0.00%
	\$170,610,492	\$166,543,793	\$174,165,762	\$161,897,898	\$183,198,131	\$8,300,233		*4.75%
*Excludes Airline Rent Credit								

The revenue budget is divided into three categories, Airline Rates and Charges, Concessions, and Other. Airline Rates and Charges, which is \$71,577,878 or 39.1% of MAC total revenue for 2004, consists primarily of revenue paid by the airlines as user fees for landing fees, ramp fees, and terminal building rates. For 2004, because of the continued sluggish economy and the foreseen lack of any recovery in the aviation industry, airline rates and charges will be held constant again as they were in 2002 and 2003. The Concession category, is \$75,648,061 or 41.3% of total revenue for 2004, and 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 in MAC facilities. Other revenue, which is \$35,972,192 or 19.6% 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. The following pie chart illustrates the revenue sources.



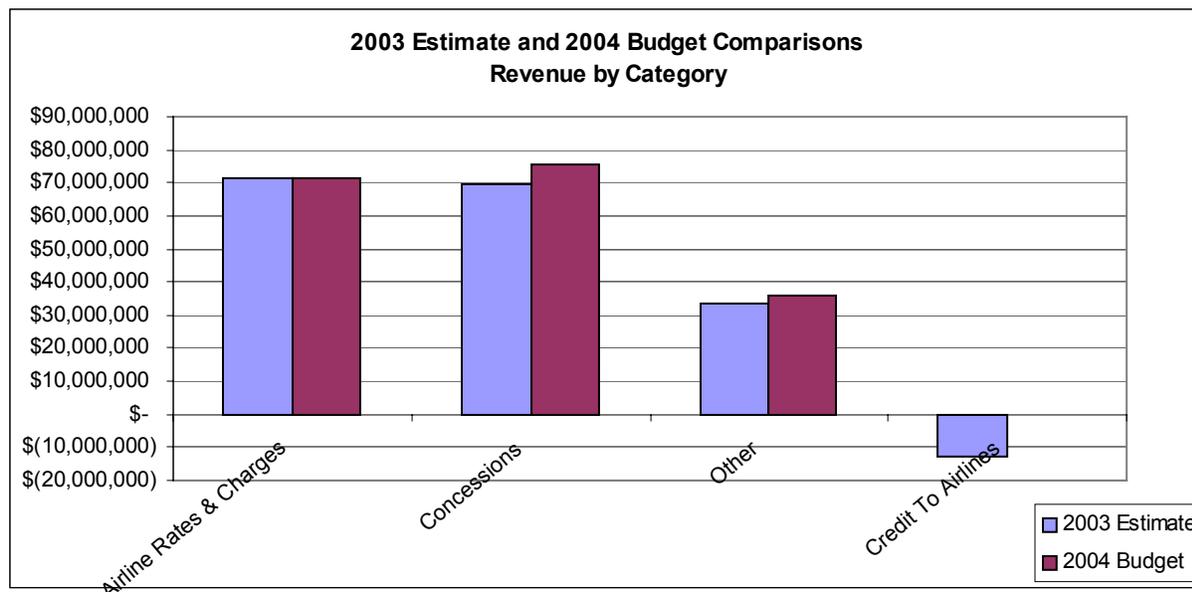
Revenue Assumptions/Guidelines:

The revenue projections for 2004 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 passenger 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 MSP concession tenants and reliever airport tenants, will remit the minimum revenue based on their lease agreements unless otherwise specified

REVENUE ASSUMPTIONS – 2004 OPERATING BUDGET

The following Revenue chart compares the 2003 estimates and the 2004 budget. The explanations for revenue assumptions are based upon this comparison.



AIRLINE RATES AND CHARGES

Approximately \$72 million, or 39%, of MAC's \$183 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. For 2004 as in 2003 all rates in this category (Ramp, all Terminal and Carrousel & Conveyors) will be calculated as per the Airline Agreement with the exception of Landing Fees. Landing Fees will initially be calculated per the agreement and then adjusted downward so as to make the category in total equal the 2003 Budget/2002 Budget. The table below shows the percentage distribution for the various rates and charges in this category.

Category	% Of Airline Rates & Charges Revenue
Landing Fees	49.88%
Ramp Fees	7.12%
Terminal Rentals-Agreement	38.56%
Terminal Rentals-Other	0.59%
Terminal Rentals-IAF Facility	3.47%
Carrousel & Conveyors	0.38%

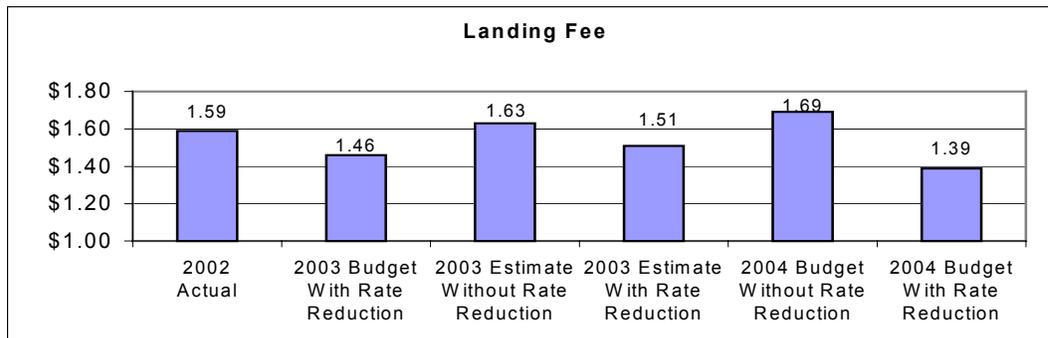
REVENUE ASSUMPTIONS – 2004 OPERATING BUDGET

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 2004 the landing fee rate is based upon a break even philosophy in which total revenue equals total expense, except for the airline rate reduction (see table below) necessary to bring airline rates and charges to the same level as the 2004 budget.

A comparison of actual 2002 estimated 2003, 2003 budgeted, 2004 budget without one-time rate reduction and final 2004 budgeted landing fee rates, landed weight and revenue of the major carriers is illustrated in the following two charts:

	2002 Actual	2003 Budget With Rate Reduction	2003 Estimate Without Rate Reduction	2003 Estimate With Rate Reduction	2004 Budget Without Rate Reduction	2004 Budget With Rate Reduction
Landing Fee	\$ 1.59	\$ 1.46	\$ 1.63	\$ 1.51	\$ 1.69	\$ 1.39
Landed Weight	25,119,029	26,011,805	25,250,000	25,250,000	25,701,695	25,701,695
Revenue	\$ 40,149,891	\$ 37,948,994	\$ 41,153,200	\$ 38,073,104	\$ 42,275,016	\$ 35,703,489



REVENUE ASSUMPTIONS – 2004 OPERATING BUDGET

RAMP FEES

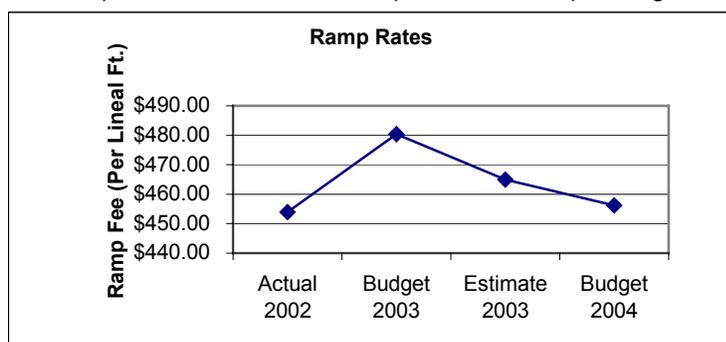
Aircraft parking ramp fees are calculated in the same manner as landing fees. Ramp fees are determined by dividing the total estimated Terminal Ramp expenses, by total lineal feet of ramp available. The rate is based upon a break-even philosophy.

The following table is a comparison of actual 2002, estimated 2003, budgeted 2003, and budgeted 2004 ramp rates and revenue.

<u>Ramp Fee</u>	<u>2002 Actual</u>	<u>2003 Budget</u>	<u>2003 Estimate</u>	<u>2004 Budget</u>
Ramp Fee (Per Lineal Ft.)	\$ 453.95	\$ 480.40	\$ 464.91	\$ 456.14
Ramp Footage	11,172	11,172	11,172	11,172
Revenue	\$ 5,071,597	\$ 5,366,998	\$ 5,194,029	\$ 5,095,996

The decrease in the rate from the 2003 budget, can be attributed to a short term ramp project being fully depreciated in 2003. This was not included in the 2003 budget.

The comparison between the ramp fees and ramp footage is illustrated in the following line chart:



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. The increase in rates for 2004 is mostly attributable to the new Concourse Tram being on line for a full year.

A comparison of actual 2002 estimated, 2003, budgeted 2003 and 2004 rates follows:

<u>Terminal Rates</u>	<u>2002 Actual</u>	<u>2003 Budget</u>	<u>2003 Estimate</u>	<u>2004 Budget</u>
Exclusive (Per Sq. Ft.)	\$ 38.06	\$ 41.70	\$ 41.80	\$ 45.62
Exclusive Janitored (Per Sq. Ft.)	\$ 42.27	\$ 46.93	\$ 47.00	\$ 51.27
Total Revenue	\$21,235,766	\$ 25,225,278	\$ 25,300,000	\$27,603,516

REVENUE ASSUMPTIONS – 2004 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 actual 2002 estimated 2003, budgeted 2003 and budgeted 2004:

<u>Int'l Arrival Fee (IAF)</u>	<u>2002</u> <u>Actual</u>	<u>2003</u> <u>Budget</u>	<u>2003</u> <u>Estimate</u>	<u>2004</u> <u>Budget</u>
Total Cost	\$ 2,071,224	\$ 2,383,844	\$ 2,390,000	\$ 2,486,092
Passengers	555,290	624,000	590,000	626,560
Fee Per Passenger	\$ 3.73	\$ 3.82	\$ 4.05	\$ 3.97

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

CARROUSELS AND CONVEYORS

Carrouseles and conveyors charges are based on expenses. The change from 2003 estimate (\$200,000) to 2004 budget (\$268,020) is an increase of \$68,020. This increase can be attributed to anticipated costs associated with the age of the system.

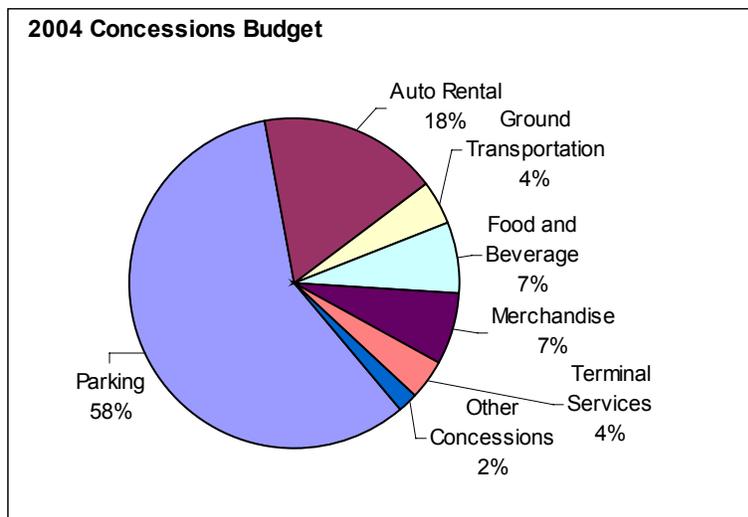
REVENUE ASSUMPTIONS – 2004 OPERATING BUDGET

CONCESSIONS

The 2004 Budget for Concessions revenue is projected to increase \$6,008,061 or 8.63% from the 2003 estimate. Concession revenue consists of the following categories:

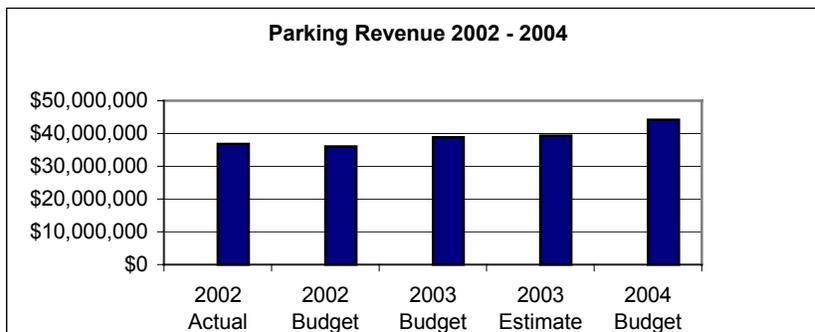
<u>Concessions Category</u>	<u>2002</u>	<u>2002</u>	<u>2003</u>	<u>2003</u>	<u>2004</u>	<u>2003 Estimate vs. 2004 Budget</u>	
	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>	<u>Estimate</u>	<u>Budget</u>	<u>Dollar</u>	<u>%</u>
Parking	\$36,754,506	\$ 36,042,518	\$38,814,517	\$ 39,300,000	\$ 44,208,749	\$ 4,908,749	12.49%
Auto Rental	13,358,640	13,597,000	13,707,758	14,200,000	13,294,130	(905,870)	-6.38%
Ground Transportation	3,642,226	2,895,677	2,723,478	2,700,000	3,293,782	593,782	21.99%
Food and Beverage	4,340,423	3,610,000	4,560,000	4,600,000	5,206,000	606,000	13.17%
Merchandise	4,835,593	4,006,000	4,641,000	4,740,000	5,238,000	498,000	10.51%
Terminal Services	3,713,389	3,849,732	3,776,447	3,100,000	2,961,400	(138,600)	-4.47%
Other Concessions	<u>771,347</u>	<u>820,120</u>	<u>955,200</u>	<u>1,000,000</u>	<u>1,446,000</u>	<u>446,000</u>	<u>44.6%</u>
Total Concessions	\$67,416,124	\$ 64,821,047	\$69,178,400	\$ 69,640,000	\$ 75,648,061	\$ 6,008,061	8.63%

The following pie chart indicates the percent of each revenue source in Concessions and compares it to the total Concessions Revenue:



PARKING

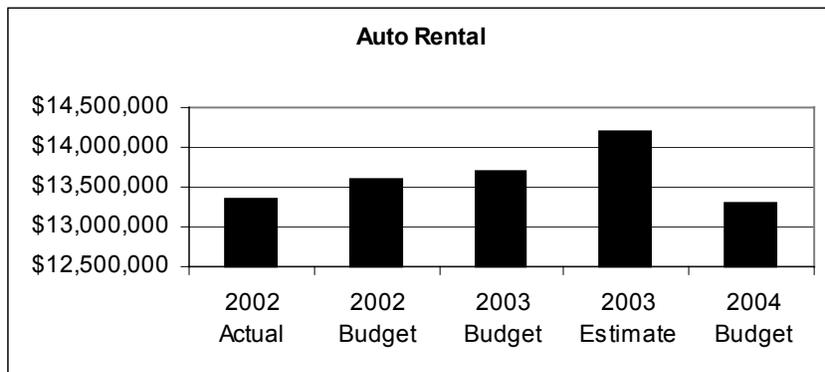
Parking as shown is projected to increase \$4,908,749 or 12.49%. The anticipated increase above can be attributed to a gradual increase in patrons along with a rate increase in short term and long term rates during the 4th quarter of 2003. Approximately \$3.2 million of the increase is from the rate increase with the remaining \$1.7 million attributed to additional activity. The following bar chart illustrates Parking revenue for the years 2002 Actual to 2004 Budget.



REVENUE ASSUMPTIONS – 2004 OPERATING BUDGET

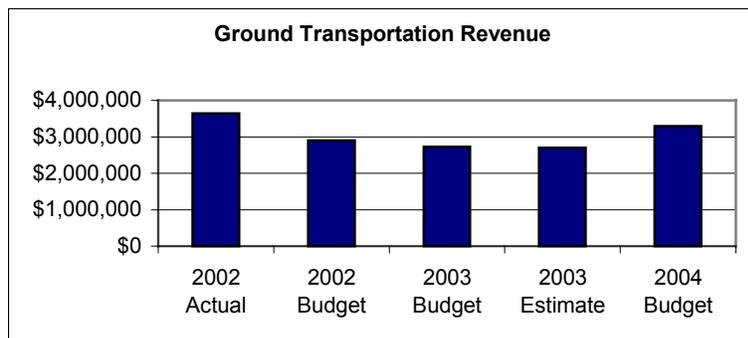
AUTO RENTAL

Auto rental fees are projected to decrease by \$905,870 or 6.38% from the 2003 estimates. 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 2004 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. The contract for auto rental firms expires in May 2004 with an option year. Based on current conditions in the industry, staff feels that the most beneficial alternative is to move forward with the option year. The contract stipulates that the minimum guarantee for the option year will be 85% of the previous year's gross revenue. No additional percentage rent was factored into the 2004 budget and is reflected in the chart below for the 2004 Budget.



GROUND TRANSPORTATION FEES

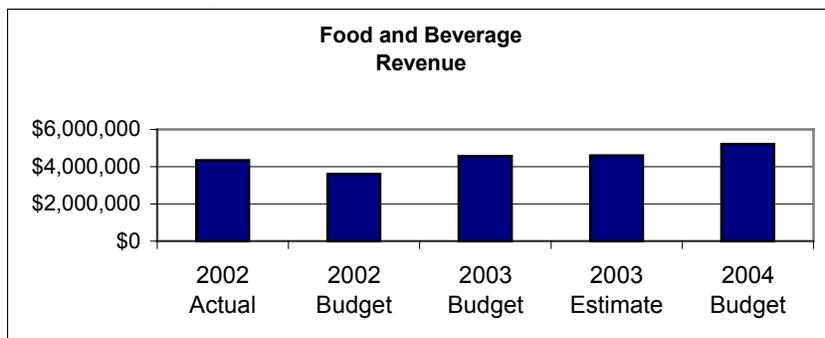
Ground Transportation Fees are projected to increase \$593,782 or 21.99% as shown in the chart below. This increase can be attributed to changes in the Ordinance rates for Commercial vehicles. Types of vehicles in this category include buses, private limos, hotel/motel shuttles and other miscellaneous vehicles.



REVENUE ASSUMPTIONS – 2004 OPERATING BUDGET

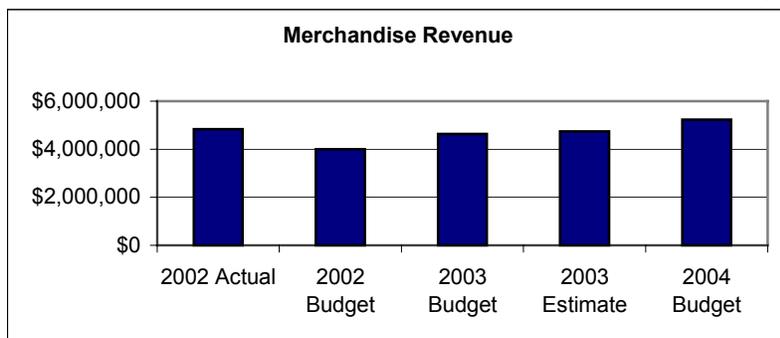
FOOD/BEVERAGE

Food and beverage is projected to increase by \$606,000 or 13.17% from the 2003 estimates. The long time Terminal Concession agreement with Host Marriott expires in December of 2003. A lengthy RFP (Request for Proposal) process was initiated in the 2nd quarter of 2003 and will be completed in early 2004. It has been determined that the percentage rent MAC receives under the current contract lags behind the national average for airports. This new proposed RFP will increase the percentage MAC receives. The 2004 budget includes the anticipated Concessions agreement changes for one-half of the year. The following chart compares 2002 Actual to 2004 Budget:



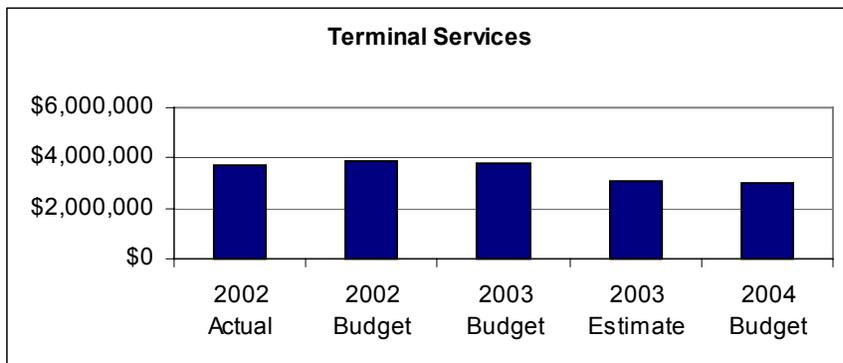
MERCHANDISE

Merchandise and Personal Services are projected to increase \$498,000 or 10.51% from the 2003 estimate. The same reasons for the increase in Food and Beverage also apply to Merchandise.



TERMINAL SERVICES

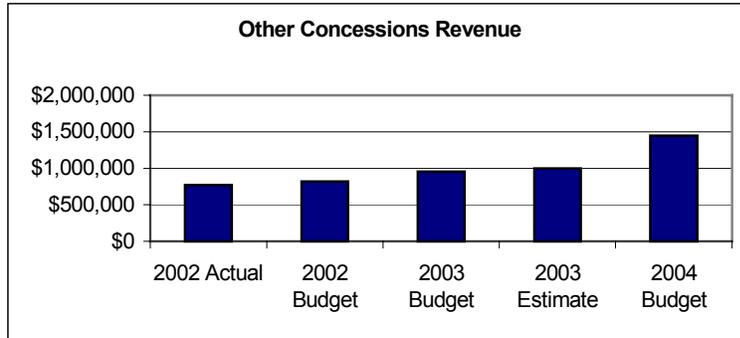
Terminal Services are projected to decrease \$138,600 or 4.47%. Included in this category are Terminal Advertising, telephones, games, vending, shoeshine, barber, ATM's, luggage carts, and other miscellaneous items. The budget will remain flat or is increasing based on lease provisions for all areas except telephones. The telephone contract expired in 2003. The previous contract called for a substantial annual guarantee (\$1.5-\$1.8 million) plus a fee based on passengers. Because of the use of cell phones and prepaid phone cards the new contract which was bid includes only a per passenger fee.



REVENUE ASSUMPTIONS – 2004 OPERATING BUDGET

OTHER CONCESSIONS

Other Concessions is projected to increase \$446,000 or 44.6% from the 2003 estimates. This area includes advertising (outdoors), 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 2004.

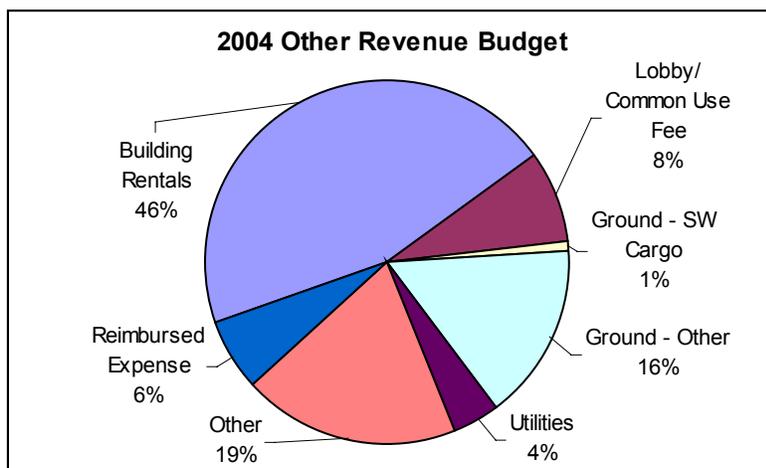


OTHER

In total this category is projected to increase \$2,292,192 or 6.81% from the 2003 estimates. Included in this category are Building Rental, HHH Terminal Common Use, Ground Rent – Southwest Cargo Area, Ground Rental – Other, Utilities, Other and Reimbursed Expense.

<u>Other Category</u>	<u>2002</u>		<u>2003</u>		<u>2004</u>		<u>2003 Estimate vs. 2004 Budget</u>	
	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>	<u>Estimate</u>	<u>Budget</u>	<u>Change</u>	<u>%</u>	
Building Rentals	\$ 15,434,830	\$ 14,650,746	\$ 15,662,067	\$ 15,300,000	\$ 16,352,496	\$ 1,052,496	6.88%	
Lobby/Common Use Fee	2,807,092	2,201,055	2,812,929	2,825,000	3,054,534	229,534	8.13%	
Ground - SW Cargo	879,023	1,016,016	1,597,979	1,580,000	253,784	(1,326,216)	-83.94%	
Ground - Other	3,613,805	3,564,914	3,475,689	1,350,000	5,597,798	4,247,798	314.65%	
Utilities	1,835,302	1,923,570	1,871,670	1,825,000	1,544,474	(280,526)	-15.37%	
Other	6,662,896	5,051,834	6,259,053	6,300,000	6,840,106	540,106	8.57%	
Reimbursed Expenses	<u>2,727,948</u>	<u>1,736,713</u>	<u>1,730,077</u>	<u>4,500,000</u>	<u>2,329,000</u>	<u>(2,171,000)</u>	<u>-48.24%</u>	
Total Other	\$ 33,960,896	\$ 30,144,848	\$ 33,409,464	\$ 33,680,000	\$ 35,972,192	\$ 2,292,192	6.81%	

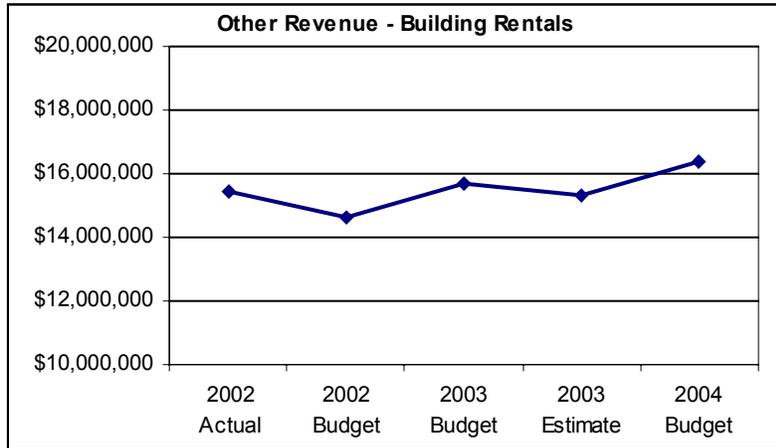
The following pie chart indicates the percent of each revenue source in Other Revenue and compares it to the total Other Revenue:



REVENUE ASSUMPTIONS – 2004 OPERATING BUDGET

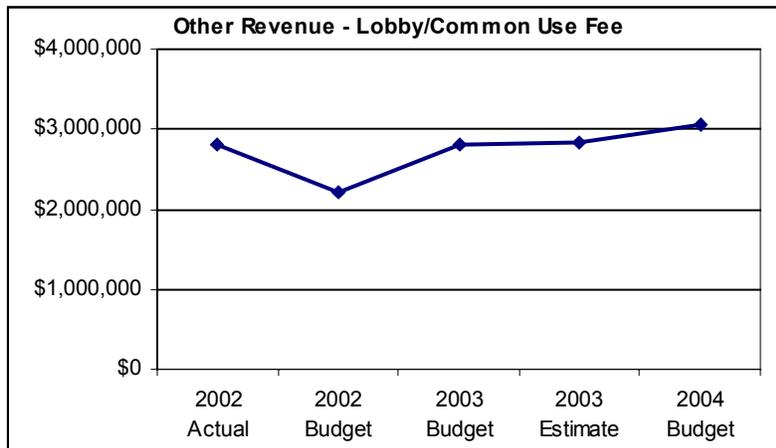
BUILDING RENTALS

Building Rentals are projected to increase \$1,052,496 or 6.88% from the 2003 estimates. This category includes all building rentals (terminals, hangars, and other) not included in airline rates and charges. The increase in revenue is the result of lease contract charges for a number of different facilities including the Reliever Airports.



HHH TERMINAL COMMON USE/LOBBY

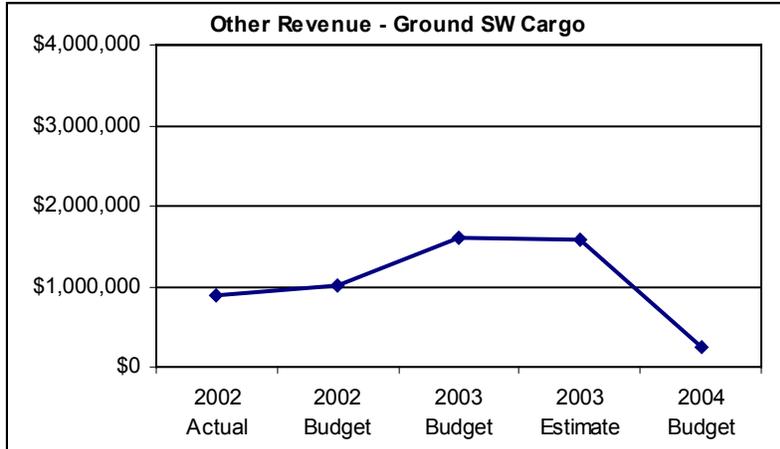
HHH Terminal Common Use is projected to increase \$229,534 or 8.13% from 2003 estimates. Rates and charges for the HHH Terminal are set by ordinance and are based on the recovery of operating and maintenance costs plus growth in activity. The increased rates along with additional activity through the re-emergence of Sun Country Airlines are the factors behind this increase. However, this facility will still be operating at a deficit in 2004.



REVENUE ASSUMPTIONS – 2004 OPERATING BUDGET

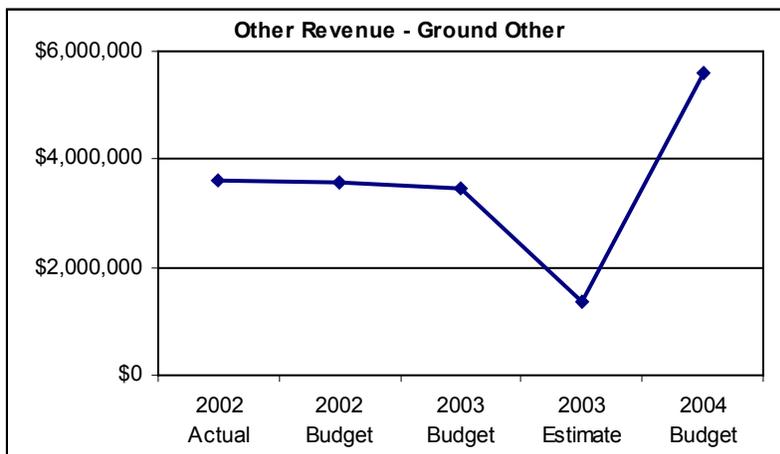
GROUND – SW CARGO

This category is projected to decrease \$1,326,216 or 83.94%. During the past few years this area has shown a continual decline in revenue caused by the elimination of facilities to make way for the construction of the new 17/35 runway. Some tenants moved off airport while others saw facilities shrink or be significantly constrained. All of the tenant facilities in this category are anticipated to be shut down in 2004. Thus far only Mesaba has rebuilt a hangar on the west side.



GROUND – OTHER

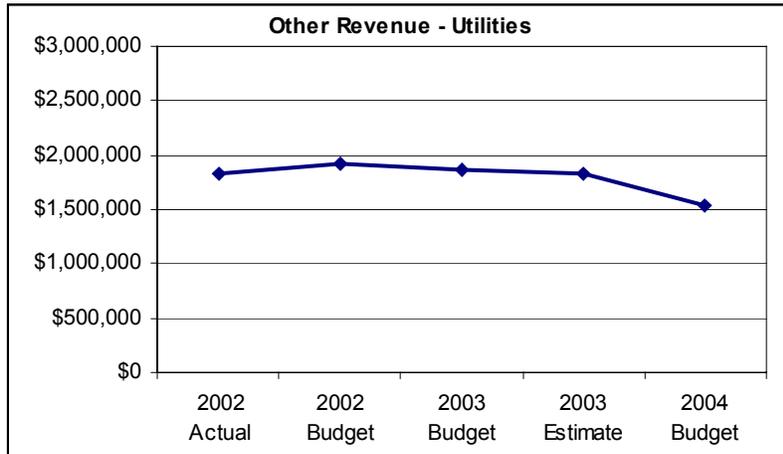
This area is projected to increase \$4,247,798 or 314.65%. Both the new Federal Express and UPS buildings/facilities will be open for a full year in 2004. The facilities relocated to the Mid Field area account for \$2,876,277 of the increase. The balance of the increase comes from lease changes for hangars, International fees at the Humphrey Terminal and other building rent.



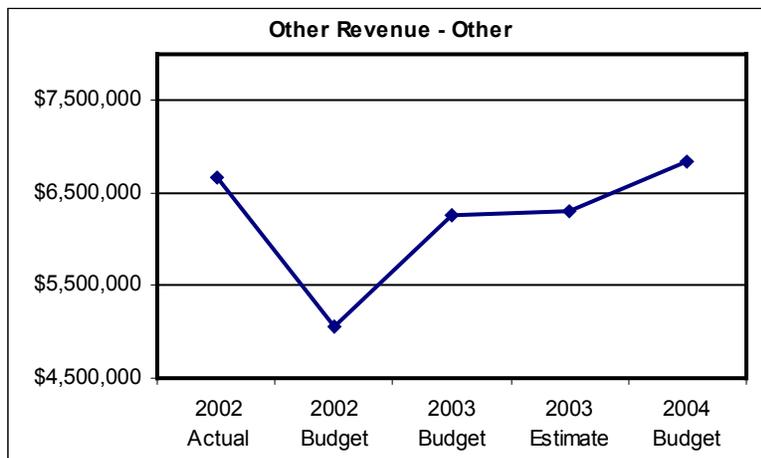
REVENUE ASSUMPTIONS – 2004 OPERATING BUDGET

UTILITIES

Included in this area is water, sewer, steam (heating) and chilled water (air-conditioning). The decrease in this category of \$280,526 or 15.37% is due to a change in rates and historical consumption patterns.



OTHER

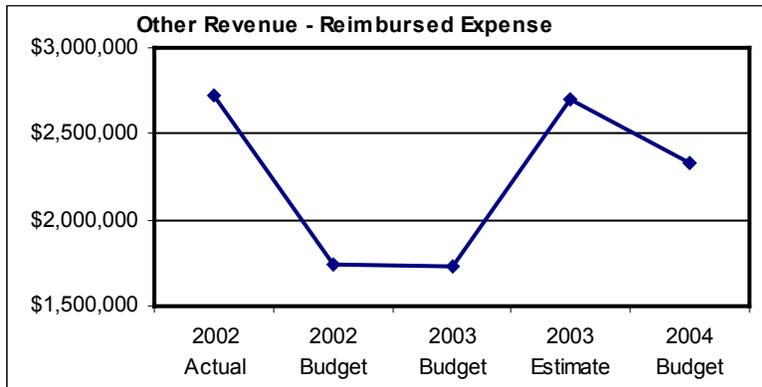


This area is projected to increase \$540,106 or 8.57%. Included in this category is general aviation landing fees, ramp fees, and reliever airport revenue. The new facilities for Fed Ex and UPS will also be on line for a full year, accounting for the majority of the increase. The increase in this area is offset by the loss of revenue in SW Cargo revenue.

REVENUE ASSUMPTIONS – 2004 OPERATING BUDGET

REIMBURSED EXPENSE

The decrease of \$2,171,000 or 48.24% in Reimbursed Expense, can be attributed to the amount of reimbursements received from the FAA and TSA. As the TSA takes over more of the security functions at the Lindbergh Terminal, less is required of MAC staff and as such MAC incurs fewer expenses to be submitted for reimbursement.



OPERATING EXPENSES - 2004 OPERATING BUDGET

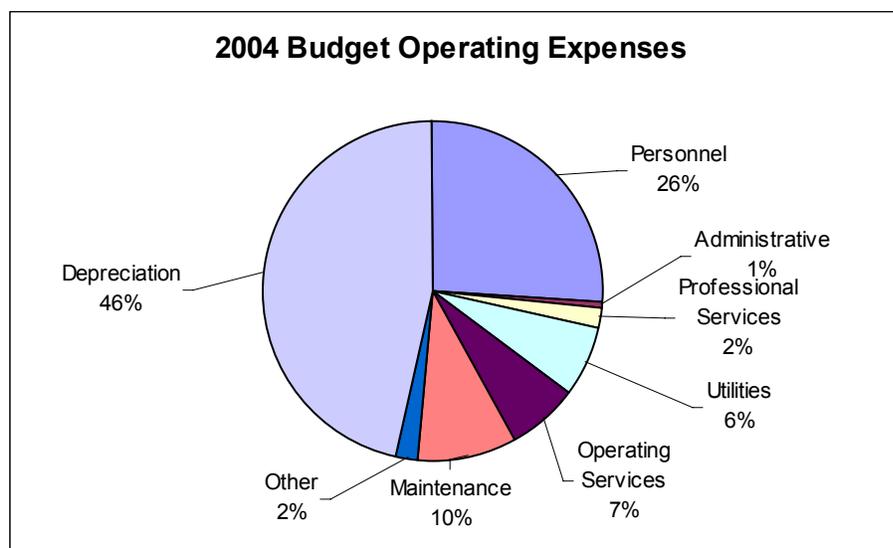
	2003 Estimate vs 2004 Budget						
	2002 Actual	2002 Budget	2003 Budget	2003 Estimate	2004 Budget	Dollar Change	% Change
Personnel							
Salaries & Wages	31,430,830	30,387,671	31,075,690	31,034,000	32,798,207	1,764,207	5.68%
Benefits	11,618,860	11,163,933	11,465,309	14,850,000	14,745,049	(104,951)	-0.71%
Commissioner PerDiem	24,500	29,350	27,350	26,000	27,350	1,350	5.19%
Total Personnel	<u>43,074,190</u>	<u>41,580,954</u>	<u>42,568,349</u>	<u>45,910,000</u>	<u>47,570,606</u>	<u>1,660,606</u>	<u>3.62%</u>
Administrative Expenses	880,153	1,172,285	1,013,554	1,000,000	1,002,449	2,449	0.24%
Professional Services	3,385,509	3,954,289	3,679,931	3,600,000	3,655,492	55,492	1.54%
Utilities							
Electricity	3,784,170	5,860,041	6,164,000	5,251,000	5,500,000	249,000	4.74%
Heating Fuel	2,172,704	1,935,576	2,187,900	3,194,000	3,690,000	496,000	15.53%
Water & Sewer	2,356,274	2,571,034	2,466,517	2,330,000	2,124,999	(205,001)	-8.80%
Telephones	568,772	388,616	455,208	450,000	432,049	(17,951)	-3.99%
Total Utilities	<u>8,881,920</u>	<u>10,755,267</u>	<u>11,273,625</u>	<u>11,225,000</u>	<u>11,747,048</u>	<u>522,048</u>	<u>4.65%</u>
Operating Services/Expenses							
Parking Management	5,578,665	6,376,135	6,998,000	6,500,000	5,613,033	(886,967)	-13.65%
Shuttle Bus Services	2,082,753	1,647,000	1,783,500	1,825,000	1,824,635	(365)	-0.02%
Service Agreements	1,459,964	1,573,017	1,777,132	1,640,000	1,752,526	112,526	6.86%
Storm Water Monitoring	1,452,318	1,100,000	1,060,500	1,250,000	1,312,318	62,318	4.99%
Other	1,572,837	2,228,990	1,745,290	1,785,000	1,806,493	21,493	1.20%
Total Operating Services/Expenses	<u>12,146,538</u>	<u>12,925,142</u>	<u>13,364,422</u>	<u>13,000,000</u>	<u>12,309,006</u>	<u>(690,994)</u>	<u>-5.32%</u>
Maintenance							
Trades	607,742	881,824	1,187,562	1,118,000	1,167,665	49,665	4.44%
Field	2,258,730	2,193,136	2,605,870	2,198,000	2,684,829	486,829	22.15%
Building	3,469,685	4,283,855	4,711,037	4,725,000	5,559,653	834,653	17.66%
Equipment	1,199,475	1,277,078	1,437,988	1,495,000	1,402,051	(92,949)	-6.22%
Cleaning	5,965,430	5,706,770	6,773,608	6,664,000	6,667,890	3,890	0.06%
Total Maintenance	<u>13,501,063</u>	<u>14,342,662</u>	<u>16,716,065</u>	<u>16,200,000</u>	<u>17,482,088</u>	<u>1,282,088</u>	<u>7.91%</u>
Other							
General Insurance	1,683,756	1,857,830	2,638,633	2,450,000	2,911,569	461,569	18.84%
Minor Equipment	125,343	160,462	233,656	205,000	210,827	5,827	2.84%
Other	645,695	341,618	442,719	460,000	452,341	(7,659)	-1.66%
Reimbursed Expense		(1,736,713)					0.00%
Total Other	<u>2,454,794</u>	<u>623,196</u>	<u>3,315,008</u>	<u>3,115,000</u>	<u>3,574,737</u>	<u>459,737</u>	<u>14.76%</u>
Gross Depreciation	72,870,581	76,517,352	80,804,757	80,000,000	84,721,935	4,721,935	5.90%
Total Operating Expenses	<u><u>157,194,748</u></u>	<u><u>161,871,147</u></u>	<u><u>172,735,711</u></u>	<u><u>174,050,000</u></u>	<u><u>182,063,360</u></u>	<u><u>8,013,360</u></u>	<u><u>4.60%</u></u>

OPERATING EXPENSES – 2004 OPERATING BUDGET

Total Operating Expense for 2004 is \$97,341,425 (excluding depreciation), which is an increase of \$3,291,425 or 3.50%, compared to the 2004 estimate and \$5,410,472 or 5.89% over the 2003 budget. The explanations prepared below compare 2003 estimate with 2004 budget. All categories except Operating Services are projected to increase in 2004. The largest dollar increase of \$1.7 million is in the Personnel Category and can be attributed to the rise in employee insurance, wage adjustments for all employees, and an adjustment to the Post Retirement Benefit account. The Maintenance category indicates the second largest dollar increase of \$1.3 million, which is attributable to maintenance for the A-D Concourse People Mover. The detailed explanation for the major changes is included in this section.

Expense	2002		2003		2004		2003 Estimate vs. 2004 Budget	
	Actual	Budget	Budget	Estimate	Budget	Dollar Change	%	
Personnel	\$ 43,074,190	\$ 41,580,954	\$ 42,568,349	\$ 45,910,000	\$ 47,570,606	\$ 1,660,606	3.62%	
Administrative	880,153	1,172,285	1,013,554	1,000,000	1,002,449	2,449	0.24%	
Professional Services	3,385,509	3,954,289	3,679,931	3,600,000	3,655,492	55,492	1.54%	
Utilities	8,881,920	10,755,267	11,273,625	11,225,000	11,747,048	522,048	4.65%	
Operating Services	12,146,809	12,925,142	13,364,422	13,000,000	12,309,006	(690,994)	-5.32%	
Maintenance	13,501,063	14,342,662	16,716,065	16,200,000	17,482,088	1,282,088	7.91%	
Other	<u>2,454,794</u>	<u>2,359,909</u>	<u>3,315,008</u>	<u>3,115,000</u>	<u>3,574,737</u>	<u>459,737</u>	14.76%	
Total Operating Expense	\$ 84,324,438	\$ 87,090,508	\$ 91,930,954	\$ 94,050,000	\$ 97,341,425	3,291,425	3.50%	
Depreciation	<u>72,870,581</u>	<u>76,517,352</u>	<u>80,804,757</u>	<u>80,000,000</u>	<u>84,721,935</u>	<u>4,721,935</u>	5.90%	
Total Expenses	\$ 157,195,019	\$ 163,607,860	\$ 172,735,711	\$ 174,050,000	\$ 182,063,360	\$ 8,013,360	4.60%	

The following chart indicates the percent of each expense category to the total expense:



Depreciation of 46% is the single largest category in the expense budget, followed by Personnel of 26%. Maintenance is third with 10%.

EXPENSE ASSUMPTIONS – 2004 OPERATING BUDGET

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 2004 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.
- 25.5 positions continue to remain on administrative hold. An additional FTE has been included in the 2004 budget (Attorney position). Critical positions that experience turnover will be reviewed on a case by case basis. An additional, 23.5 open positions remain on a hold status and FTE's will be managed at 544.5 in 2004.
- One new position (Attorney) was included in 2004. This was included because of a corresponding savings in Professional Services.
- Only a limited number of interns and temporary employees will be retained in 2004.
- 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 2003 and 2004 have been included.
- Discretionary cost increases were considered only if offset by corresponding annual reduction in expenses or an annual increase in revenue.

The following bar graph compares the estimate for 2003 to the 2004 budget. The explanations for expense assumptions are based upon this comparison.

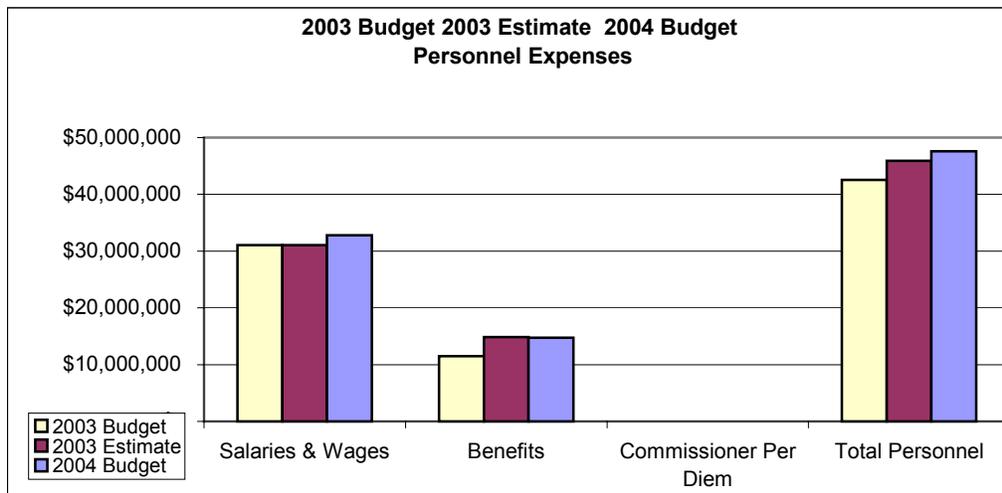
EXPENSE ASSUMPTIONS – 2004 OPERATING BUDGET

Personnel

Personnel costs will increase 3.62% or \$1,660,606 over the 2003 estimate. A breakdown of the Personnel Budget is shown below.

Personnel Budget Summary	<u>2002 Actual</u>	<u>2002 Budget</u>	<u>2003 Budget</u>	<u>2003 Estimate</u>	<u>2004 Budget</u>	2003 Estimate	2003
						vs. 2004 Budget \$ Variance	Estimate vs. 2004 Budget % Variance
Salaries & Wages	\$ 31,430,831	\$ 30,387,671	\$ 30,954,154	\$ 31,034,000	\$ 32,798,207	\$ 1,764,207	5.68%
Benefits	11,618,859	11,163,933	11,465,309	14,850,000	14,745,049	-104,951	-0.71%
Commissioner Per Diem	<u>24,500</u>	<u>29,350</u>	<u>27,350</u>	<u>26,000</u>	<u>27,350</u>	<u>1,350</u>	5.19%
Total Personnel	\$ 43,074,190	\$ 41,580,954	\$ 42,568,349	\$ 45,910,000	\$ 47,570,606	\$ 1,660,606	3.62%

The chart below illustrates the budget 2003, estimate 2003 and 2004 budget.



EXPENSE ASSUMPTIONS – 2004 OPERATING BUDGET

The following information explains the difference between the 2003 estimates and 2004 budgets.

Wages – Regular – The increase in wages is 3.60% or \$1,007,000. This includes an annual wage adjustment and step adjustment for employees. This figure also recognizes a vacancy factor and other labor contract agreements such as shift differential, equipment premium pay and Labor union 320 longevity pay. Because of the condition of the economy and the airline industry. MAC initiated a hiring freeze for year-end 2002 through 2004 with the exception of 1 attorney which was cost justified, reducing estimated Professional Services by \$250,000. 26.5 full-time equivalent positions were placed on administrative hold in 2002 and 25.5 will continue to be on hold in 2004. These positions were not included in the 2003 or 2004 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 2002 Budget	2002 Administrative Hold	2002 Budget	2003 Administrative Hold-Open Positions	2004 New Positions	2004 Proposed Budget
Positions	593.5	<26.5>*	567	<23.5>	1	544.5

*This count moves to 25.5 after the 2004 reactivation of an attorney position.

Overtime – Regular – This area is proposed to decrease in 2004 by \$138,000 or 7.96% from the estimate for 2003. This decrease is attributed to Service Centers managing 2004 budgets below 2003 estimates. It must be noted however, that the 2004 budget of \$1,596,000 represents a \$186,000 increase over the 2003 Budget. This change in budgets is due to Fire.

- Fire – Federal Labor Standards Act (FLSA) requires firefighters working 24 hour shifts to be compensated in a manner that reflects additional overtime pay. In addition, the department is currently and expected to cover Military Leaves with overtime. (This explanation is for Budget to Budget).
- Police – The reduction in Police overtime can be attributed to not including any dollars in the 2004 Budget for a change in the national threat level from yellow alert to orange alert.

Double-Time – This area is increasing from the 2003 estimated level of \$850,000 to \$958,000 in 2004. Because of the light snow season during the 1st quarter of 2003, the estimate is lower than typical historical spending in Maintenance. The 2004 figure reflects historical average double-time.

EXPENSE ASSUMPTIONS – 2004 OPERATING BUDGET

Temporary Employees – The budget for this item increased \$786,000 and is attributable to the Call Center temps, Passenger Service Assistants, (PSA's) in the Landside Department, Police Officers, Painters and Plumbers. The Call Center budgets for two agency temps at \$61,776 and three employees on a part time status. One-half of the employee wages are reflected in the wage line item and the other half is recorded in the temporary line item. This accounts for a \$53,414 increase in the Call Center service center. In the past, these wages were excluded from the budget process in error. Landside has a \$78,000 increase in PSA Temps and \$22,000 clerical support for the taxi permitting process. The police department accounts for the majority of the increase, (\$478,638). These temporary police officers are needed to meet federal security mandates requiring the MSP airport police to provide a presence at all arriving and departing flights to Reagan International Airport. Temporary officers are also needed to facilitate an immediate response to security checkpoints. Reimbursement from the TSA is anticipated and is shown in Revenue-Reimbursement Expense. A temporary painter has been included for the summer months to assist in restriping of the parking ramps, roadways, aprons and new taxiways/runways (\$30,826 increase). In addition, a temporary plumber (\$83,594 increase) for the maintenance of the Lindbergh Terminal and Concourses A,B,C,D,E,F and surrounding areas also accounts for the increase.

Benefits – Included in benefits are all employee insurance, retirement plans, severance, post retirement, workers comp and other miscellaneous items. This category will decrease .71% or \$104,951 from 2003 estimates.

Major changes are as follows:

- **Insurance**
Continued increases in the Health Care Industry currently average 15%-20% annually, is the primary reason for an increase in health care. MAC has been able to control costs and minimize the percentage of increase to 7.74% from 2003 estimates. The MAC Benefits Committee is currently reviewing ways in which to keep this cost down. The projected increase over 2003 estimates is \$403,114.
- **Pensions**
The Minneapolis Employees Retirement Fund (MERF), one of MAC's pension programs increased the amount of the Commission's Unfunded Liability for 2004 by \$100,000. The balance of the increase is due to wage adjustments. The forecasted increase over 2003 estimates is \$171,000 or 4.33%.
- **Post Retirement**
At the conclusion of the 2002 audit, Deloitte and Touche recommended that the actuarial study for the Post Employment Benefits accrual be updated. A draft report has been received that indicates an additional accrual for 2003 and 2004 of approximately \$1.850 and \$1.333 million respectively is required. This change has been incorporated into the 2003 estimate and 2004 budget. This liability has increased significantly since the last evaluation was completed in 1999. Staff will be presenting policy changes at the January 2004 M&O Commission meeting to address this issue. As a result of the higher increase in the 2003 estimates over the 2004 budget, Post Retirement expense accounts for the majority of the .71% decrease in benefits.
- **Other**
Severance, Workers Comp, Training, Uniforms and other areas are projected to decrease \$158,000 or 11% from 2003 estimates. The reason for this is that the 2004 budget is based on the historical average.

EXPENSE ASSUMPTIONS – 2004 OPERATING BUDGET

Administrative

Administrative Expenses are increasing \$2,449 or 0.24%. The changes are occurring in the following general categories:

Supplies – An increase of \$83,000 or 30.18% is projected. The majority of this increase is for various computer supplies primarily software upgrades.

Travel - The travel budget was eliminated in several departments. Minimal travel remains in a limited number of departments. The total travel budget of \$185,000 represents a \$35,000 increase or 23.33%. Commissioner travel and limited staff participation in national organizations are the reason for the increase.

Other – This area is projected to decrease \$115,000. Reduced printing and postage costs make up the majority of the decrease. Most publications have been moved to the MAC website and as a result fewer copies are needed for mailing and to be on hand.

Professional Services

Professional Services have increased by 1.54% or \$55,492.

This increase is the result of the following combination:

<u>Professional Services</u>	<u>Change</u>	<u>\$</u>
Planning	Increase	\$300,000
Engineering	Decrease	<\$76,000>
Legal	Decrease	<\$220,000>
		\$4,000

Planning costs are expected to increase to \$450,000 from the 2003 estimate of \$150,000. The reasons for this increase are:

- The Part 150 Update will carry over into 2004 and will require more significant input, analysis and review than originally anticipated
- Airport zoning at MSP will not be completed during 2003, and will require public hearings and review during 2004
- It is anticipated that MnDOT will require airport zoning at some of the reliever airports during 2004
- The Commissioners specifically approved \$100,000 for the planning and RFP process of the Concessions.

Engineering costs are projected to decrease \$76,000 in 2004. This can be attributed to the Airport Development department attempting to complete more projects and analysis rather than hiring consultants.

Legal Fees are projected to decrease \$219,500 from the 2003 estimate. This is the result of adding a staff attorney, which will reduce reliance on outside Legal Counsel.

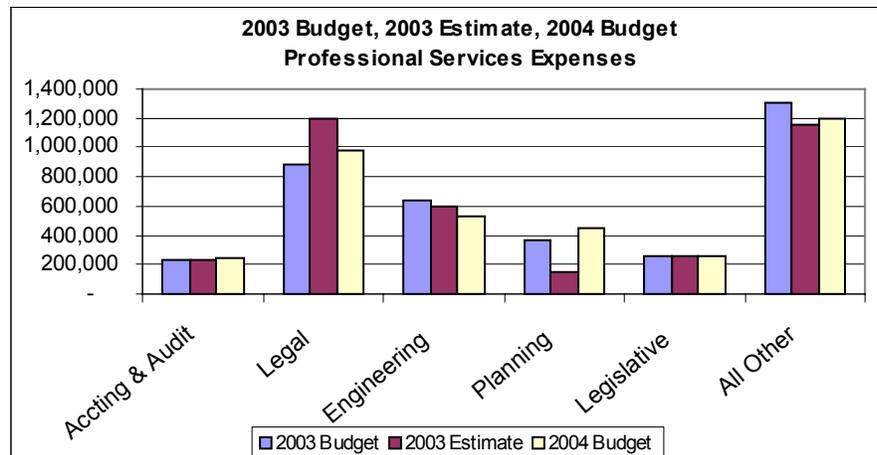
EXPENSE ASSUMPTIONS – 2004 OPERATING BUDGET

Professional Services (continued)

The following table indicates the cost associated with the major consulting services for 2004 and is illustrated in the bar chart:

Professional Services Summary

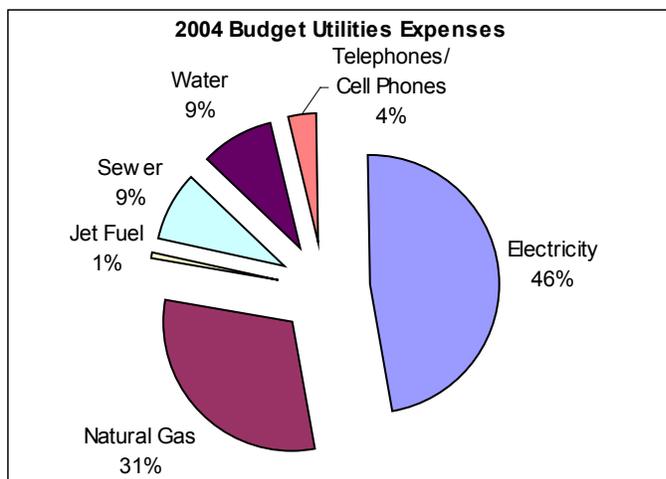
<u>Service</u>	<u>Departments</u>	<u>2002 Actual</u>	<u>2003 Budget</u>	<u>2003 Estimate</u>	<u>2004 Budget</u>
Accounting & Audit	Finance/Internal Audit	229,927	230,280	230,000	241,779
Legal	General Counsel	1,190,620	880,500	1,200,000	980,500
Engineering	Airport Development/Landside Environment	538,792	640,300	600,000	523,794
Planning	Airport Planning	83,172	360,297	150,000	450,000
Legislative	Labor/Legislative Relations	200,112	260,000	260,000	262,000
All Other		<u>1,142,886</u>	<u>1,308,554</u>	<u>1,160,000</u>	<u>1,197,419</u>
Total		3,385,509	3,679,931	3,600,000	3,655,492



EXPENSE ASSUMPTIONS – 2004 OPERATING BUDGET

Utilities

Total Utilities are budgeted to increase \$522,048 or 4.65% over 2003 estimates. As the following bar chart indicates, Electricity comprises the majority of the utility budget at 46% in the 2004 budget. Natural gas is second at 31%.



Electricity – The anticipated rise in electricity of 249,000 or 4.74% is based upon additional facilities open for a full year (Westside Ramp area and Infield area) as well as a 2% rate increase. 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 from estimate 2003 to budget 2004 is \$631,000 or 21.25%. The majority of the difference is attributable to projected rate increases. Average natural gas prices have doubled since early 2003. Inventory shortages and demand have caused this increase. In order to alleviate the total effect MAC has locked in prices for 50% of the natural gas consumed. In addition, a reduction in building temperatures for heating was implemented in 2003. Staff continues working with its energy consultant to evaluate ways in which to slow this increasing trend in gas prices.

Jet Fuel – This area is decreasing \$135,000 or 60%. Jet Fuel is the alternative source of energy used when Centerpoint Energy requests the Commission to move from natural gas when demand is high. In return, MAC receives a slightly discounted rate for Natural Gas. The budget represents historical spending levels for this item.

Sewer – The projected decrease of \$235,000 or 18.08% is based upon an agreement with the City of Minneapolis. There was a surcharge placed on sewer consumption by Minneapolis that should not have been charged. Fees for 2004 have been reduced as a result. In order to resolve past charges that should not have been billed, the City will now be responsible for maintaining a section of sewer line on airport property that had not been maintained in recent years because of the surcharge dispute.

Water – It is projected that Water will increase \$30,000 or 2.91% over the 2003 estimate due to a rate increase.

Telephone/Cell Phones – Combined these two areas net to a reduction of \$17,951 or 3.99% from 2003 estimates. Changes to cell phone plans resulted in the decrease.

EXPENSE ASSUMPTIONS – 2004 OPERATING BUDGET

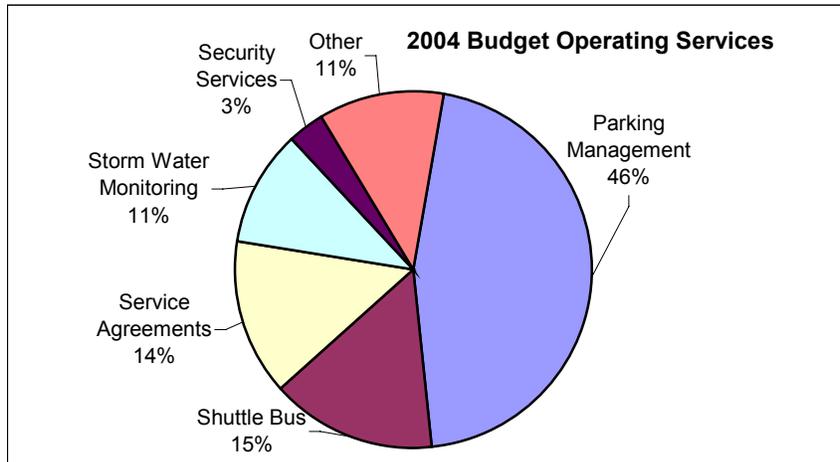
The following table compares utility costs for 2002 actual, 2003 budget and estimate, and 2004 budget.

Utility Summary	<u>2002 Actual</u>	<u>2003 Budget</u>	<u>2003 Estimate</u>	<u>2004 Budget</u>	2003 Estimate vs. 2004 Budget	
					<u>\$ Variance</u>	<u>% Variance</u>
Electricity	3,784,170	6,164,000	5,251,000	5,500,000	249,000	4.74%
Natural Gas	2,155,029	2,098,200	2,969,000	3,600,000	631,000	21.25%
Jet Fuel	17,676	89,700	225,000	90,000	(135,000)	-60.00%
Sewer	1,307,092	1,461,620	1,300,000	1,064,999	(235,001)	-18.08%
Water	1,049,183	1,004,897	1,030,000	1,060,000	30,000	2.91%
Telephones/Cell Phones	<u>568,772</u>	<u>455,208</u>	<u>450,000</u>	<u>432,049</u>	<u>(17,951)</u>	<u>-3.99%</u>
Total Utilities	8,881,922	11,273,625	11,225,000	11,747,048	522,048	4.65%

EXPENSE ASSUMPTIONS – 2004 OPERATING BUDGET

Operating Services

The following chart illustrates the percentage of each major operating expense item within the Operating Services budget:



As indicated, the Parking Management composes 46% of the 2004 Operating budget, while Shuttle Bus expense and Service Agreements account for 15% and 14% respectively.

Between the 2003 estimate and 2004 budget, Operating Service expenses are decreasing \$690,994 or 5.32%. The significant changes for 2004 are in Parking Management, Advertising, Security Services and Storm Water Monitoring. The following chart lists the major components in this category.

	<u>2002 Actual</u>	<u>2003 Budget</u>	<u>2003 Estimate</u>	<u>2004 Budget</u>	2003 Estimate vs. 2004 Budget	
					<u>\$ Variance</u>	<u>% Variance</u>
Parking Management	5,578,665	6,998,000	6,500,000	5,613,033	(886,967)	-13.65%
Shuttle Bus	2,082,753	1,783,500	1,825,000	1,824,635	(365)	-0.02%
Service Agreements	1,459,964	1,813,132	1,640,000	1,752,526	112,526	6.86%
Storm Water Monitoring	1,452,318	1,060,500	1,250,000	1,312,318	62,318	4.99%
Security Services	421,209	645,850	600,000	416,000	(184,000)	-30.67%
Other	<u>1,151,900</u>	<u>1,063,440</u>	<u>1,185,000</u>	<u>1,390,494</u>	<u>205,494</u>	17.34%
Total Operating Services	12,146,809	13,364,422	13,000,000	12,309,006	(690,994)	-5.32%

EXPENSE ASSUMPTIONS – 2004 OPERATING BUDGET

The combined effect of these categories is shown below:

<u>Category</u>	<u>Change</u>	<u>\$</u>
Advertising (included in Other)	Increase	\$208,000
Parking Management	Decrease	<887,000>
Security Services	Decrease	<184,000>
Storm Water Monitoring	Increase	62,000
		<\$801,000>

Advertising - This area increased \$208,000 or 118.86%. The increase is attributed to an extensive program being undertaken by the Landside Department for Parking. The reasons for this is twofold:

1. For years MAC advertised that facilities were near capacity and patrons opted for off-airport alternatives. Based on the current situation, there is some capacity available and this program will promote the advantage of parking on the airport.
2. The Landside area is implementing a number of automated payment functions to make exiting the parking facilities easier. This program will educate patrons of the advantage and ease of the new systems.

Parking Management – The decrease of \$887,000 or 13.65% can be attributed to a new management agreement expected to be in place the 1st quarter of 2004 and the implementation of the automated payment functions mentioned above. These new payment methods will reduce labor costs associated with patrons exiting the facilities.

Security Services – This area is decreasing \$184,000 or 30.67%. This change is the result of the TSA (Transportation Security Administration) absorbing more responsibilities.

Storm Water Monitoring – Because of the light winter from January through April, the 2003 estimate is lower than the historical average for this category. This area is budgeted based on the historical average. This results in an increase of \$62,000 or 4.99% over the 2003 estimate.

EXPENSE ASSUMPTIONS – 2004 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), and Cleaning (Janitorial, Windows, Cleaning Supplies, and Rubbish removal). Total maintenance will increase 7.91% or \$1,282,088 over 2003 estimates.

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

Maintenance Summary					2003 Estimate vs. 2004 Budget	
	<u>2002 Actual</u>	<u>2003 Budget</u>	<u>2003 Estimate</u>	<u>2004 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Trades	607,741	1,187,562	1,118,000	1,167,665	49,665	4.44%
Field	2,258,730	2,605,870	2,198,000	2,684,829	486,829	22.15%
Building	3,469,685	4,711,037	4,725,000	5,559,653	834,653	17.66%
Cleaning	5,965,165	6,723,608	6,664,000	6,667,890	3,890	0.06%
Equipment	<u>1,199,740</u>	<u>1,487,988</u>	<u>1,495,000</u>	<u>1,402,051</u>	<u>(92,949)</u>	<u>-6.22%</u>
Total Maintenance	13,501,061	16,716,065	16,200,000	17,482,088	1,282,088	7.91%

Trades – The increase in Trades of 4.44% or \$49,665 is related to repairs and supplies. Major areas of increase include, the Carpenters (\$30,000) and Electricians (\$17,000). Many of the increases are directly related to new government requirements, expiration of warranties, and the depletion of supply inventories.

Field – The majority of the 22.15% or \$486,828 can be attributed to Snow Removal (\$394,000 or 23.88%) over 2003 estimates. Because of the light winter during the 1st quarter of 2003, estimates for 2003 are lower than normal. The 2004 Budget represents information based on historical spending (4-year average). Within the snow removal category both materials (sand, salt, sodium acetate and potassium acetate) and equipment (bobcats and haulers) are budgeted to average winter conditions.

Building – This area is forecasted to increase 17.66% or \$834,653. The bulk of the change is in mechanical areas primarily Automated People Mover, Moving Walks and Escalator expenses. The Automated People Mover running along Concourse A-D will be in service for a full year in 2004. This will result in an increase of approximately \$600,000. Moving walks and escalators will be off warranty for the full year in 2004 and the maintenance contract is anticipated to increase \$300,000 as a result of this.

Cleaning – It is anticipated that these costs will remain relatively stable from 2003 estimates. The projected change is a \$3,890 increase or 0.06%. The contract for ABM (janitorial) expired and with Commission approval staff extended the contract and as a result cleaning costs will remain flat.

Equipment – This area is budgeted to decrease \$92,949 or 6.22%. The primary reason for this is due to the light 1st quarter winter of 2003, which resulted in inventories being fully stocked. This will carry over into the 2004 winter season.

EXPENSE ASSUMPTIONS – 2004 OPERATING BUDGET

Other

The Other expense category is projected to increase 14.76% or \$459,737. This category includes General Insurance, Minor Assets (those costing less than \$5,000) and miscellaneous items.

General Insurance – The insurance market, which is, based upon factors worldwide, losses under the deductible, litigation costs, history of costs, and inflationary factors have continued to increase. As a result, premiums are projected to increase again in 2004 by approximately \$461,569 or 18.84%.

Gross Depreciation

Gross Depreciation is projected to increase \$4,721,935 or 5.90% from the 2003 estimates. The increase is the result of the completion of several projects. 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 operating expense.

The estimates for depreciation are derived from the following sources:

1. Current outstanding fixed assets
2. Items budgeted for 2003 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 2003 and 2004.

<u>MAJOR PROJECTS SCHEDULED FOR CLOSING 2003/2004</u>	<u>GROSS DEPRECIATION</u>
Multifamily Buildings P150 Sound Insulation	\$ 190,375
LRT Tunnel/Stations	\$ 263,869
Runway 12R Deicing Pad	\$ 475,000
Green Concourse-Airport People Mover	\$ 1,174,971
HHH Parking Ramp	\$ 2,175,833

LINE ITEMS BY SUBLEDGER - 2004 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	28,956,810	697,738	-	883,581	-	-	-	933,945	-
Overtime/Doubletime									
Doubletime - Regular	958,468	-	-	20,982	-	-	-	-	-
Overtime - Regular	1,596,224	12,455	-	65,129	-	-	-	21,994	-
Total Overtime/Doubletime	2,554,691	12,455	-	86,111	-	-	-	21,994	-
Commissioner PerDiem	27,350	-	-	-	-	-	-	-	-
Temps - Administration	808,238	115,190	-	-	-	-	-	199,930	-
Snow Shovellers	103,744	-	-	-	-	-	-	-	-
Temporary 49ers	119,113	-	-	-	-	-	-	-	-
Temporary Trades	255,610	-	-	-	-	-	-	-	-
Total Wages	32,825,557	825,384	-	969,693	-	-	-	1,155,869	-
Benefits									
Employee Insurance									
Employee Insurance Dental	360,905	11,035	-	11,035	-	-	-	16,877	-
Emply Insurance Disability	130,545	3,991	-	3,991	-	-	-	6,105	-
Employee Insurance Family	5,008,070	153,124	-	153,124	-	-	-	234,190	-
Employee Insurance Life	110,549	2,661	-	3,441	-	-	-	3,637	-
Total Employee Insurance	5,610,069	170,812	-	171,592	-	-	-	260,809	-
Pension									
Fica (Social Security)Base	1,408,015	40,596	-	57,775	-	-	-	55,790	-
Fica(Social Security)Medic	428,735	9,735	-	13,613	-	-	-	13,359	-
Mpls Empl Retirement Fund	201,676	-	-	-	-	-	-	-	-
Public Empl - Police/Fire	667,675	-	-	-	-	-	-	-	-
Public Empl - Coordinated	1,259,802	38,473	-	53,624	-	-	-	52,863	-
Merf Unfunded Liability	155,322	-	-	-	-	-	-	1,286	-
Total Pension	4,121,225	88,804	-	125,011	-	-	-	123,299	-
Continuing Ed (College)									
Management Requirement	3,248	-	-	-	-	-	-	-	-
Organizational Requirement	3,500	-	-	-	-	-	-	-	-
Regulatory Requirements	62,604	-	-	-	-	-	-	-	-
Local Seminars	60,725	-	-	-	-	-	-	-	-
Total Continuing Ed (College)	130,077	-	-	-	-	-	-	-	-
Post Retirement Benefits	3,751,814	34,577	-	112,381	-	-	-	155,606	-
Workers Compensation	308,006	7,347	-	8,921	-	-	-	16,266	-
Post Employ Health Plan	75,000	1,902	-	529	-	-	-	3,900	-
Unemployment Tax	42,000	-	-	-	-	-	-	-	-
Uniforms									
Uniforms-Police/Fire Allow	109,715	-	-	-	-	-	-	-	-
Uniforms-Rental	65,353	2,000	-	2,500	-	-	-	5,834	-
Uniforms - Safety Shoes	27,532	1,000	-	2,100	-	-	-	-	-
Total Uniforms	202,600	3,000	-	4,600	-	-	-	5,834	-
Severance									
Contract Allowance	83,690	5,488	-	-	-	-	-	-	-
Regular Severance	216,000	3,683	-	3,288	-	-	-	2,496	-
Total Severance	299,690	9,171	-	3,288	-	-	-	2,496	-
Paid Absence	12,431	-	-	-	-	-	-	4,709	-
Temporary Trade Benefits	192,137	-	-	-	-	-	-	-	-
Total Benefits	14,745,049	315,612	-	426,322	-	-	-	572,919	-
Total Personnel	47,570,606	1,140,996	-	1,396,014	-	-	-	1,728,788	-

LINE ITEMS BY SUBLEDGER - 2004 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	140,937	7,000	-	600	-	4,085	-	12,108	-
Computer Supplies	33,641	810	-	296	-	-	-	-	-
Computer Supplies-Software									
Computer Supplies-Software	36,087	-	-	-	-	-	-	-	5,000
Total Computer Supplies-Software	113,975	-	-	-	-	-	-	-	5,000
Special Supplies									
Special Supplies-Badging	18,000	-	-	-	-	-	-	-	-
Special Supply-Film/Photo	16,868	-	-	-	-	115	-	-	-
Special Supplies-Other	34,483	-	-	1,186	-	6,131	-	1,500	-
Total Special Supplies	69,352	-	-	1,186	-	6,246	-	1,500	-
Total Supplies	357,905	7,810	-	2,082	-	10,331	-	13,608	5,000
Travel									
Travel - Lodging	26,738	500	-	-	-	4,400	-	-	-
Travel - Meals	9,384	200	-	-	-	1,420	-	-	-
Travel - Miscellaneous	4,856	-	-	-	-	-	-	-	-
Travel - Transportation									
Travel - Transport/Airfare	88,747	-	-	-	-	4,500	-	20,500	-
Travel - Shuttle/Taxi/Auto	2,175	-	-	-	-	-	-	-	-
Total Travel - Transportation	90,922	-	-	-	-	4,500	-	20,500	-
Registration Fees	17,497	500	-	-	-	750	-	-	-
Mileage	35,899	500	-	250	-	-	-	2,868	-
Total Travel	185,295	1,700	-	250	-	11,070	-	23,368	-
Local Meetings									
Local Mtgs - On Airport/GO	4,137	500	-	-	-	200	-	407	-
Local Mtgs - Off Airport	18,523	500	-	-	-	-	-	1,200	-
Total Local Meetings	22,660	1,000	-	-	-	200	-	1,607	-
Memberships/Dues/Pro Assoc	164,244	200	-	-	-	550	-	1,216	-
Other Information Sources	56,807	100	-	-	-	30	-	-	-
Publications/Subscriptions	30,131	100	-	-	-	500	-	-	-
Total Information Sources	251,182	400	-	-	-	1,080	-	1,216	-
Printing-Publications	47,270	-	-	-	-	-	-	-	-
Printing - Color Charts	1,000	-	-	-	-	-	-	-	-
Printing - Forms	24,940	-	-	-	-	-	-	16,626	-
Printing-In House Color	100	-	-	-	-	-	-	-	-
Printing-Stationary/Envel	18,125	-	-	-	-	-	-	-	-
Total Printing Costs	91,435	-	-	-	-	-	-	16,626	-
Total Administrative Expenses	1,002,449	11,110	-	2,432	-	22,981	-	65,926	5,000

LINE ITEMS BY SUBLEDGER - 2004 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	241,779	-	-	-	-	-	-	-	-
Affirmative Action Fees	8,000	-	-	-	-	-	-	-	-
Appraisal/RFP/Lease Fees									
Appraisals	110,000	-	-	-	-	-	-	-	-
RFP/Leases									
RFP/Lease Eval Airline-Term	20,000	-	-	-	-	-	-	-	-
RFP/Lease Eval Concessions	100,000	-	-	-	-	-	-	-	-
Total RFP/Leases	120,000	-	-	-	-	-	-	-	-
Total Appraisal/RFP/Lease Fees	230,000	-	-	-	-	-	-	-	-
Computer Services									
General									
ANOMS Consulting	45,000	-	-	-	-	-	-	-	-
Software Consulting	196,500	-	-	-	-	-	-	-	-
Total General	241,500	-	-	-	-	-	-	-	-
Terminal Services									
Terminal Services-Grd Tran	48,161	-	-	-	-	-	-	48,161	-
Terminal Services-Parking	43,336	-	-	-	-	-	-	-	43,336
Terminal Lan	5,000	-	-	-	-	-	-	5,000	-
Total Terminal Services	96,497	-	-	-	-	-	-	53,161	43,336
Total Computer Services	337,997	-	-	-	-	-	-	53,161	43,336
Engineering Fees	523,794	109,000	-	5,000	6,000	128,794	-	12,500	-
Graphic Design	26,156	-	-	-	-	-	-	-	-
Labor Relations	15,000	-	-	-	-	-	-	-	-
Legal Fees									
Legal - Environmental	244,975	-	-	-	-	-	-	-	-
Legal - General	434,850	-	-	-	-	-	-	-	5,000
Legal - Federal	101,475	-	-	-	-	-	-	-	-
Legal - Relievers	199,200	-	-	-	-	-	-	-	-
Total Legal Fees	980,500	-	-	-	-	-	-	-	5,000
Legislative									
Legislative - Local	82,000	-	-	-	-	-	-	-	-
Legislative - National	160,000	-	-	-	-	-	-	-	-
Total Legislative	242,000	-	-	-	-	-	-	-	-
Medical Fees									
Planning	350,000	-	-	-	-	350,000	-	-	-
Pollution/Environmental Fees	9,000	-	-	1,000	-	2,500	-	-	-
Public Information Services	59,000	-	-	-	-	-	-	-	-
Recruiting _Employment Fees	20,000	-	-	-	-	-	-	-	-
Safety Consultants									
Safety - Training	5,803	300	-	300	-	-	-	-	-
Safety - General	1,000	-	-	-	-	-	-	-	-
Total Safety Consultants	6,803	300	-	300	-	-	-	-	-
Communications Consultant	20,000	-	-	-	-	-	-	-	-
Other/Miscellaneous	548,563	103,000	-	-	-	10,500	-	17,500	-
Total Professional Services	3,655,492	212,300	-	6,300	6,000	491,794	-	83,161	48,336
Utilities									
Electricity	5,500,000	3,210,012	-	-	-	444,450	-	357,320	-
Heating Fuel									
Heating - Natural Gas	3,600,000	180,677	-	2,343,251	-	190,239	-	18,031	-
Heating - Fuel Oil	90,000	16,255	-	54,180	-	-	-	-	18,060
Total Heating Fuel	3,690,000	196,932	-	2,397,431	-	190,239	-	18,031	18,060
Sewer	1,064,999	444,679	-	63,510	-	-	187	3,133	5,105
Water	1,060,000	279,082	-	55,916	-	386	145	19,834	9,603
Telephone									
Telephone - Regular	350,000	4,546	-	-	-	700	-	20	-
Telephone - Internet Service	23,796	-	-	-	-	-	-	-	-
Telephone - Cellular	58,253	3,735	-	3,405	-	8,130	-	3,035	-
Total Telephone	432,049	8,281	-	3,405	-	8,830	-	3,055	-
Total Utilities	11,747,048	4,138,986	-	2,520,262	-	643,905	332	401,373	32,768

LINE ITEMS BY SUBLEDGER - 2004 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	59								
Advertising - Employment	32,500								
Advertising - General	51,789								826
Advertising - Parking	300,040								300,040
Advertising - Relievers	998								
Total Advertising	385,386								300,866
Environmental Control									
Hazardous Waste									
Hazardous Waste - General	6,000								
Hazardous Waste - General	4,985								
Total Hazardous Waste - General	6,185	1,200							
Pollution Control									
Pollution Ctrl-Air Quality	1,000								
Pollution Ctrl-Booms	13,000								
Total Pollution Control	14,000								
Industrial Waste Mgmt	17,000					15,000			
Laboratory Services	1,000								
Solvent Reclamation Service	18,450								
Spill Response	1,350			1,000					
Tire Disposal	1,000								
Other	124,400								
Total Environmental Control	189,385	1,200		1,000		15,000			
Grd Transportation Services									
AV ID Readers/Controllers	5,000							5,000	
AV ID Tags	10,500							10,500	
Total Grd Transportation Services	15,500							15,500	
Shuttle Services	1,824,635	729,854						729,854	
Parking Lots	5,613,033								5,613,033
Met Council Fees	108,120					108,120			
Employee Programs									
Retirement	2,521								
Wellness	5,539								
Total Employee Programs	8,060								
Events									
Conference Center	20,000								
Career Days	2,500								
Emergency Response Exercise	11,587					5,467			
Other Programs/Events	4,812							500	
Call Back Service	7,350					7,350			
Total Events	46,249					12,817		500	
Other Charges/Fees									
Bank Charges	216,032					750			95,377
Security Services	416,000					40,000			
Recycling - Sand	40,000					40,000			
Copy Agreement	138,000								
Mediation Fees	7,500								
Miscellaneous Charges/Fees	227,262					3,170		114,600	420
Jail Fees	9,000								
Total Other Charges/Fees	1,053,793					83,920		114,600	95,797
Service Agreements									
Service - Bldg Inspection	15,000	15,000							
Service - Facilities C.M.M.I.S	30,000	30,000							
Service-Computers	410,498		1,800						
Service-Fitness Equipment	2,600								
Service-Grd Trans Equip	101,400							101,400	
Service-Office Equipment	33,915	2,700				400			
Service-Other Equipment	349,331	5,500	880			500			
Service-Parking Equipment	538,000								538,000
Service-Telephone Systems	56,312	2,800							
Service-Secured Access	152,422					152,422			
Service-Radios	63,048					38,212			
Storm Water Monitoring	1,312,318					1,312,318			
Total Service Agreements	3,064,844	56,000	2,680			1,503,852		101,400	538,000
Total Operating Services/Expenses	12,309,006	787,054	2,680	1,000		1,723,709		961,854	6,547,696

LINE ITEMS BY SUBLEDGER - 2004 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	4,000	-	-	-	-	-	-	-	-
Fire Protection System	36,698	7,500	-	1,170	-	-	-	-	-
General Plumbing Supplies	33,977	18,000	-	-	-	-	-	-	-
Irrigation Supplies	10,240	850	-	-	-	-	-	3,090	-
Pumps	7,380	5,000	-	880	-	-	-	-	-
Underground Utilities	5,000	5,000	-	-	-	-	-	-	-
Water Distribution Systems	2,736	2,736	-	-	-	-	-	-	-
Water Meters	8,000	-	-	-	-	4,000	-	-	-
Plumbing - Other	12,400	-	-	-	-	-	-	-	-
Total Trades - Plumbers	120,431	39,086	-	2,050	-	4,000	-	3,090	-
Trades - Electricians									
Repairs									
Electrical _ Exterior	46,900	-	-	-	-	-	-	-	-
Generator Maint. Contract	29,300	29,300	-	-	-	-	-	-	-
Electrical - Interior	7,000	-	-	-	-	-	-	-	-
Unit Maint. Contract	70,000	70,000	-	-	-	-	-	-	-
Total Repairs	153,200	99,300	-	-	-	-	-	-	-
Other									
Other - Batteries	3,242	100	-	200	-	50	-	-	-
Other-Field Lights/Sensors	175,000	-	-	-	-	175,000	-	-	-
Other - Gate Supplies	24,550	-	-	-	-	15,000	-	-	-
Other - General Supplies	237,490	60,000	78	1,500	20,000	-	-	150	80,000
Other - Miscellaneous	1,000	-	-	-	-	-	-	-	-
Other - Motor	7,095	5,000	-	-	-	-	-	-	500
Other - Secured Access Sys	8,000	-	-	-	-	8,000	-	-	-
Other - Tools	8,025	-	-	-	-	-	-	-	-
Total Other	464,402	65,100	78	1,700	20,000	198,050	-	150	80,500
Total Trades - Electricians	617,602	164,400	78	1,700	20,000	198,050	-	150	80,500

LINE ITEMS BY SUBLEDGER - 2004 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 - Sodium Formate	234,000	-	-	-	-	234,000	-	-	-
Materials-Other Ice Ctrl	10,000	-	-	-	-	7,300	-	-	2,000
Materials - Salt	81,000	-	-	-	-	-	-	20,000	-
Materials - Sand	114,100	-	-	-	-	82,000	-	9,000	9,000
Materials - Urea	6,696	-	-	-	-	-	-	-	-
Total Snow Removal - Materials	885,796	-	-	-	40,000	723,300	-	29,000	11,000
Snow Removal - Equipment									
Equipment - Bobcats	317,250	-	-	-	-	-	-	-	317,250
Equipment - Other	100,630	99,630	-	-	-	-	-	-	-
Equip Rent-No Operator-5.5	300,305	-	-	-	89,357	89,357	-	12,765	12,765
Equipment-Rent-No Operator	29,994	-	-	-	-	-	-	-	-
Total Snow Removal - Equipment	748,179	99,630	-	-	89,357	89,357	-	12,765	330,015
Snow Removal - Miscellan									
Snow Removal - Meals	21,200	100	-	-	-	21,100	-	-	-
Snow Removal - Plow Blades	87,364	-	-	-	26,328	26,329	-	11,569	11,569
Snow Removal - Runway Brm	198,000	-	-	-	-	198,000	-	-	-
Snow Melters	103,000	-	-	-	17,510	11,330	-	-	73,130
Total Snow Removal - Miscellan	409,564	100	-	-	43,838	256,759	-	11,569	84,699
Summer Maintenance-Surface									
Surface Repair-Aggregate	8,160	-	-	-	-	-	-	-	1,800
Surface Repair-Asphalt	52,400	-	-	-	8,000	16,000	-	1,000	200
Surface Repair-Cement	7,650	-	-	-	2,500	2,500	-	-	250
Surface Repair-Other	1,800	-	-	-	-	1,800	-	-	-
Surface Rubber Removal	78,000	-	-	-	-	68,000	-	-	-
Surface Repair-Saw Blades	240	-	-	-	120	120	-	-	-
Total Summer Maintenance-Surfac	148,250	-	-	-	10,620	88,420	-	1,000	2,250
Summer Maint-Landscape									
Summer Maintenance-Fencing	17,140	-	-	-	-	4,500	-	-	-
Landscape/Turf-Materials	104,000	-	-	-	-	52,600	-	25,800	-
Summer Maint-Equip Rent No Op	33,250	-	-	-	-	200	-	-	16,250
Summer Maint-Equip Rent LT	238,050	-	-	-	83,317	83,317	-	11,903	11,903
Total Summer Maint-Landscape	392,440	-	-	-	83,317	140,617	-	37,703	28,153
Maintenance Field-Other									
Field Maint-Other-Garbage	6,000	-	-	-	-	-	-	-	-
Non Runway Brooms	32,350	-	-	-	3,200	-	-	28,750	400
Field Maint-Other/Emerg	30,000	10,000	-	-	-	10,000	10,000	-	-
Field Maint-Other-Material	12,750	750	-	-	150	1,600	-	150	1,000
Field Maint-Other-Supplies	10,400	-	-	-	1,600	2,100	200	-	200
Field Maint-Other-Tools	9,100	-	-	-	-	2,300	-	400	1,500
Total Maintenance Field-Other	100,600	10,750	-	-	4,950	16,000	10,200	29,300	3,100
Total Maintenance - Field	2,684,829	110,480	-	-	272,082	1,314,453	10,200	121,337	459,217
Maintenance Building									
Building-Temp Control									
Temp Control-Contracts	793,599	429,150	-	49,002	-	1,000	-	28,405	81,622
Temp Control-Filters	146,228	92,673	-	892	-	-	280	-	-
Total Building-Temp Control	939,827	521,823	-	49,894	-	1,000	280	28,405	81,622
Building-Mechanical Areas									
Mechanical Areas-APM	2,404,864	1,625,084	-	-	-	-	-	623,824	155,956
Mechanical Areas-Conveyors	412,339	268,020	41,234	-	-	-	-	-	-
Mechanical Areas-Doors	6,000	-	-	-	-	-	-	-	-
Mechanical Areas-Doors/Pub	47,000	43,000	-	-	-	-	-	-	-
Mechanical Areas-Doors/Tug	27,355	27,355	-	-	-	-	-	-	-
Mechanical Areas-Elevators	302,714	297,714	-	-	-	-	-	-	-
Mechanical Areas-Escalator	416,800	416,800	-	-	-	-	-	-	-
Mechanical-Moving Walks	476,343	476,343	-	-	-	-	-	-	-
Mechanical Areas-Other	6,000	-	-	-	-	-	-	-	-
Total Building-Mechanical Areas	4,099,415	3,154,316	41,234	-	-	-	-	623,824	155,956
Building-Other									
Other-Boiler Chemicals	155,000	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 Contract	50,000	50,000	-	-	-	-	-	-	-
Other-Roofing	45,000	35,000	-	-	-	-	-	-	-
Sump/Septic Pumping	13,132	-	-	-	-	-	-	-	-
Other-Supplies	148,209	126,070	-	8,000	-	-	-	-	-
Other-Tools	11,790	5,000	-	3,000	-	-	-	-	-
Total Building-Other	519,561	226,370	-	55,000	-	-	-	-	-
Apt Development Projects	850	-	-	-	-	-	-	-	-
Total Maintenance Building	5,559,653	3,902,509	41,234	104,894	-	1,000	280	652,229	237,578

LINE ITEMS BY SUBLEDGER - 2004 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	5,304,225	4,635,833	-	-	-	-	-	-	-
Cleaning Services-Windows	466,787	384,103	-	-	-	-	-	-	-
Total Cleaning Services	5,771,012	5,019,936	-	-	-	-	-	-	-
Cleaning Supplies									
Cleaning Supplies-Bathroom	415,976	380,976	-	-	-	-	-	-	-
Cleaning Supplies-General	18,270	10,000	-	-	-	-	-	-	-
Total Cleaning Supplies	434,246	390,976	-	-	-	-	-	-	-
Rubbish Disposal									
Rubbish Disposal-Recycle	22,000	16,645	-	-	-	401	-	-	-
Rubbish Disposal-Regular	384,000	48,419	-	-	-	188,919	559	2,715	13,571
Total Rubbish Disposal	406,000	65,064	-	-	-	189,320	559	2,715	13,571
Towel Laundry Services	5,132	-	-	-	-	-	-	-	-
Other Cleaning Expenses	1,500	-	-	-	-	-	-	-	-
Total Maintenance-Cleaning	6,617,890	5,475,976	-	-	-	189,320	559	2,715	13,571
Maintenance-Equipment									
Equipment-Parts									
Parts-Automobiles	100,000	-	-	1,000	-	-	-	-	-
Parts-Boilers Energy Mgmt	22,462	333	-	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	245,572	58,333	-	77,800	-	-	-	1,050	1,400
Parts-Equipment									
Parts-Equipment	498,084	-	-	-	-	-	-	15,000	56,416
Parts-Other Equipment	146,364	8,279	1,500	18,585	-	33,500	-	-	100
Total Parts-Equipment	644,448	8,279	1,500	18,585	-	33,500	-	15,000	56,516
Equipment-Shop									
Shop-Batteries	11,778	-	-	-	-	-	-	-	-
Shop-Cleaners/Degreasers	23,400	-	-	-	-	-	-	-	6,000
Shop-Oil Filters	28,050	-	-	-	-	-	-	-	-
Shop-Other Supplies	74,521	350	-	2,000	-	-	-	-	-
Shop-Tires	39,950	-	-	-	-	-	-	-	-
Shop-Tools	25,740	239	-	-	-	2,000	-	-	-
Total Equipment-Shop	203,439	589	-	2,000	-	2,000	-	-	6,000
Equipment-Gas									
Gas-Diesel	127,041	-	-	-	-	-	-	-	-
Gas-Propane	3,979	1,200	-	-	-	-	-	-	-
Gas-Unleaded	160,000	-	-	1,535	-	2,007	-	2,100	7,327
Total Equipment-Gas	291,020	1,200	-	1,535	-	2,007	-	2,100	7,327
Equipment-Extinguishers									
Extinguishers-Purchase	800	-	-	-	-	-	-	-	-
Extinguishers-Repair	800	-	-	-	-	-	-	-	-
Extinguishers-Reservice	800	-	-	-	-	-	-	-	-
Total Equipment-Extinguishers	2,400	-	-	-	-	-	-	-	-
Equipment-Miscellaneous Exp	65,172	-	-	-	-	-	-	27,996	-
Total Maintenance-Equipment	1,452,051	68,401	1,500	99,920	-	37,507	-	46,146	71,243
Total Maintenance	17,482,088	9,991,504	42,812	209,313	292,082	1,779,830	11,039	829,367	876,109

LINE ITEMS BY SUBLEDGER - 2004 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	1,337,695	323,211	-	-	43,463	73,904	-	25,187	90,881
Gen Ins-Property	1,290,970	312,679	-	-	42,047	71,496	-	24,367	87,919
Gen Ins-Crime	15,000	3,624	-	-	487	829	-	282	1,019
Gen Ins-Auto/Equipment	232,128	56,222	-	-	7,560	12,856	-	4,381	15,809
Gen Ins-Other	35,776	8,665	-	-	1,165	1,981	-	675	2,436
Total General Insurance	2,911,569	704,401	-	-	94,723	161,066	-	54,893	198,064
Safety									
Safety-Training Materials	750	-	-	-	-	-	-	-	-
Safety-Supplies	22,357	-	-	2,800	-	-	-	-	-
Safety-Equipment	8,320	-	-	-	-	-	-	1,000	-
Total Safety	31,427	-	-	2,800	-	-	-	1,000	-
Medical Information/Supply	13,386	300	-	487	-	2,000	-	-	-
Rentals									
Rental-Copier	60,823	5,578	-	-	-	4,500	-	10,032	-
Rental-Pagers	27,776	1,402	-	53	-	1,256	-	-	-
Rental-Other Equipment	40,600	25,000	-	-	-	-	-	1,272	-
Total Rentals	129,199	31,980	-	53	-	5,756	-	11,304	-
Licenses/Permits									
Licenses-Autos/Equipment	2,603	-	-	-	-	-	-	-	-
Licenses-Environmental	4,000	-	-	-	-	-	-	-	-
Licenses-Other	5,125	-	-	870	-	-	-	-	-
Total Licenses/Permits	11,728	-	-	870	-	-	-	-	-
Miscellaneous Expenses									
Misc-Firearm/Equip/Supplies	80,000	-	-	-	-	-	-	-	-
Misc-Emergency Response	42,100	600	-	-	-	-	-	-	-
Misc-Other	119,502	600	-	-	-	1,000	-	-	-
Total Miscellaneous Expenses	241,602	1,200	-	-	-	1,000	-	-	-
Adjustments/Bad Debt	25,000	12,500	-	-	-	12,500	-	-	-
Capital Assets									
Minor Equipment/Assets									
Minor Assets-Tools	30,237	3,250	-	-	-	-	-	-	-
Minor Assets-Office Furn	20,815	5,000	-	-	-	-	-	3,000	-
Minor Assets-Computers	103,373	-	4,400	-	-	-	-	4,800	-
Minor Assets-Radios	36,982	650	-	-	-	-	-	-	-
Minor Assets-Other	19,420	-	-	-	-	-	-	-	-
Total Minor Equipment/Assets	210,827	8,900	4,400	-	-	-	-	7,800	-
Total Capital Assets	210,827	8,900	4,400	-	-	-	-	7,800	-
Total Other	3,574,737	759,281	4,400	4,210	94,723	182,322	-	74,997	198,064
Gross Depreciation	84,721,935	18,075,869	1,429,139	922,738	1,204,284	15,361,146	-	7,775,303	13,524,024
Grand Total Excluding Depreciation	97,341,425	17,041,231	49,892	4,139,532	392,805	4,844,541	11,371	4,145,465	7,707,973
Grand Total With Depreciation	182,063,360	35,117,100	1,479,031	5,062,270	1,597,089	20,205,687	11,371	11,920,768	21,231,997

LINE ITEMS BY SUBLEDGER - 2004 OPERATING BUDGET

	Cargo Area	HHH Terminal	Public Area/ Roads	West Terminal	Hangars & Other Bldgs	Maintenance Employees	Equipment Maintenance	Inventory/ Trades
Personnel								
Wages								
Regular	-	162,986	-	-	-	7,716,951	-	-
Overtime/Doubletime								
Doubletime - Regular	-	-	-	-	-	830,319	-	-
Overtime - Regular	-	-	-	-	-	452,849	-	-
Total Overtime/Doubletime	-	-	-	-	-	1,283,168	-	-
Commissioner PerDiem	-	-	-	-	-	-	-	-
Temps - Administration	-	-	-	-	-	-	-	-
Snow Shovellers	-	-	-	-	-	103,744	-	-
Temporary 49ers	-	-	-	-	-	119,113	-	-
Temporary Trades	-	-	-	-	-	255,610	-	-
Total Wages	-	162,986	-	-	-	9,478,586	-	-
Benefits								
Employee Insurance								
Employee Insurance Dental	-	1,298	-	-	-	96,717	-	-
Emply Insurance Disability	-	470	-	-	-	34,984	-	-
Employee Insurance Family	-	18,015	-	-	-	1,342,091	-	-
Employee Insurance Life	-	635	-	-	-	28,378	-	-
Total Employee Insurance	-	20,417	-	-	-	1,502,170	-	-
Pension								
Fica (Social Security)Base	-	9,282	-	-	-	489,144	-	-
Fica(Social Security)Medic	-	2,281	-	-	-	115,448	-	-
Mpls Emply Retirement Fund	-	-	-	-	-	45,321	-	-
Public Emply - Police/Fire	-	-	-	-	-	-	-	-
Public Emply - Coordinated	-	9,013	-	-	-	434,805	-	-
Merf Unfunded Liability	-	-	-	-	-	35,802	-	-
Total Pension	-	20,576	-	-	-	1,120,519	-	-
Continuing Ed (College)								
Management Requirement	-	-	-	-	-	-	-	-
Organizational Requirement	-	3,500	-	-	-	-	-	-
Regulatory Requirements	-	-	-	-	-	10,336	-	-
Local Seminars	-	-	-	-	-	1,550	-	-
Total Continuing Ed (College)	-	3,500	-	-	-	11,886	-	-
Post Retirement Benefits	-	8,644	-	17,290	-	1,054,656	-	-
Workers Compensation	-	1,574	-	-	-	87,627	-	-
Post Employ Health Plan	-	661	-	-	-	4,160	-	-
Unemployment Tax	-	-	-	-	-	42,000	-	-
Uniforms								
Uniforms-Police/Fire Allow	-	-	-	-	-	-	-	-
Uniforms-Rental	-	-	-	-	-	33,351	-	5,065
Uniforms - Safety Shoes	-	-	-	-	-	20,723	-	1,089
Total Uniforms	-	-	-	-	-	54,074	-	6,154
Severance								
Contract Allowance	-	-	-	-	-	72,714	-	-
Regular Severance	-	2,909	-	-	-	49,628	-	-
Total Severance	-	2,909	-	-	-	122,342	-	-
Paid Absence	-	-	-	-	-	1,708	-	-
Temporary Trade Benefits	-	-	-	-	-	192,137	-	-
Total Benefits	-	58,282	-	17,290	-	4,193,279	-	6,154
Total Personnel	-	221,268	-	17,290	-	13,671,865	-	6,154

LINE ITEMS BY SUBLEDGER - 2004 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	-	750	-	-	-	-	815	7,269
Computer Supplies	-	750	-	-	-	350	-	505
Computer Supplies-Software								
Computer Supplies-Software	-	-	-	-	-	9,900	1,450	1,489
Total Computer Supplies-Software	-	-	-	-	-	9,900	1,450	1,489
Special Supplies								
Special Supplies-Badging	-	-	-	-	-	-	-	-
Special Supply-Film/Photo	-	-	-	-	-	-	25	657
Special Supplies-Other	-	750	-	-	-	-	400	923
Total Special Supplies	-	750	-	-	-	-	425	1,580
Total Supplies	-	2,250	-	-	-	10,250	2,690	10,843
Travel								
Travel - Lodging	-	-	-	-	-	-	-	255
Travel - Meals	-	-	-	-	-	125	-	170
Travel - Miscellaneous	-	3,500	-	-	-	-	-	100
Travel - Transportation								
Travel - Transport/Airfare	-	-	-	-	-	-	-	-
Travel - Shuttle/Taxi/Auto	-	-	-	-	-	-	-	-
Total Travel - Transportation	-	-	-	-	-	-	-	-
Registration Fees	-	-	-	-	-	-	-	-
Mileage	-	516	-	-	-	-	-	352
Total Travel	-	4,016	-	-	-	125	-	877
Total Local Meetings								
Local Mtgs - On Airport/GO	-	-	-	-	-	-	-	-
Local Mtgs - Off Airport	-	-	-	-	-	-	-	-
Total Local Meetings	-	-	-	-	-	-	-	-
Memberships/Dues/Pro Assoc	-	-	-	-	-	-	-	394
Other Information Sources	-	-	-	-	-	-	-	-
Publications/Subscriptions	-	470	-	-	-	-	-	225
Total Information Sources	-	470	-	-	-	-	-	619
Printing-Publications	-	-	-	-	-	-	-	-
Printing - Color Charts	-	-	-	-	-	-	-	-
Printing - Forms	-	-	-	-	-	-	-	-
Printing-In House Color	-	-	-	-	-	-	-	100
Printing-Stationary/Envel	-	-	-	-	-	-	-	-
Total Printing Costs	-	-	-	-	-	-	-	100
Total Administrative Expenses	-	9,936	-	-	-	10,375	2,865	13,439

LINE ITEMS BY SUBLEDGER - 2004 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								
Appraisals								
RFP/Leases								
RFP/Lease Eval Airline-Term	-	-	-	-	-	-	-	-
RFP/Lease Eval Concessions	-	-	-	-	-	-	-	-
Total RFP/Leases	-	-	-	-	-	-	-	-
Total Appraisal/RFP/Lease Fees	-	-	-	-	-	-	-	-
Computer Services								
General								
ANOMS Consulting	-	-	-	-	-	-	-	-
Software Consulting	-	-	-	-	-	-	-	-
Total General	-	-	-	-	-	-	-	-
Terminal Services								
Terminal Services-Grd Tran	-	-	-	-	-	-	-	-
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	-	-	-	-	-	1,800	-	1,000
Safety - General	-	-	-	-	-	-	-	-
Total Safety Consultants	-	-	-	-	-	1,800	-	1,000
Communications Consultant	-	-	-	-	-	-	-	-
Other/Miscellaneous	-	12,000	17,500	-	-	-	-	16,500
Total Professional Services	-	19,500	30,000	-	-	1,800	-	17,500
Utilities								
Electricity	34,583	709,699	107,623	-	176,200	-	526	192,720
Heating Fuel								
Heating - Natural Gas	-	334,513	-	64,502	192,503	-	-	128,153
Heating - Fuel Oil	-	-	-	1,505	-	-	-	-
Total Heating Fuel	-	334,513	-	66,007	192,503	-	-	128,153
Sewer	-	-	408,290	2,682	127,358	-	-	6,746
Water	-	36,077	512,615	35,216	90,524	-	-	15,328
Telephone								
Telephone - Regular	-	-	-	-	-	-	-	1,268
Telephone - Internet Service	-	-	-	-	-	-	-	-
Telephone - Cellular	-	1,214	-	-	-	-	-	11,958
Total Telephone	-	1,214	-	-	-	-	-	13,226
Total Utilities	34,583	1,081,503	1,028,528	103,905	586,585	-	526	356,173

LINE ITEMS BY SUBLEDGER - 2004 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 - General	-	-	-	-	-	-	-	6,000
Hazardous Waste - General	-	-	-	-	-	-	-	4,985
Total Hazardous Waste - General	-	-	-	-	-	-	-	4,985
Pollution Control								
Pollution Ctrl-Air Quality	-	-	-	-	-	-	-	-
Pollution Ctrl-Booms	-	-	13,000	-	-	-	-	-
Total Pollution Control	-	-	13,000	-	-	-	-	-
Industrial Waste Mgmt	-	-	-	-	-	-	-	2,000
Laboratory Services	-	-	-	-	-	-	-	-
Solvent Reclamation Service	-	-	-	-	-	-	13,000	-
Spill Response	-	-	-	-	-	-	-	350
Tire Disposal	-	-	-	-	-	-	1,000	-
Other	-	-	-	-	-	-	-	-
Total Environmental Control	-	-	13,000	-	-	-	14,000	13,335
Grd Transportation Services								
AV ID Readers/Controllers	-	-	-	-	-	-	-	-
AV ID Tags	-	-	-	-	-	-	-	-
Total Grd Transportation Services	-	-	-	-	-	-	-	-
Shuttle Services	-	364,927	-	-	-	-	-	-
Parking Lots	-	-	-	-	-	-	-	-
Met Council Fees	-	-	-	-	-	-	-	-
Employee Programs								
Retirement	-	-	-	-	-	-	-	-
Wellness	-	-	-	-	-	-	-	-
Total Employee Programs	-	-	-	-	-	-	-	-
Events								
Conference Center	-	-	-	-	-	-	-	-
Career Days	-	-	-	-	-	-	-	-
Emergency Response Exercise	-	-	-	-	-	500	-	-
Other Programs/Events	-	-	-	-	-	-	-	-
Call Back Service	-	-	-	-	-	-	-	-
Total Events	-	-	-	-	-	500	-	-
Other Charges/Fees								
Bank Charges	-	-	-	-	-	-	-	-
Security Services	-	-	-	-	-	-	-	-
Recycling - Sand	-	-	-	-	-	-	-	-
Copy Agreement	-	-	-	-	-	-	-	-
Mediation Fees	-	-	-	-	-	-	-	-
Miscellaneous Charges/Fees	-	-	-	-	-	-	-	1,000
Jail Fees	-	-	-	-	-	-	-	-
Total Other Charges/Fees	-	-	-	-	-	-	-	1,000
Service Agreements								
Service - Bldg Inspection	-	-	-	-	-	-	-	-
Service - Facilities C.M.M.I.S	-	-	-	-	-	-	-	-
Service-Computers	-	-	-	-	-	-	-	-
Service-Fitness Equipment	-	-	-	-	-	-	-	-
Service-Grd Trans Equip	-	-	-	-	-	-	-	-
Service-Office Equipment	-	1,000	-	-	-	-	-	300
Service-Other Equipment	-	234,944	-	-	-	-	600	7,240
Service-Parking Equipment	-	-	-	-	-	-	-	-
Service-Telephone Systems	-	4,500	-	-	-	-	-	-
Service-Secured Access	-	-	-	-	-	-	-	-
Service-Radios	-	-	-	-	-	-	15,656	-
Storm Water Monitoring	-	-	-	-	-	-	-	-
Total Service Agreements	-	240,444	-	-	-	-	16,256	7,540
Total Operating Services/Expenses	-	605,371	13,000	-	-	500	30,256	21,875

LINE ITEMS BY SUBLEDGER - 2004 OPERATING BUDGET

	Cargo Area	HHH Terminal	Public Area/ Roads	West Terminal	Hangars & Other Bldgs	Maintenance Employees	Equipment Maintenance	Inventory/ Trades
Trades - Plumbers								
Contractor Requirements								
Fire Protection System	-	-	-	-	-	-	-	4,000
General Plumbing Supplies	-	5,790	-	2,000	-	-	-	1,648
Irrigation Supplies	-	2,000	-	1,000	-	-	2,677	5,500
Pumps	-	2,500	3,000	100	-	-	-	-
Underground Utilities	-	-	-	1,500	-	-	-	-
Water Distribution Systems	-	-	-	-	-	-	-	-
Water Meters	-	-	-	-	-	-	-	4,000
Plumbing - Other	-	-	-	-	-	-	-	-
Total Trades - Plumbers	-	<u>10,290</u>	<u>3,000</u>	<u>4,600</u>	-	-	<u>2,677</u>	<u>15,148</u>
Trades - Electricians								
Repairs								
Electrical _ Exterior	-	-	-	-	-	-	-	31,500
Generator Maint. Contract	-	-	-	-	-	-	-	-
Electrical - Interior	-	-	-	-	-	-	-	1,500
Unit Maint. Contract	-	-	-	-	-	-	-	-
Total Repairs	-	-	-	-	-	-	-	<u>33,000</u>
Other								
Other - Batteries	-	-	-	-	-	-	-	2,500
Other-Field Lights/Sensors	-	-	-	-	-	-	-	-
Other - Gate Supplies	-	-	-	-	-	-	-	-
Other - General Supplies	-	8,500	5,000	762	-	-	20,000	41,500
Other - Miscellaneous	-	-	-	-	-	-	-	1,000
Other - Motor	-	-	-	174	-	-	679	742
Other - Secured Access Sys	-	-	-	-	-	-	-	-
Other - Tools	-	25	-	-	-	-	-	8,000
Total Other	-	<u>8,525</u>	<u>5,000</u>	<u>936</u>	-	-	<u>20,679</u>	<u>53,742</u>
Total Trades - Electricians	-	<u>8,525</u>	<u>5,000</u>	<u>936</u>	-	-	<u>20,679</u>	<u>86,742</u>

LINE ITEMS BY SUBLEDGER - 2004 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	-	-	700	-	-	-	-	-
Materials - Salt	-	-	60,000	-	-	-	-	-
Materials - Sand	-	-	-	-	-	-	-	-
Materials - Urea	-	-	-	-	-	-	-	-
Total Snow Removal - Materials	-	-	60,700	-	-	-	-	-
Snow Removal - Equipment								
Equipment - Bobcats	-	-	-	-	-	-	-	-
Equipment - Other	-	-	-	-	-	-	-	-
Equip Rent-No Operator-5.5	-	-	51,061	-	-	-	-	-
Equipment-Rent-No Operator	-	-	-	-	-	-	-	-
Total Snow Removal - Equipment	-	-	51,061	-	-	-	-	-
Snow Removal - Miscellan								
Snow Removal - Meals	-	-	-	-	-	-	-	-
Snow Removal - Plow Blades	-	-	11,569	-	-	-	-	-
Snow Removal - Runway Brm	-	-	-	-	-	-	-	-
Snow Melters	-	-	-	-	-	-	1,030	-
Total Snow Removal - Miscellan	-	-	11,569	-	-	-	1,030	-
Summer Maintenance-Surface								
Surface Repair-Aggregate	-	-	200	-	-	-	-	-
Surface Repair-Asphalt	-	-	2,000	-	-	-	-	-
Surface Repair-Cement	-	-	250	-	-	-	-	-
Surface Repair-Other	-	-	-	-	-	-	-	-
Surface Rubber Removal	-	-	-	-	-	-	-	-
Surface Repair-Saw Blades	-	-	-	-	-	-	-	-
Total Summer Maintenance-Surfac	-	-	2,450	-	-	-	-	-
Summer Maint-Landscape								
Summer Maintenance-Fencing	-	-	-	-	-	-	5,000	-
Landscape/Turf-Materials	-	-	7,600	-	-	-	-	-
Summer Maint-Equip Rent No Op	-	-	16,800	-	-	-	-	-
Summer Maint-Equip Rent LT	-	-	47,610	-	-	-	-	-
Total Summer Maint-Landscape	-	-	72,010	-	-	-	5,000	-
Maintenance Field-Other								
Field Maint-Other-Garbage	-	-	6,000	-	-	-	-	-
Non Runway Brooms	-	-	-	-	-	-	-	-
Field Maint-Other/Emerg	-	-	-	-	-	-	-	-
Field Maint-Other-Material	-	-	-	-	-	-	9,100	-
Field Maint-Other-Supplies	-	-	2,050	-	-	-	1,250	-
Field Maint-Other-Tools	-	-	400	-	-	-	4,500	-
Total Maintenance Field-Other	-	-	8,450	-	-	-	14,850	-
Total Maintenance - Field	-	-	206,240	-	-	-	20,880	-
Maintenance Building								
Building-Temp Control								
Temp Control-Contracts	-	75,481	-	46,000	18,000	-	-	32,800
Temp Control-Filters	-	48,000	-	385	484	-	-	800
Total Building-Temp Control	-	123,481	-	46,385	18,484	-	-	33,600
Building-Mechanical Areas								
Mechanical Areas-APM	-	-	-	-	-	-	-	-
Mechanical Areas-Conveyors	-	103,085	-	-	-	-	-	-
Mechanical Areas-Doors	-	-	-	-	-	-	-	-
Mechanical Areas-Doors/Pub	-	4,000	-	-	-	-	-	-
Mechanical Areas-Doors/Tug	-	-	-	-	-	-	-	-
Mechanical Areas-Elevators	-	-	-	-	-	-	-	-
Mechanical Areas-Escalator	-	-	-	-	-	-	-	-
Mechanical-Moving Walks	-	-	-	-	-	-	-	-
Mechanical Areas-Other	-	-	-	-	-	-	-	-
Total Building-Mechanical Areas	-	107,085	-	-	-	-	-	-
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 Contract	-	-	-	-	-	-	-	-
Other-Roofing	-	-	-	-	-	-	-	-
Sump/Septic Pumping	-	-	-	-	-	-	-	13,132
Other-Supplies	-	-	-	-	-	-	-	3,589
Other-Tools	-	-	-	-	-	-	-	3,290
Total Building-Other	-	182,000	-	3,000	-	-	-	32,141
Apt Development Projects	-	-	-	-	-	-	-	850
Total Maintenance Building	-	412,566	-	49,385	18,484	-	-	66,591

LINE ITEMS BY SUBLEDGER - 2004 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	-	638,800	-	-	-	-	-	-
Cleaning Services-Windows	-	75,744	-	-	-	-	-	-
Total Cleaning Services	-	714,544	-	-	-	-	-	-
Cleaning Supplies								
Cleaning Supplies-Bathroom	-	35,000	-	-	-	-	-	-
Cleaning Supplies-General	-	-	-	-	-	-	2,000	-
Total Cleaning Supplies	-	35,000	-	-	-	-	2,000	-
Rubbish Disposal								
Rubbish Disposal-Recycle	-	1,917	-	1,760	-	-	-	720
Rubbish Disposal-Regular	-	41,119	2,715	7,039	-	-	-	21,241
Total Rubbish Disposal	-	43,036	2,715	8,799	-	-	-	21,961
Towel Laundry Services	-	-	-	-	-	-	-	-
Other Cleaning Expenses	-	-	-	-	-	-	-	-
Total Maintenance-Cleaning	-	792,580	2,715	8,799	-	-	2,000	21,961
Maintenance-Equipment								
Equipment-Parts								
Parts-Automobiles	-	-	-	-	-	-	56,000	-
Parts-Boilers Energy Mgmt	-	-	-	-	1,558	-	-	-
Parts-Chiller Energy Mgmt	100	110	-	1,500	2,400	-	-	-
Parts-Other Equipment	-	-	-	-	-	-	-	-
Total Equipment-Parts	100	110	-	1,500	3,958	-	56,000	-
Parts-Equipment								
Parts-Equipment	-	-	-	-	-	-	264,750	-
Parts-Other Equipment	-	23,846	15,000	508	-	-	5,800	3,952
Total Parts-Equipment	-	23,846	15,000	508	-	-	270,550	3,952
Equipment-Shop								
Shop-Batteries	-	-	-	-	-	-	9,500	500
Shop-Cleaners/Degreasers	-	-	-	-	-	-	16,450	-
Shop-Oil Filters	-	-	-	-	-	-	23,150	-
Shop-Other Supplies	-	-	-	-	-	-	58,000	3,596
Shop-Tires	-	-	-	-	-	-	24,600	-
Shop-Tools	-	-	-	-	-	-	14,750	4,751
Total Equipment-Shop	-	-	-	-	-	-	146,450	8,847
Equipment-Gas								
Gas-Diesel	-	-	-	-	-	-	98,581	1,121
Gas-Propane	-	-	-	-	-	-	2,000	779
Gas-Unleaded	-	-	-	-	-	-	63,535	16,326
Total Equipment-Gas	-	-	-	-	-	-	164,116	18,226
Equipment-Extinguishers								
Extinguishers-Purchase	-	-	-	-	-	-	-	-
Extinguishers-Repair	-	-	-	-	-	-	-	-
Extinguishers-Reservice	-	-	-	-	-	-	-	-
Total Equipment-Extinguishers	-	-	-	-	-	-	-	-
Equipment-Miscellaneous Exp	-	13,000	-	-	-	-	20,000	-
Total Maintenance-Equipment	100	36,956	15,000	2,008	3,958	-	657,116	31,025
Total Maintenance	100	1,265,417	240,655	71,728	22,442	15,000	706,352	312,035

LINE ITEMS BY SUBLEDGER - 2004 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	-	45,103	25,187	21,814	6,437	-	140,181	8,161
Gen Ins-Property	-	43,633	24,367	21,103	6,227	-	135,613	7,895
Gen Ins-Crime	-	506	282	245	72	-	1,572	92
Gen Ins-Auto/Equipment	-	7,846	4,381	3,795	1,120	-	24,384	1,420
Gen Ins-Other	-	1,209	675	585	173	-	3,758	219
Total General Insurance	-	98,296	54,893	47,541	14,028	-	305,508	17,786
Safety								
Safety-Training Materials	-	-	-	-	-	-	-	-
Safety-Supplies	-	-	5,000	-	-	1,250	-	9,382
Safety-Equipment	-	-	-	-	-	4,000	320	1,000
Total Safety	-	-	5,000	-	-	5,250	320	10,382
Medical Information/Supply								
	-	-	-	-	-	-	-	455
Rentals								
Rental-Copier	-	-	-	-	-	-	6,500	7,986
Rental-Pagers	-	-	-	-	-	-	-	4,011
Rental-Other Equipment	-	2,628	-	-	-	-	-	10,500
Total Rentals	-	2,628	-	-	-	-	6,500	22,497
Licenses/Permits								
Licenses-Autos/Equipment	-	-	-	-	-	-	-	-
Licenses-Environmental	-	-	-	-	-	-	-	-
Licenses-Other	-	-	50	-	-	-	-	2,400
Total Licenses/Permits	-	-	50	-	-	-	-	2,400
Miscellaneous Expenses								
Misc-Firearm/Equip/Supplies	-	-	-	-	-	-	-	-
Misc-Emergency Response	-	-	-	-	-	-	-	-
Misc-Other	-	-	-	-	-	-	2,000	1,000
Total Miscellaneous Expenses	-	-	-	-	-	-	2,000	1,000
Adjustments/Bad Debt								
	-	-	-	-	-	-	-	-
Capital Assets								
Minor Equipment/Assets								
Minor Assets-Tools	-	340	-	-	-	-	9,140	12,884
Minor Assets-Office Furn	-	3,000	-	-	-	-	650	-
Minor Assets-Computers	-	4,000	-	-	-	-	-	-
Minor Assets-Radios	-	-	-	-	-	-	15,000	-
Minor Assets-Other	-	920	-	-	-	-	-	-
Total Minor Equipment/Assets	-	8,260	-	-	-	-	24,790	12,884
Total Capital Assets	-	8,260	-	-	-	-	24,790	12,884
Total Other	-	109,184	59,943	47,541	14,028	5,250	339,118	67,404
Gross Depreciation	269,647	4,117,585	1,081,624	-	533,711	-	2,008,868	1,480,542
Grand Total Excluding Depreciation	34,683	3,312,180	1,372,126	240,464	623,055	13,704,790	1,079,117	794,580
Grand Total With Depreciation	304,330	7,429,765	2,453,750	240,464	1,156,766	13,704,790	3,087,985	2,275,122

LINE ITEMS BY SUBLEDGER - 2004 OPERATING BUDGET

	Concourses A-D	Police	Fire	Admin- istration	Building Official	Comm- unication/ Operations	Noise & Environment	Total Reliever Airports
Personnel								
Wages								
Regular	-	5,365,748	2,493,971	6,710,309	239,032	1,449,163	762,563	1,540,823
Overtime/Doubletime								
Doubletime - Regular	-	-	-	-	-	-	-	107,166
Overtime - Regular	-	449,909	325,000	9,834	-	142,570	562	115,923
Total Overtime/Doubletime	-	449,909	325,000	9,834	-	142,570	562	223,089
Commissioner PerDiem	-	-	-	27,350	-	-	-	-
Temps - Administration	-	478,638	-	10,000	-	-	-	4,480
Snow Shovellers	-	-	-	-	-	-	-	-
Temporary 49ers	-	-	-	-	-	-	-	-
Temporary Trades	-	-	-	-	-	-	-	-
Total Wages	-	6,294,295	2,818,971	6,757,493	239,032	1,591,732	763,125	1,768,392
Benefits								
Employee Insurance								
Employee Insurance Dental	-	72,700	29,859	74,648	3,246	16,877	8,438	18,175
EmPLY Insurance Disability	-	26,297	10,800	27,001	1,174	6,105	3,052	6,574
Employee Insurance Family	-	1,008,820	414,337	1,035,842	45,037	234,190	117,095	252,205
Employee Insurance Life	-	20,854	9,696	26,132	931	5,643	2,970	5,573
Total Employee Insurance	-	1,128,671	464,692	1,163,622	50,387	262,815	131,556	282,527
Pension								
Fica (Social Security)Base	-	117,636	13,950	388,230	14,267	94,015	44,781	82,550
Fica(Social Security)Medic	-	81,448	40,382	96,228	3,402	22,324	10,683	19,833
Mpls EmPLY Retirement Fund	-	33,075	5,474	85,420	-	-	-	32,386
Public EmPLY - Police/Fire	-	402,546	265,129	-	-	-	-	-
Public EmPLY - Coordinated	-	72,271	-	380,327	13,218	88,023	42,201	74,984
Merf Unfunded Liability	-	34,119	3,821	54,373	-	-	-	25,921
Total Pension	-	741,095	328,756	1,004,578	30,888	204,361	97,665	235,673
Continuing Ed (College)								
Management Requirement	-	-	-	-	-	3,248	-	-
Organizational Requirement	-	-	-	-	-	-	-	-
Regulatory Requirements	-	-	26,004	13,077	1,114	12,073	-	-
Local Seminars	-	35,506	371	20,112	-	2,786	400	-
Total Continuing Ed (College)	-	35,506	26,375	33,188	1,114	18,107	400	-
Post Retirement Benefits	-	708,869	345,789	795,314	-	164,250	121,027	233,411
Workers Compensation	-	50,897	24,136	70,835	1,049	15,741	8,396	15,217
Post EmPLY Health Plan	-	9,974	11,182	30,421	1,074	5,877	3,093	2,227
Unemployment Tax	-	-	-	-	-	-	-	-
Uniforms								
Uniforms-Police/Fire Allow	-	81,590	28,125	-	-	-	-	-
Uniforms-Rental	-	-	-	-	-	-	-	16,603
Uniforms - Safety Shoes	-	-	-	-	-	-	-	2,620
Total Uniforms	-	81,590	28,125	-	-	-	-	19,223
Severance								
Contract Allowance	-	-	-	-	-	-	-	5,488
Regular Severance	-	29,780	33,536	67,154	-	7,147	-	16,379
Total Severance	-	29,780	33,536	67,154	-	7,147	-	21,867
Paid Absence	-	-	-	6,014	-	-	-	-
Temporary Trade Benefits	-	-	-	-	-	-	-	-
Total Benefits	-	2,786,382	1,262,591	3,171,126	84,512	678,298	362,136	810,145
Total Personnel	-	9,080,677	4,081,562	9,928,619	323,544	2,270,031	1,125,260	2,578,537

LINE ITEMS BY SUBLEDGER - 2004 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	-	24,500	6,000	52,349	2,500	11,500	5,761	5,700
Computer Supplies	-	-	-	10,870	-	16,000	4,060	-
Computer Supplies-Software								
Computer Supplies-Software	-	2,000	800	5,653	-	5,085	4,710	-
Total Computer Supplies-Software	-	2,000	800	83,541	-	5,085	4,710	-
Special Supplies								
Special Supplies-Badging	-	18,000	-	-	-	-	-	-
Special Supply-Film/Photo	-	10,800	-	3,271	-	2,000	-	-
Special Supplies-Other	-	6,000	-	12,115	3,000	2,278	200	-
Total Special Supplies	-	34,800	-	15,386	3,000	4,278	200	-
Total Supplies	-	61,300	6,800	162,146	5,500	36,863	14,731	5,700
Travel								
Travel - Lodging	-	10,000	-	8,553	-	-	1,650	1,380
Travel - Meals	-	3,960	-	2,389	-	-	650	470
Travel - Miscellaneous	-	1,000	-	256	-	-	-	-
Travel - Transportation								
Travel - Transport/Airfare	-	3,000	5,500	51,797	-	-	2,000	1,450
Travel - Shuttle/Taxi/Auto	-	1,000	-	875	-	-	150	150
Total Travel - Transportation	-	4,000	5,500	52,672	-	-	2,150	1,600
Registration Fees	-	5,500	-	7,895	-	600	652	1,600
Mileage	-	3,500	700	25,843	300	400	670	-
Total Travel	-	27,960	6,200	97,608	300	1,000	5,772	5,050
Local Mtgs - On Airport/GO	-	500	-	1,880	-	400	250	-
Local Mtgs - Off Airport	-	2,500	-	10,803	-	270	250	3,000
Total Local Meetings	-	3,000	-	12,683	-	670	500	3,000
Memberships/Dues/Pro Assoc	-	5,500	400	151,684	-	1,875	350	2,075
Other Information Sources	-	1,000	4,800	38,528	-	4,375	7,974	-
Publications/Subscriptions	-	1,250	1,200	23,286	-	2,200	900	-
Total Information Sources	-	7,750	6,400	213,498	-	8,450	9,224	2,075
Printing-Publications	-	5,250	-	33,020	-	-	9,000	-
Printing - Color Charts	-	-	-	1,000	-	-	-	-
Printing - Forms	-	1,500	-	5,314	1,500	-	-	-
Printing-In House Color	-	-	-	-	-	-	-	-
Printing-Stationary/Envel	-	1,500	300	11,465	4,860	-	-	-
Total Printing Costs	-	8,250	300	50,799	6,360	-	9,000	-
Total Administrative Expenses	-	109,260	19,740	613,661	12,260	47,683	39,452	16,329

LINE ITEMS BY SUBLEDGER - 2004 OPERATING BUDGET

	Concourses A-D	Police	Fire	Admin- istration	Building Official	Comm- unication/ Operations	Noise & Environment	Total Reliever Airports
Professional Services								
Accounting/Audit Fees	-	-	-	241,779	-	-	-	-
Affirmative Action Fees	-	-	-	8,000	-	-	-	-
Appraisal/RFP/Lease Fees								
Appraisals								
RFP/Leases	-	-	-	110,000	-	-	-	-
RFP/Leases								
RFP/Lease Eval Airline-Term	-	-	-	20,000	-	-	-	-
RFP/Lease Eval Concessions	-	-	-	100,000	-	-	-	-
Total RFP/Leases	-	-	-	120,000	-	-	-	-
Total Appraisal/RFP/Lease Fees	-	-	-	230,000	-	-	-	-
Computer Services								
General								
ANOMS Consulting	-	-	-	-	-	-	45,000	-
Software Consulting	-	-	-	185,000	11,500	-	-	-
Total General	-	-	-	185,000	11,500	-	45,000	-
Terminal Services								
Terminal Services-Grd Tran	-	-	-	-	-	-	-	-
Terminal Services-Parking	-	-	-	-	-	-	-	-
Terminal Lan	-	-	-	-	-	-	-	-
Total Terminal Services	-	-	-	-	-	-	-	-
Total Computer Services	-	-	-	185,000	11,500	-	45,000	-
Engineering Fees	-	-	-	40,000	-	-	40,000	162,500
Graphic Design	-	-	-	26,156	-	-	-	-
Labor Relations	-	-	-	15,000	-	-	-	-
Legal Fees								
Legal - Environmental	-	-	-	-	-	-	244,975	-
Legal - General	-	-	-	429,850	-	-	-	-
Legal - Federal	-	-	-	101,475	-	-	-	-
Legal - Relievers	-	-	-	199,200	-	-	-	-
Total Legal Fees	-	-	-	730,525	-	-	244,975	-
Legislative								
Legislative - Local	-	-	-	82,000	-	-	-	-
Legislative - National	-	-	-	160,000	-	-	-	-
Total Legislative	-	-	-	242,000	-	-	-	-
Medical Fees								
Planning	-	-	8,900	28,000	-	-	-	-
Pollution/Environmental Fees	-	-	-	-	-	-	2,000	3,500
Public Information Services	-	-	-	59,000	-	-	-	-
Recruiting _Employment Fees	-	-	-	20,000	-	-	-	-
Safety Consultants								
Safety - Training	-	510	993	300	-	-	-	600
Safety - General	-	-	-	1,000	-	-	-	-
Total Safety Consultants	-	510	993	1,300	-	-	-	600
Communications Consultant	-	-	-	20,000	-	-	-	-
Other/Miscellaneous	-	14,435	-	257,069	-	19,000	39,059	42,000
Total Professional Services	-	14,945	9,893	2,103,829	11,500	19,000	371,034	208,600
Utilities								
Electricity	-	-	7,786	73,404	-	-	5,597	180,080
Heating Fuel								
Heating - Natural Gas	-	-	-	61,094	-	-	-	87,037
Heating - Fuel Oil	-	-	-	-	-	-	-	-
Total Heating Fuel	-	-	-	61,094	-	-	-	87,037
Sewer	-	-	1,122	204	-	-	-	1,983
Water	-	-	2,132	159	-	-	-	2,983
Telephone								
Telephone - Regular	-	417	556	165,335	-	100,330	34,881	41,947
Telephone - Internet Service	-	-	-	23,796	-	-	-	-
Telephone - Cellular	-	5,372	2,983	5,779	-	5,675	1,201	5,766
Total Telephone	-	5,789	3,539	194,910	-	106,005	36,082	47,713
Total Utilities	-	5,789	14,579	329,771	-	106,005	41,679	319,796

LINE ITEMS BY SUBLEDGER - 2004 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	-	-	-	59	-	-	-	-
Advertising - Employment	-	-	-	32,500	-	-	-	-
Advertising - General	-	1,359	-	47,569	2,035	-	-	-
Advertising - Parking	-	-	-	-	-	-	-	-
Advertising - Relievers	-	-	-	-	-	-	-	998
Total Advertising	-	1,359	-	80,128	2,035	-	-	998
Environmental Control								
Hazardous Waste								
Hazardous Waste - General	-	-	-	-	-	-	-	-
Hazardous Waste - General	-	-	-	-	-	-	-	-
Total Hazardous Waste - General	-	-	-	-	-	-	-	-
Pollution Control								
Pollution Ctrl-Air Quality	-	-	-	-	-	-	1,000	-
Pollution Ctrl-Booms	-	-	-	-	-	-	-	-
Total Pollution Control	-	-	-	-	-	-	1,000	-
Industrial Waste Mgmt	-	-	-	-	-	-	-	-
Laboratory Services	-	-	-	1,000	-	-	-	-
Solvent Reclamation Service	-	-	-	-	-	-	-	5,450
Spill Response	-	-	-	-	-	-	-	-
Tire Disposal	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	124,400
Total Environmental Control	-	-	-	1,000	-	-	1,000	129,850
Grd Transportation Services								
AV ID Readers/Controllers	-	-	-	-	-	-	-	-
AV ID Tags	-	-	-	-	-	-	-	-
Total Grd Transportation Services	-	-	-	-	-	-	-	-
Shuttle Services								
Shuttle Services	-	-	-	-	-	-	-	-
Parking Lots								
Parking Lots	-	-	-	-	-	-	-	-
Met Council Fees								
Met Council Fees	-	-	-	-	-	-	-	-
Employee Programs								
Retirement	-	-	-	2,521	-	-	-	-
Wellness	-	-	-	5,539	-	-	-	-
Total Employee Programs	-	-	-	8,060	-	-	-	-
Events								
Conference Center	-	-	-	-	20,000	-	-	-
Career Days	-	2,500	-	-	-	-	-	-
Emergency Response Exercise	-	-	-	3,750	-	1,870	-	-
Other Programs/Events	-	1,500	-	1,612	-	-	-	1,200
Call Back Service	-	-	-	-	-	-	-	-
Total Events	-	4,000	-	5,362	20,000	1,870	-	1,200
Other Charges/Fees								
Bank Charges	-	-	-	119,905	-	-	-	-
Security Services	-	376,000	-	-	-	-	-	-
Recycling - Sand	-	-	-	-	-	-	-	-
Copy Agreement	-	-	-	138,000	-	-	-	-
Mediation Fees	-	-	-	7,500	-	-	-	-
Miscellaneous Charges/Fees	-	18,600	-	53,197	-	-	-	36,275
Jail Fees	-	9,000	-	-	-	-	-	-
Total Other Charges/Fees	-	403,600	-	318,602	-	-	-	36,275
Service Agreements								
Service - Bldg Inspection	-	-	-	-	-	-	-	-
Service - Facilities C.M.M.I.S	-	-	-	-	-	-	-	-
Service-Computers	-	53,345	-	209,362	-	52,189	93,802	-
Service-Fitness Equipment	-	-	-	2,600	-	-	-	-
Service-Grd Trans Equip	-	-	-	-	-	-	-	-
Service-Office Equipment	-	16,200	-	7,539	2,200	3,576	-	-
Service-Other Equipment	-	66,500	12,200	1,770	3,000	13,235	2,038	924
Service-Parking Equipment	-	-	-	-	-	-	-	-
Service-Telephone Systems	-	-	1,800	39,532	-	7,680	-	-
Service-Secured Access	-	-	-	-	-	-	-	-
Service-Radios	-	816	1,570	3,794	-	3,000	-	-
Storm Water Monitoring	-	-	-	-	-	-	-	-
Total Service Agreements	-	136,861	15,570	264,597	5,200	79,680	95,840	924
Total Operating Services/Expenses	-	545,820	15,570	677,748	27,235	81,550	96,840	169,247

LINE ITEMS BY SUBLEDGER - 2004 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	-	-	-	15,300
Irrigation Supplies	-	-	-	700	-	-	-	-
Pumps	-	-	-	700	-	-	-	-
Underground Utilities	-	-	-	-	-	-	-	-
Water Distribution Systems	-	-	-	-	-	-	-	-
Water Meters	-	-	-	-	-	-	-	-
Plumbing - Other	-	-	-	-	-	-	-	12,400
Total Trades - Plumbers	<u>3,400</u>	<u>-</u>	<u>1,870</u>	<u>3,520</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,700</u>
Trades - Electricians								
Repairs								
Electrical _ Exterior	-	-	-	-	-	-	-	15,400
Generator Maint. Contract	-	-	-	-	-	-	-	-
Electrical - Interior	-	-	-	-	-	-	-	5,500
Unit Maint. Contract	-	-	-	-	-	-	-	-
Total Repairs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,900</u>
Other								
Other - Batteries	-	-	218	174	-	-	-	-
Other-Field Lights/Sensors	-	-	-	-	-	-	-	-
Other - Gate Supplies	-	-	-	-	-	-	-	9,550
Other - General Supplies	-	-	-	-	-	-	-	-
Other - Miscellaneous	-	-	-	-	-	-	-	-
Other - Motor	-	-	-	-	-	-	-	-
Other - Secured Access Sys	-	-	-	-	-	-	-	-
Other - Tools	-	-	-	-	-	-	-	-
Total Other	<u>-</u>	<u>-</u>	<u>218</u>	<u>174</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,550</u>
Total Trades - Electricians	<u>-</u>	<u>-</u>	<u>218</u>	<u>174</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,450</u>

LINE ITEMS BY SUBLEDGER - 2004 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 - Sodum Formate	-	-	-	-	-	-	-	-
Materials-Other Ice Ctrl	-	-	-	-	-	-	-	-
Materials - Salt	-	-	-	-	-	-	-	1,000
Materials - Sand	-	-	-	-	-	-	-	14,100
Materials - Urea	-	-	-	-	-	-	-	6,696
Total Snow Removal - Materials	-	-	-	-	-	-	-	21,796
Snow Removal - Equipment								
Equipment - Bobcats	-	-	-	-	-	-	-	-
Equipment - Other	-	-	-	-	-	-	-	1,000
Equip Rent-No Operator-5.5	-	-	-	-	-	-	-	45,000
Equipment-Rent-No Operator	-	-	-	-	-	-	-	29,994
Total Snow Removal - Equipment	-	-	-	-	-	-	-	75,994
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	-	-	-	-	-	-	-	6,160
Surface Repair-Asphalt	-	-	-	-	-	-	-	25,200
Surface Repair-Cement	-	-	-	-	-	-	-	2,150
Surface Repair-Other	-	-	-	-	-	-	-	-
Surface Rubber Removal	-	-	-	-	-	-	-	10,000
Surface Repair-Saw Blades	-	-	-	-	-	-	-	-
Total Summer Maintenance-Surfac	-	-	-	-	-	-	-	43,510
Summer Maint-Landscape								
Summer Maintenance-Fencing	-	500	-	-	-	-	-	7,140
Landscape/Turf-Materials	-	-	-	-	-	-	-	18,000
Summer Maint-Equip Rent No Op	-	-	-	-	-	-	-	-
Summer Maint-Equip Rent LT	-	-	-	-	-	-	-	-
Total Summer Maint-Landscape	-	500	-	-	-	-	-	25,140
Maintenance Field-Other								
Field Maint-Other-Garbage	-	-	-	-	-	-	-	-
Non Runway Brooms	-	-	-	-	-	-	-	-
Field Maint-Other/Emerg	-	-	-	-	-	-	-	-
Field Maint-Other-Material	-	-	-	-	-	-	-	-
Field Maint-Other-Supplies	-	-	-	-	-	-	-	3,000
Field Maint-Other-Tools	-	-	-	-	-	-	-	-
Total Maintenance Field-Other	-	-	-	-	-	-	-	3,000
Total Maintenance - Field	-	500	-	-	-	-	-	169,440
Maintenance Building								
Building-Temp Control								
Temp Control-Contracts	-	-	1,400	15,000	-	-	6,000	9,739
Temp Control-Filters	-	-	350	350	-	-	158	1,856
Total Building-Temp Control	-	-	1,750	15,350	-	-	6,158	11,595
Building-Mechanical Areas								
Mechanical Areas-APM	-	-	-	-	-	-	-	-
Mechanical Areas-Conveyors	-	-	-	-	-	-	-	-
Mechanical Areas-Doors	-	-	-	-	-	-	-	6,000
Mechanical Areas-Doors/Pub	-	-	-	-	-	-	-	-
Mechanical Areas-Doors/Tug	-	-	-	-	-	-	-	-
Mechanical Areas-Elevators	-	-	-	-	-	-	-	5,000
Mechanical Areas-Escalator	-	-	-	-	-	-	-	-
Mechanical-Moving Walks	-	-	-	-	-	-	-	-
Mechanical Areas-Other	-	-	-	-	-	-	-	6,000
Total Building-Mechanical Areas	-	-	-	-	-	-	-	17,000
Building-Other								
Other-Boiler Chemicals	-	-	-	-	-	-	-	-
Other-Floors/Repairs	-	-	-	-	-	-	-	-
Other-Jetbridge Repairs	-	-	-	-	-	-	-	-
Other-Outside Plumb/Sewer	-	-	-	-	-	-	-	-
Other-Pageing Systems Contract	-	-	-	-	-	-	-	-
Other-Roofing	-	-	-	-	-	-	-	10,000
Sump/Septic Pumping	-	-	-	-	-	-	-	-
Other-Supplies	-	-	-	-	-	-	-	10,550
Other-Tools	-	-	-	-	-	-	-	500
Total Building-Other	-	-	-	-	-	-	-	21,050
Apt Development Projects	-	-	-	-	-	-	-	-
Total Maintenance Building	-	-	1,750	15,350	-	-	6,158	49,645

LINE ITEMS BY SUBLEDGER - 2004 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	-	-	-	-	-	-	-	29,592
Cleaning Services-Windows	-	-	-	-	-	-	-	6,940
Total Cleaning Services	-	-	-	-	-	-	-	36,532
Cleaning Supplies								
Cleaning Supplies-Bathroom	-	-	-	-	-	-	-	-
Cleaning Supplies-General	-	-	-	-	-	-	-	6,270
Total Cleaning Supplies	-	-	-	-	-	-	-	6,270
Rubbish Disposal								
Rubbish Disposal-Recycle	-	-	104	453	-	-	-	-
Rubbish Disposal-Regular	5,785	-	2,027	2,318	-	-	-	47,573
Total Rubbish Disposal	5,785	-	2,131	2,771	-	-	-	47,573
Towel Laundry Services	-	-	-	-	1,200	-	-	3,932
Other Cleaning Expenses	-	-	1,500	-	-	-	-	-
Total Maintenance-Cleaning	5,785	-	3,631	2,771	1,200	-	-	94,307
Maintenance-Equipment								
Equipment-Parts								
Parts-Automobiles	-	37,000	2,500	-	-	3,500	-	-
Parts-Boilers Energy Mgmt	-	-	-	-	-	-	-	1,771
Parts-Chiller Energy Mgmt	-	-	-	550	-	-	-	-
Parts-Other Equipment	-	-	-	-	-	-	-	-
Total Equipment-Parts	-	37,000	2,500	550	-	3,500	-	1,771
Parts-Equipment								
Parts-Equipment	-	26,750	50,000	258	-	3,910	-	81,000
Parts-Other Equipment	-	35,000	-	-	-	-	-	294
Total Parts-Equipment	-	61,750	50,000	258	-	3,910	-	81,294
Equipment-Shop								
Shop-Batteries	-	-	-	-	-	-	-	1,778
Shop-Cleaners/Degreasers	-	50	-	-	-	-	-	900
Shop-Oil Filters	-	-	-	-	-	-	-	4,900
Shop-Other Supplies	-	-	-	-	-	-	-	10,575
Shop-Tires	-	-	10,400	-	-	-	-	4,950
Shop-Tools	-	-	-	-	-	-	-	4,000
Total Equipment-Shop	-	50	10,400	-	-	-	-	27,103
Equipment-Gas								
Gas-Diesal	-	-	5,611	-	-	-	-	21,728
Gas-Propane	-	-	-	-	-	-	-	-
Gas-Unleaded	-	33,985	4,397	5,265	-	6,221	973	16,329
Total Equipment-Gas	-	33,985	10,008	5,265	-	6,221	973	38,057
Equipment-Extinguishers								
Extinguishers-Purchase	-	-	800	-	-	-	-	-
Extinguishers-Repair	-	-	800	-	-	-	-	-
Extinguishers-Reservice	-	-	800	-	-	-	-	-
Total Equipment-Extinguishers	-	-	2,400	-	-	-	-	-
Equipment-Miscellaneous Exp	-	-	-	676	-	-	-	3,500
Total Maintenance-Equipment	-	132,785	75,308	6,749	-	13,631	973	151,725
Total Maintenance	11,185	133,285	82,777	28,564	1,200	13,631	7,131	538,529

LINE ITEMS BY SUBLEDGER - 2004 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	-	159,271	114,720	74,009	-	6,437	4,708	175,022
Gen Ins-Property	-	154,081	110,981	68,462	-	6,227	4,554	169,319
Gen Ins-Crime	-	1,786	1,286	830	-	72	53	1,963
Gen Ins-Auto/Equipment	-	27,705	19,955	12,310	-	1,120	819	30,445
Gen Ins-Other	-	4,270	3,076	1,897	-	173	126	4,692
Total General Insurance	-	347,114	250,019	157,508	-	14,028	10,260	381,441
Safety								
Safety-Training Materials	-	750	-	-	-	-	-	-
Safety-Supplies	-	1,700	825	300	-	-	-	1,100
Safety-Equipment	-	-	-	2,000	-	-	-	-
Total Safety	-	2,450	825	2,300	-	-	-	1,100
Medical Information/Supply	-	5,000	3,400	589	-	255	-	900
Rentals								
Rental-Copier	-	-	-	19,327	-	6,900	-	-
Rental-Pagers	-	3,899	3,000	10,098	-	3,030	-	1,027
Rental-Other Equipment	-	-	-	1,200	-	-	-	-
Total Rentals	-	3,899	3,000	30,625	-	9,930	-	1,027
Licenses/Permits								
Licenses-Autos/Equipment	-	-	-	2,603	-	-	-	-
Licenses-Environmental	-	-	-	-	-	-	4,000	-
Licenses-Other	-	-	-	-	775	-	-	1,030
Total Licenses/Permits	-	-	-	2,603	775	-	4,000	1,030
Miscellaneous Expenses								
Misc-Firearm/Equip/Supplies	-	34,500	35,500	-	-	10,000	-	-
Misc-Emergency Response	-	2,500	39,000	-	-	-	-	-
Misc-Other	-	46,900	18,500	9,002	-	40,000	500	-
Total Miscellaneous Expenses	-	83,900	93,000	9,002	-	50,000	500	-
Adjustments/Bad Debt	-	-	-	-	-	-	-	-
Capital Assets								
Minor Equipment/Assets								
Minor Assets-Tools	-	-	3,400	-	-	1,223	-	-
Minor Assets-Office Furn	-	5,500	-	1,000	-	2,665	-	-
Minor Assets-Computers	-	2,500	-	19,900	-	45,373	22,400	-
Minor Assets-Radios	-	10,000	3,500	-	-	3,232	-	4,600
Minor Assets-Other	-	-	18,500	-	-	-	-	-
Total Minor Equipment/Assets	-	18,000	25,400	20,900	-	52,493	22,400	4,600
Total Capital Assets	-	18,000	25,400	20,900	-	52,493	22,400	4,600
Total Other	-	460,363	375,644	223,526	775	126,706	37,160	390,098
Gross Depreciation	-	90,561	265,485	1,339,591	-	121,466	10,070,728	5,049,624
Grand Total Excluding Depreciation	11,185	10,350,138	4,599,764	13,905,719	376,514	2,664,606	1,718,557	4,221,136
Grand Total With Depreciation	11,185	10,440,699	4,865,249	15,245,310	376,514	2,786,072	11,789,285	9,270,760

EXPENSE ASSUMPTIONS – 2004 OPERATING BUDGET

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CAPITAL EQUIPMENT SUMMARY – 2004 OPERATING BUDGET

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. The same criteria were in place for the 2004 budget. The increase of \$1,120,837 is attributable in part, to equipment deferred from the prior years and has now become necessary in 2004. All technology related capital equipment was also reviewed by the Information Services (IS) department.

All equipment purchases for 2004 will be accounted for 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.

2004 CAPITAL EQUIPMENT SUMMARY

	<u>2003 Budget</u>	<u>2004 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Total Equipment	\$712,263	\$1,833,100	\$1,120,837	157%

<u>DIVISION/ SERVICE CENTER</u>	<u>EQUIPMENT</u>	<u>NEW/ REPLACE</u>	<u>QUANTITY</u>	<u>TOTAL PRICE</u>
<u>ADMINISTRATIVE DIVISION</u>				
Information Services	Server Computers These servers will be used as follows: 1. To operate the Spam detection software 2. To store the set of 'images' or exact copies of all software that is loaded on MAC work stations. This significantly improves the speed with which new or damaged work stations can have the software re-built. 3. To replace a server in the Communications Center that operates the message switching capability that enables the Public Safety department to obtain information from the State of Minnesota as well as national authorities and to relay that information to MAC police cars.	\$5,700	3	\$17,100
	Internet Firewall Hardware and Software The MAC Internet service arrangements have been consolidated to one provider who supplies two redundant connections. The firewall hardware and software replace and expand the current protection to cover both of the connections to the single provider. The hardware is 2 Nokia 530 Internet appliances; one per link. The software is the Checkpoint Firewall - NG. One year maintenance and support for both hardware and software is included.	\$50,000		\$50,000

CAPITAL EQUIPMENT SUMMARY – 2004 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>
	<p>Network Management software</p> <p>The MAC network has grown both increasingly complex and increasingly mission critical. This software enables staff to manage that network centrally. Specific areas include: managing network performance (altering priorities, re-configuring to avoid bottlenecks), managing the configuration (this means establishing the settings for the various pieces of equipment and software that determine how they will function), monitoring the network (this means looking for potential problems indicated by the software to be able to correct them before the problems become critical), managing faults (this means detecting and locating network failures and problems so they can be corrected) and managing network security.</p>	\$50,000		\$50,000
	<p>Convert to 800 MHz radio for entire MAC</p> <p>The MAC presently operates four radio systems, which do not communicate with each other. These are Police (UHF), Fire (VHF), Field Maintenance (VHF), and Administrative (UHF). The FAA Air Traffic system uses a different radio system (AM) as well.</p> <p>The 7 county, Metropolitan area as well as the State of Minnesota has been converting to a single digital trunked radio system using the 800 MHz band. This type of system allows the creation of multiple, custom groups of radio users based on some criteria that make them a group. This type of system would be able to replace the existing multiple systems (except the FAA) and still maintain the different groupings used operationally at the MAC.</p> <p>Aside from the obvious benefits of inter-communication both within the MAC as well as with Metro and State emergency personnel, the proposed system will standardize equipment, which lowers ongoing costs. The total number of radios in use will also be reduced because it will no longer be necessary to have a separate radio for each group with whom one needs to communicate.</p> <p>The overall cost of the conversion is estimated at \$2.0 million. Grant money may be available covering from 75% to as much as 100% of the initial costs. This request assumes 75% of the funding will be grant dollars.</p>	\$375,000		\$375,000
Service Center Total				\$492,100
ADMINISTRATIVE DIVISION TOTAL				<u>\$492,100</u>

CAPITAL EQUIPMENT SUMMARY – 2004 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>
<u>OPERATIONS</u>				
<u>DIVISION</u>				
Facilities	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. In 2002 we implemented the system's initiation into all hub/communication rooms and started on all electrical vaults. The priority for 2004 will be to finalize all electrical vaults and any new hub rooms resulting from added facilities, and then to start on mechanical vaults/rooms.	\$70,000		\$70,000
	Cardboard Bailer Replacement - Main Loading Dock The current cardboard bailer at the Lindbergh Terminal - main loading dock is well beyond its life expectancy and is experiencing frequent breakdowns. A replacement cardboard bailer was originally requested in 2001 for calendar 2002, and subsequently re-requested in 2002 for calendar 2003. The current cardboard bailer is now 3 years past its already overstretched-out lifespan, and tenants are having great difficulty in attempting to use it. Safety hazards are becoming evident, as the parts and outer casing to the current bailer are wearing down and becoming dangerous.	\$12,000		\$12,000
Service Center Total				\$82,000
Fire	3000 gallon ARFF Vehicle This vehicle will replace a 1986, 3000 gallon Oshkosh ARFF Vehicle. This vehicle was originally approved for replacement in the departments 2001 budget. The new vehicle will enhance crew safety and provide for an overall improvement in operational reliability. The current vehicle has required a number of repairs over the past few years including major work to the engine, water pump and 13 repairs made to the stainless steel water tank. In addition parts are very difficult to obtain as this type of vehicle is no longer sold in the United States and the manufacturers are no longer stocking spare parts. When this vehicle was purchased in 1986 it was determined that it had a service life of fifteen years by the time we will be able to get a new vehicle in-service it will be 19 years old.	\$725,000		\$725,000
Service Center Total				\$725,000
Landside – Administration	Replace aged file servers Landside revenue streams and operational controls continue to function 24x7. Servers are currently out of warranty and do not meet the minimum specifications of software requirements for software that is coming on line in 2004. This protects MAC revenue streams and maintains continuous control of commercial vehicles and employee parking customers.	\$8,000	5	\$40,000

CAPITAL EQUIPMENT SUMMARY – 2004 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>
	<p>Add redundancy to the CVM and PACs systems Landside Employee Parking and Commercial Vehicle servers operate 24 hours per day, 365 days per year. This project will provide automatic fail over servers that will take over to provide continuous service in the event the original server fails. The costs to purchase and setup the fail over servers is only a fraction of the cost to recover from a server that fails without redundancy.</p>	\$52,000		\$52,000
	<p>Provide proper environment for Landside servers Landside File Servers support \$50 million in annual sales and control commercial vehicle, employee parking and frequent parker systems. If these computers fail there will be lost revenue due to open gates and areas under their control will have to be controlled manually. These computers need to be housed in a proper environment to operate reliably and to protect them from environmental damage. The computers in this area control \$5 million of commercial vehicle revenue, control commercial vehicle traffic, employee parking and ZipPass (public frequent parkers).</p>	\$73,000		\$73,000
	<p>Maintain viability of Great Plains accounting Maintain essential technical support of the accounting side of Landside Employee Parking (PACS) and Commercial Vehicle (CVM) systems. Upgrade Great Plains accounting software from Pervasive to Microsoft SQL. Microsoft offers steep discounts to upgrade during their upgrade period. Microsoft will not provide technical support for Great Plains accounting (Pervasive) after 12-31-04.</p>	\$15,000		\$15,000
Service Center Total				\$180,000
Maintenance – Field	<p>Utility truck A utility truck with greater gross vehicle weight capacity is needed for liquid application operations; winter liquid deicer application in the A-B concourse gates and summer parking ramp cleaning. The winter use improves regional airline operations. The summer use reduces parking ramp level closures to four days from seven days, increasing available parking spaces, customer convenience and parking revenue. A high mileage, high maintenance cost truck will be used as trade-in on purchase of the vehicle.</p>	\$30,000		\$30,000
	<p>Small sweeper Replacement equipment for maintenance up against terminal building, valet garage and other confined spaces. It has been determined that replacement of an existing unit with a 45% higher than average hourly operating cost is more cost effective than further repairs. A \$1,400 per month lease option available.</p>	\$30,000		\$30,000
	<p>Directional arrow Solar-powered traffic control / warning device to be used in conjunction with the crash attenuator system to protect work crews while conducting emergency or routine maintenance on 24/7 public roadways.</p>	\$7,000		\$7,000
	<p>Crash attenuator system Safety system for protection of work crews while operating on public roadways. Due to 24/7 operations, some airport roadways can not be closed for emergency or routine maintenance. Used extensively by MnDOT, the system is attached to the back of a vehicle and is intended to absorb and/or deflect rear-end collisions.</p>	\$16,000		\$16,000

CAPITAL EQUIPMENT SUMMARY – 2004 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>
	Rotary broom attachment for JD tractor For use in place of pusher plow in the confined A-B concourse gates. Pavement markings are extremely critical in this area. Brooms are more efficient for the task, but the large runway brooms are not usable in this area.	\$13,000		\$13,000
	Slide in sand/salt box Replacement equipment for road sander/salt spreader; current equipment is unusable due to corrosion and wear.	\$30,000		\$30,000
	Surface scrubber/cleaner New equipment required to accomplish new duties - cleaning of Humphrey parking ramp. Operating budget funds (\$6,500) requested for equipment lease if capital purchase denied.	\$27,000		\$27,000
	Front deck landscape mower New equipment required to accomplish new duties – acquisition of all landscape duties previously conducted under third party contracts. Operating budget funds (\$4,800) requested for equipment lease if capital purchase denied.	\$6,500	3	\$19,500
	Rim/Tire machine Replacement equipment to accommodate larger tires that are more common in fleet.	\$8,000		\$8,000
Service Center Total				\$180,500
Trades – Electricians	3/4 Ton 4x4 pick up truck with power tailgate A new pick-up truck to replace truck number 503 which is a 1991 with approx 80,000 miles on it. It is rusted very badly and the paint is peeling off. In the past two years, it has had 18 scheduled preventative maintenance trips to the shop and 20 unscheduled trips to the shop.	\$29,000		\$29,000
Service Center Total				\$29,000
Trades – Painters	Model Prostriper 8000 (small) Paint Striping truck Paint striping truck needed to assist severely outdated current trucks (request was deferred to 2004) to reduce labor time and accomplish required increase in painting within the AOA at MSP & Reliever Airports. Both of the current striping trucks are slow with frequent breakdowns. This equipment has outlived its useful life.	\$70,000		\$70,000
	Line drivers Two (2) line drivers are needed to replace two lazy liners which are non-functional (parts that are outdated) and do not allow proper line-striping necessary on the new Humphrey ramp & roadways. Current equipment cannot stripe at a rate necessary to complete all required work within an allotted time period. (Thousands of additional painting items need to be completed due to the new Humphrey) Replacement equipment was requested previously but deferred to 2004.	\$5,000	2	\$10,000
	3/4 ton pick up truck Additional truck needed to provide motorized access to new roadways & ramps in addition to forthcoming runway, along with existing associated taxiways and tenant roadways, etc. (Fed-Ex & UPS ramps). This requested equipment was deferred to 2004.	\$29,500		\$29,500
Service Center Total				\$109,500

CAPITAL EQUIPMENT SUMMARY – 2004 OPERATING BUDGET
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Trades – Plumbers	4x4 crew cab pick up truck	\$35,000	\$35,000
	To provide transportation of personnel and equipment. There is currently inadequate transportation to provide the plumbers with access to simultaneous, multiple plumbing sites.		
Service Center Total			<u>\$35,000</u>
OPERATIONAL DIVISION TOTAL			<u>\$1,341,000</u>
TOTAL 2004 CAPITAL ASSETS			<u>\$1,833,100</u>

PERSONNEL SUMMARY – 2004 OPERATING BUDGET

ORGANIZATIONAL PERSONNEL

The information in this section is divided into two parts: Full Time Equivalent (FTE) by Service Center within each division, and Full Time Equivalent by Classification.

MAC initiated a hiring freeze for year-end 2001. This freeze remains in effect except for 1 new position in 2004. An attorney position was added with the cost benefit of a reduction in legal consulting fees. 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 2004. These positions were not included in the 2004 budget. In addition, 23.5 positions that were open in 2003, with one exception, will not be filled to comprise a total of 49 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:

	Authorized 2002 Budget	2002 Administrative Hold	2002 Budget	2003 Administrative Hold-Open Positions	2004 New Positions Approved	2004 Budget Approved
Positions	593.5	(26.5)	567	(23.5)	1	544.5

MAC will manage the total FTE's to be at 544.5 for 2004. The detailed explanation of FTE's is included in the Expense Assumption section of the budget book

PERSONNEL SUMMARY BY DIVISION – 2004 OPERATING BUDGET

Full Time Equivalent By Service Center within Division

Service Center	2000 Actual	2001 Actual	2002 Actual	2003 Budget*	as of 12/10/03 2003 Actual	as of 12/03 2004 Budget
Executive						
Executive	2	2	2	2	2	2
Commissioner	1	1	1	1	1	1
Public Affairs	3	3	3	3	2	3
Air Service-Business Development	2.5	2.5	2.5	2.5	1.5 (1)	1.5
Commercial Mgmt & Airline Affairs	8	9	9	9	10	10
Total Executive	<u>16.5</u>	<u>17.5</u>	<u>17.5</u>	<u>17.5</u>	<u>16.5</u>	<u>17.5</u>
Human Resources						
Human Resources	3	3	1	1	1	1.5
Human Resource Development/Services	3	3.5	3.5	3.5	3	3.5
Employee Relations	5.5	6	6	6	5	6.5
Office Of Diversity	3	3	3	3 **	4 (2)	3
Total Human Resources	<u>14.5</u>	<u>15.5</u>	<u>13.5</u>	<u>13.5</u>	<u>13</u>	<u>14.5</u>
Legislative and Labor						
Legislative and Labor Relations	3	4.5	3.5	3.5	3	3.5
Total Legislative and Labor Relations	<u>3</u>	<u>4.5</u>	<u>3.5</u>	<u>3.5</u>	<u>3</u>	<u>3.5</u>
Administrative Services						
Administrative Services	4	4	4	4	4	4
Airport Insurance	2	1	1	1	1	1
Safety	2	2	2	2	2	2
IS	10	16	16	16	15	16
Finance	15	15	15	15	14	15
Purchasing	4	6	6	6	6	6.5
Internal Audit	2	2	2	2	2	2
Total Administrative Services	<u>39</u>	<u>46</u>	<u>46</u>	<u>46</u>	<u>44</u>	<u>46.5</u>
General Counsel						
General Counsel	6	7	7	7	7	8
Total General Counsel	<u>6</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>8</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	6	7	7	6	6	6
Airport Development	18	18	17	18	16	18
Building Official	2	2	2	2	2	2
Total Environment/Development	<u>33</u>	<u>34</u>	<u>33</u>	<u>33</u>	<u>31</u>	<u>33</u>

PERSONNEL SUMMARY BY DIVISION – 2004 OPERATING BUDGET

Full Time Equivalent By Service Center within Division

Service Center	2000	2001	2002	2003	as of 12/10/03	as of 12/03
	Actual	Actual	Actual	Budget*	2003 Actual	2004 Budget
Operations						
Operations	2	2	2	2	2	2
Airport Directors Office	5	5	4	5 ***	3 (3)	3
Conference Center	5	5.5	4.5	2.5 ****	2 (4)	2
Call Center	0	0	0	2	1.5	1.5
Airside Operations	10	12	12	12	12	12
Communications	13.5	14	14	14	11	14
Landside Operations	20.5	26.5	22.5	22.5	23	22.5
Fire	41	45	46	46	46	46
Police	79.5	94	110	110 **	106	108.5
Airline Operations/Facilities	2	2	2	2	2	2
Facilities - Lindbergh Terminal	14	14	14	13	13	14
Energy Management Center	15	17	17	17	17	17
Electricians	12	15	17	17	16 (5)	17
Painter	7	7	7	7	7	7
Carpenter	7	8	7	7	8	7
Plumber	6	5	5	5	6	5
Maintenance	110	113	111	111	111	112
Reliever Admin	7	8	8	8	8	8
Reliever - St. Paul	6	6	6	6	7	7
Reliever - Lake Elmo	2	2	2	2	1	2
Reliever - Air Lake	2	2	2	2	1 (6)	2
Reliever - Flying Cloud	3	3	3	3	3	3
Reliever - Crystal	4	4	4	4	3	4
Reliever - Anoka	3	3	3	3	3	3
Total Operations	376.5	413	423	423	412.5	421.5
Total Personnel	488.5	537.5	543.5	543.5	527	544.5

2003 Budget

*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

2004 Budget

(1) 1 FTE to CMAA

(2) 1 FTE to .5 to Human Resources and .5 Employee Relations

(3) 1FTE to Maintenance, 1 FTE to St. Paul Relievers

(4) 1 FTE to Facilities

(5) 1 FTE to Plumbers

(6)1 FTE to St. Paul Relievers

PERSONNEL SUMMARY BY CLASSIFICATION – 2004 OPERATING BUDGET

Full Time Equivalent By Classification

	2001 (a) Actual	2002 (c) Actual	2003 (e) Actual	2003 Budget	2004 Budget
Organized					
Local 70 Operating Engineers	15	15	15	15	15
49er's Equipment Maintenance	20	18	19	18	20
320's - MSP Int'l - Field	81	80	79	80	79
320's - MSP Int'l - Lindbergh Terminal	6	5	4	5	5
320's - Reliever Airports	19	20	18	20	21
Painters	7	7	7	7	7
Carpenters	8	7	8	7	7
Plumbers	5	5	6	5	5
Electricians	13	15	14	15	15
Police Sergeants			10 ***		10
Police Officers	47	53	55	53	55
Firefighters	35	36	35	36	35
Total Organized	256	261	270	261	274
Non-Organized					
Chairperson/Executive Director	2	2	2	2	2
Deputy Directors/Directors/Assistant Director	15	14	18 **	14	18
Managers/Supervisors (d)	85.5	90.5	76.5	90.5	76.5
Police Chief/Fire Chief (b)	1	2	2	2	2
Community Service Officers	21.5	28.5	23.5	28.5	25
Passenger Assistants	14.5	12.5	12	12.5	12
Fire Captains/Fire Training/Marshall	8	8	9	8	9
Commanders/Lieutenants/Other	17	17	7	17	7
Administrative/Professional/Technical Support (d)	117	108	107	108	119
Total Non-Organized	281.5	282.5	257	282.5	270.5
Total MAC	537.5	543.5	527.0	543.5	544.5

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

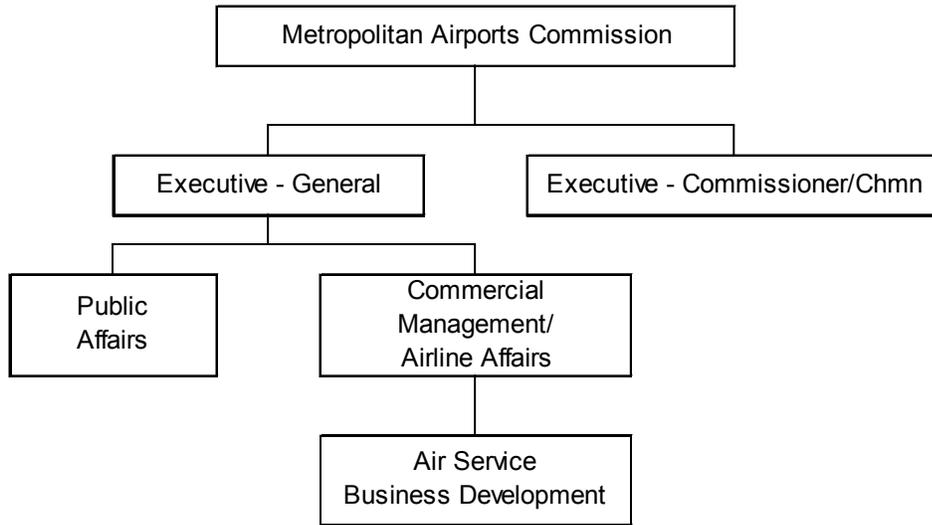
e. As of 12/10/03

*** new in 2003

** Assistant Director -new classification in 2003

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

Executive Division



SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

Notations to Service Center Summaries:

- * Variance (dollars and %) is computed between 2003 Budget and 2004 Budget
- * The explanation for the variances is based upon the 2003 Budget and 2004 Budget
- * FTE's as stated in each service center are as budgeted in December 2003. Salary dollars in each service center may not reflect the budgeted FTE count for that service center.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

EXECUTIVE - GENERAL

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	224,155	215,550	217,352	1,801	0.84%
Administrative Expenses	127,769	123,000	122,800	-200	-0.16%
Professional Services	10,000	0	0	0	0.00%
Utilities	3,188	1,405	805	-600	-42.70%
Operating Services/Expenses	1,325	315	315	0	0.00%
Other	2,997	7,500	0	-7,500	-100.00%
Total Budget	369,434	347,770	341,272	-6,499	-1.87%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE 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.

2003 PROGRESS REPORT

Objective	Measurement	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.	See 2003 Organizational Goals and Objectives Progress Report
Provide a Safe and Secure Airport System	Meet security mandates. Develop coordinated response plan to security events.	See 2003 Organizational Goals and Objectives Progress Report

2004 OBJECTIVES

Objective	Expected Results
Provide a Safe and Secure Airport System	See 2004 Organizational Goals and Objectives
Maintain the Economic Viability of the Airport System.	See 2004 Organizational Goals and Objectives

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

EXECUTIVE - COMMISSIONERS/CHMN

BUDGET SUMMARY

	<u>2002 Actual</u>	<u>2003 Budget</u>	<u>2004 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Personnel	45,413	48,183	48,808	625	1.30%
Administrative Expenses	28,908	23,900	23,650	-250	-1.05%
Professional Services		0	0		
Utilities	333	0	0	0	0.00%
Other		0	0		
Total Budget	74,654	72,083	72,458	375	0.52%

FULL TIME EQUIVALENT SUMMARY

	<u>2003 Actual</u>	<u>2003 Budget</u>	<u>2004 Budget</u>
FTE 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.

2004 OBJECTIVES

Objective	Expected Results
Maintain the Economic Viability of the Airport System.	See 2004 Organizational Goals and Objectives
Provide a Safe and Secure Airport.	See 2004 Organizational Goals and Objectives

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

PUBLIC AFFAIRS

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	170,511	185,331	187,920	2,589	1.40%
Administrative Expenses	75,155	106,200	72,064	-34,136	-32.14%
Professional Services	103,403	86,500	85,156	-1,344	-1.55%
Utilities	2,065	1,950	977	-973	-49.90%
Operating Services/Expenses	21,683	13,503	12,613	-890	-6.59%
Maintenance	1,242	0	0	0	0.00%
Other	1,784	8,000	0	-8,000	-100.00%
Total Budget	375,843	401,484	358,730	-42,754	-10.65%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE Total:	2	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 PROGRESS REPORT

Objective	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, travelers 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.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

PUBLIC AFFAIRS

2002 PROGRESS REPORT

Objective	Measurement	Results
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.
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 PROGRESS REPORT

Objective	Measurement	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	Decided to temporarily suspend publication of an annual Report to the Community as a cost-saving measure. We are relying heavily on our Web site and on relationships with the news media to publicize key information. Continue to work with Legislative Affairs staff to provide information to lawmakers 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	Included economic information in talking points. Efforts to conduct a more extensive informational campaign were hampered by lack of objective, up-to-date economic studies specific to MSP and the MAC system of airports.
Encourage the public to fly	Reassure the public that flying is a safe, simple, smart way to travel	Emphasized security measures in messages to the news media. Developed expanded in-house photo files and provided promotional photos to various media and organizations upon request.
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	Worked with Airport Development to create a detailed account of the MAC's MSP 2010: Building a Better Airport accomplishments on our Web site. Developed, revised and printed terminal brochures. Worked with the news media to promote airport development projects. Included information for staff and commissioners in the weekly electronic MAC Update. Drafted fact sheets on key MSP/MAC topics

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

PUBLIC AFFAIRS

2003 PROGRESS REPORT

Objective	Measurement	Results
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	The Public Affairs Department, together with Landside Operations, conducted a major promotion of MSP's new e-Park program, working with news media for "free" promotion and using radio, print, billboard and person-to-person advertising to promote on-airport parking. Worked with CMAA to promote concessions through our Web site, the Twin Cities Traveler publication, and MSP Update.
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.	The department's emergency plan has been revised and will be submitted to the MAC's emergency coordinator for review and comment in November 2003.
Proactively manage and respond to expense variances.	Achieve departmental goals within budget.	We have continued to look for the most cost-effective ways of communicating noteworthy information. The department continues to operate with a fraction of its pre-9/11/01 resources.
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.	Reported key changes on our Web site and in our weekly electronic employee newsletter, MAC Update. When major changes occurred, such as those requiring random vehicle searches, we also worked with the news media to publicize the change.

2004 OBJECTIVES

Objective	Expected Results
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 Web site, in employee communications and in the news media
Proactively manage budget and respond to expense variances	Achieve departmental goals within budget
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
Provide customer service information aimed at making the airport experience easier, more efficient and satisfying for travelers	Accurate information about airport facilities and services is available on the Web and in news releases and publications

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

AIR SERVICE BUSINESS DEVELOPMENT

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	192,495	167,032	172,043	5,011	3.00%
Administrative Expenses	30,095	33,495	32,345	-1,150	-3.43%
Professional Services	10,237	10,000	30,000	20,000	200.00%
Utilities	246	0	24	24	100.00%
Operating Services/Expenses	10,524	4,244	4,500	256	6.03%
Other	219	0	0	0	0.00%
Total Budget	243,817	214,771	238,912	24,141	11.24%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE Total:	1.5	2.5	1.5

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 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
Professional Services	\$20,000 - Global Aviation Associates Market Research Presentations to international air carriers.

2002 PROGRESS REPORT

Objective	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.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

AIR SERVICE BUSINESS DEVELOPMENT

2002 PROGRESS REPORT

Objective	Measurement	Results
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.
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 PROGRESS REPORT

Objective	Measurement	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.	Significant progress made on this long term project. Attracted advocates for project from business and government that include a number of state, county and city officials. State incentives for project almost passed last session and have good chance of being passed this session. Have interest of private developers in constructing facility. Project is a marathon.
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.	

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

AIR SERVICE BUSINESS DEVELOPMENT

2003 PROGRESS REPORT

Objective	Measurement	Results
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.	While lack of resources prevented marketing MSP to new airlines, we maintained communications with low-fare domestic airlines and succeeded in increasing their flight activity and number of cities served from MSP. We had no activity in the international arena due to lack of resources.
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.	Held numerous meetings with both incumbent MSP airlines and with potential new entrant low-fare airlines to introduce them to the benefits of operating from the new terminal
Proactively manage and respond to expense variances.	Operate within approved budgetary parameters.	Completed the year below approved budget level
Identify and implement short and long term cost saving measures.	Contribute to economic recovery and vitality by MAC.	Suspended travel and competition generating activities

2004 OBJECTIVES

Objective	Expected Results
Continue progress on the development of a Regional Distribution Center for air cargo. Maintain leadership position in that process.	Create the prototype for new, fully secure air cargo center that will make MSP a magnet for air cargo and stop the significant erosion of this vital airport service to Chicago. New revenue will result.
Increase the presence of low-cost carriers at MSP, either via additional flights or via the addition of new low-cost airlines at MSP. Pursue new international air service to strategic European cities in response to public demand.	Response to chronic community complaints that MAC does not work hard enough to get low-fare service at MSP. If successful, the traveling public will save multiple millions of dollars and the result will be a dramatic increase of passengers at MSP.

2004 LONG TERM OBJECTIVES

Objective	Expected Results
Introduce at least two new, non-incumbent low-fare airlines to MSP. Introduce at least one, and preferably two new, non-incumbent foreign flag airlines to MSP.	Create air service competition at MSP; positive response to community demands for low-fare alternative air service; eliminate MSP as a Fortress Hub; generate new air travel and new generation of air travelers; create options for business travel abroad for Minnesota businesses now forced to travel over Detroit, Chicago and other cities; generate new business opportunities for Minnesota corporations; stop the erosion of MN manufacturing due to lack of international transportation options.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

COMMERCIAL MGT/AIRLINE AFFAIRS

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	609,666	614,698	524,762	-89,936	-14.63%
Administrative Expenses	10,420	17,000	16,000	-1,000	-5.88%
Professional Services	28,378	20,000	230,000	210,000	1050.00%
Utilities	3,206	0	46	46	100.00%
Operating Services/Expenses	1,104	1,358	1,358	0	0.00%
Other	2,395	600	600	0	0.00%
Total Budget	655,168	653,656	772,766	119,110	18.22%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE Total:	10	9	10

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 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Professional Services	<p>\$110,000 - Ground Rent Appraisal Establish a new MSP ground rental rate by revising the existing ordinance by the 4th quarter 2004. Increase revenue opportunity due to the fact that the existing rates have been in place since 1997. The last time MAC revised the ground rent ordinance the rates increased on average by 8%. If the same gain was made today it would increase ground rent revenue by more than \$135,000 annually.</p> <p>\$100,000 - Concessions RFP Approved by the Finance Committee 12/3/03</p>
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2002 PROGRESS REPORT

Objective	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.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

COMMERCIAL MGT/AIRLINE AFFAIRS

2002 PROGRESS REPORT

Objective	Measurement	Results
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.
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.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

COMMERCIAL MGT/AIRLINE AFFAIRS

2003 PROGRESS REPORT

Objective	Measurement	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.	Construction project completed and final reconciliation of financial issues being completed.
Develop and implement a concession RFP and management transition plan.	RFP seeking retail and food & beverage concessionaires was issued on October 5, 2003.	Proposals are due to MAC on Feb. 12, 2004. Transition planning scheduled for summer 2004.

2004 OBJECTIVES

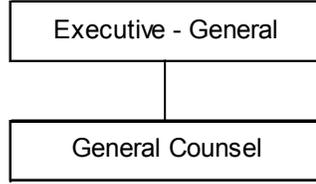
Objective	Expected Results
Establish permanent facilities for Frontier Airlines.	Frontier Airlines leasing a Lindbergh Terminal gate, most likely Gate E5. Final outcome will be delayed due to the need to utilize Gate E5 throughout the 2004 construction season.
Implement a new cargo ground handling contract for the new MAC owned common cargo facility.	Implement a cargo management program to fulfil the needs for all medium to small cargo operators at MSP.
Conduct and implement a Baggage Cart RFP.	New agreement.
Phase 2 Advertising review and implementation.	Greater revenues.
Perfect CMAA's data management system.	Graphic representation of sales data.
Implementation of new concession agreement(s)	Concession proposals evaluated from Feb. 13 through April. New agreements expected by July 2004.
Complete an amendment to the Wireless Management Concession Agreement to allow for expansion of the Wireless Internet Access System to 100% of the gates within the Lindbergh Terminal.	Wi-Fi coverage within all gates of Concourse, A, B, and C.
Establish a new MSP ground rental rate by revising the existing ordinance by the 4th quarter 2004.	Increase revenue opportunity due to the fact that the existing rates have been in place since 1997. The last time MAC revised the ground rent ordinance the rates increased on average by 8%. If the same gain was made today it would increase ground rent revenue by more than \$135,000 annually.
Determine an effective strategic plan for utilization of the Humphrey Terminal.	Accomplished through either the relocation of existing Lindbergh Terminal airlines to the Humphrey or through a decision to not relocate airlines to the Humphrey.
Complete and implement the RFP process for concessions.	Execute Commission approved contracts by fourth quarter 2004.
Establish 0% vacancy within Air Cargo Center Buildings H and I.	0% vacancy of each building.
Identify and establish adequate leased premises for TSA through either West Terminal/North Terminal expansion or lease of existing Lindbergh Terminal premises.	Completion of Amendment to TSA lease agreement leasing additional premises to TSA.
Complete implementation of a Distributed Antenna System (DAS) covering the new LRT station and Concourses A, B, C to allow for adequate cellular telephone coverage within both areas.	Operation of a functioning DAS within both areas.
Complete takeover and creation of Airline/Tenant lease exhibits from outside consultants (HGA).	Creation of airline/tenant lease exhibits by MAC employees instead of utilizing consultants.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET**COMMERCIAL MGT/AIRLINE AFFAIRS****2004 OBJECTIVES**

Objective	Expected Results
Complete an agreement with Northwest Airlines for its use of the new MAC-owned runway 17/35 de-ice operations center.	Agreement signatures.
Investigate our ability to increase outdoor advertising revenue by placing advertising on way finding airport signage.	Increased revenue from current agreement.
Assist in implementation of new concessions agreement(s).	Successful construction of new stores.
Implement cross-marketing of wireless internet access system with Northwest Airlines.	Direct NWA involvement with the marketing and promotion of wireless internet access at MSP via in-flight magazine promotions, world club promotion frequent flier promotion and through gate hold room signage/advertising.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

Legal Affairs Division



SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

Notations to Service Center Summaries:

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- * The explanation for the variances is based upon the 2003 Budget and 2004 Budget
- * FTE's as stated in each service center are as budgeted in December 2003. Salary dollars in each service center may not reflect the budgeted FTE count for that service center.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

GENERAL COUNSEL

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	518,647	527,434	597,346	69,912	13.26%
Administrative Expenses	22,073	23,780	23,780	0	0.00%
Professional Services	1,190,620	875,500	975,500	100,000	11.42%
Utilities	933	0	726	726	100.00%
Operating Services/Expenses	970	763	763	0	0.00%
Other	0	0	0	0	0.00%
Total Budget	1,733,242	1,427,477	1,598,115	170,638	11.95%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE Total:	7	7	8

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.

MAJOR 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment, step increases and the addition of an attorney.
Professional Services	Due to several unanticipated lawsuits and other unanticipated legal activity, outside counsel legal fees exceeded the budgeted amount. Most outside counsel activities are driven by events which are outside the control of the MAC or the legal department.

2002 PROGRESS REPORT

Objective	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.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET**GENERAL COUNSEL****2002 PROGRESS REPORT**

Objective	Measurement	Results
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.
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 PROGRESS REPORT

Objective	Measurement	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.	Northwest Airlines v. MAC (reliever airports litigation) - successful defense in district court and court of appeals. Laxman Sundae v. MAC, et al - dismissed in district court. Currently on appeal. ANC Corporation Bankruptcy - Continued monitoring. Northwest Airlines Revenue Diversion Complaint - (Flying Cloud Airport). MAC v. Qwest - Commenced litigation. McDuffie v. MAC - Dismissed in district court. Just v. MAC - Settled. Taxicab Hearings - Ongoing. Human Rights Complaints - Ongoing.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

GENERAL COUNSEL

2003 PROGRESS REPORT

Objective	Measurement	Results
<p>Draft, negotiate and/or review documents (e.g., leases, ordinances) for all MAC management employees; primarily CMAA, Relievers, Airport Development, Police, Fire, Purchasing, MAC Commissioners, ACI-NA.</p>	<p>Provide opportunity for meaningful input from various sources.</p>	<p>Completed property acquisition and new leases to facilitate Runway 17-35 construction (purchased Double Tree Grand Hotel, Amoco gas station and Budget Car Rental property.) Continued work on Super America gas station, Xcel substation, Thunderbird Hotel and LRT routing, addressed issue of new location for Sun Country, completed Mesaba hangar lease. Pursued planning management structure for concessions after 2003 and developed RFP and agreements with CMAA. Advised Review Team for Concessions RFP process and transition plan. RFP's were issued. Continued working with Transportation Security Administration (TSA) to implement ongoing security regulations. Continued working with Landside (Commercial Vehicles, Taxicab Permit Fee, Parking RFP.) Addressed airline issues (F Concourse expansion, recruited new airlines for Humphrey Terminal, updated competition plan). Worked with CMAA regarding fuel agreement, rental auto contract extension, and other leases. Provided assistance in drafting and adopting ordinances as requested. Amended taxicab ordinance (MAC Ordinance No. 98) and fire code ordinance (MAC Ordinance No. 99). Currently working on Reliever Rates & Charges ordinance and AOA ordinance. Assisted Joint Airport Zoning Board in preparation of Joint Airport Zoning Board ordinance submitted to MnDOT. Advised Reliever Airports regarding Reliever Rates & Charges ordinance.</p>
<p>Provide legal advice to all MAC management employees (supervisors, managers, directors, senior staff) and MAC Commissioners</p>	<p>Provide timely legal advice.</p>	<p>Researched legal issues as requested by MAC Departments and MAC Commissioners. Reviewed and analyzed property tax statements from several counties. Assisted with various audit procedures: auto rental, HMS Host. Continued to work with Reliever Airports on various issues (Commissioner Seminars, RAAC, legislative audits). Successfully completed collection and eviction legal work as requested by CMAA and Reliever Airports. Successfully completed collection and eviction legal work as requested by CMAA and Reliever Airports. Advised regarding Part 150 Update.</p>

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

GENERAL COUNSEL

2004 OBJECTIVES

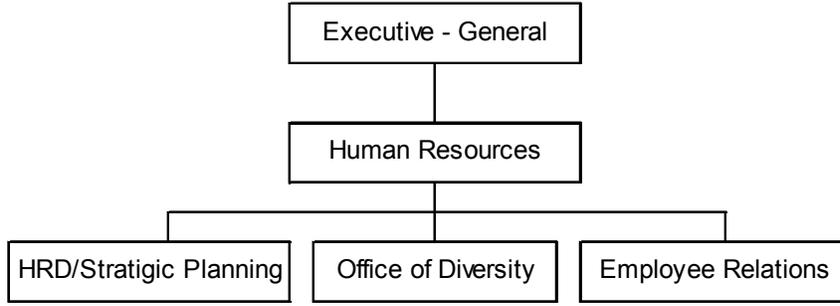
Objective	Expected Results
5. Represent MAC on outside boards, commissions and task forces, directly bringing visibility and influence to MAC's efforts.	
2. Draft, negotiate and/or review documents (e.g., leases, ordinances) for all MAC management employees, especially CMAA, Relievers, Airport Development, Police, Fire, Purchasing, Landside, MAC Commissioners, ACI.	Complete in timely manner.
1. Provide legal advice to all MAC management employees (supervisors, managers, directors, senior staff) and MAC Commissioners.	Provide research and advice when requested. Complete in timely manner.
4. Respond to Data Practices Act requests.	Respond in timely manner.
6. Maintain proficiency in all areas of airport law through attendance at seminars and participation in appropriate trade organizations.	
3. 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.	Provide representation when needed. Complete in timely manner.

2004 LONG TERM OBJECTIVES

Objective	Expected Results
Maintain proficiency in all areas of airport law through attendance at seminars and participation in appropriate trade organizations.	
Represent MAC on outside boards, commissions and task forces, directly bringing visibility and influence to MAC's efforts.	
Respond to Data Practices Act requests.	Respond in timely manner.
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.	Provide representation when needed. Complete in timely manner.
Draft, negotiate and/or review documents (e.g., leases, ordinances) for all MAC management employees, especially CMAA, Relievers, Airport Development, Police, Fire, Purchasing, Landside, MAC Commissioners, ACI.	Complete in timely manner.
Provide legal advice to all MAC management employees (supervisors, managers, directors, senior staff) and MAC Commissioners.	Provide research and advice when requested. Complete in timely manner.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

Human Resources Division



SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

Notations to Service Center Summaries:

- * Variance (dollars and %) is computed between 2003 Budget and 2004 Budget
- * The explanation for the variances is based upon the 2003 Budget and 2004 Budget
- * FTE's as stated in each service center are as budgeted in December 2003. Salary dollars in each service center may not reflect the budgeted FTE count for that service center.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

HUMAN RESOURCES

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	153,141	97,727	100,658	2,932	3.00%
Administrative Expenses	12,134	9,800	8,188	-1,612	-16.45%
Professional Services	235	10,158	10,000	-158	-1.56%
Utilities	493	0	0	0	0.00%
Operating Services/Expenses	292	0	0	0	0.00%
Maintenance		0	0	0	0.00%
Other	59	0	0	0	0.00%
Total Budget	166,354	117,685	118,846	1,161	0.99%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE Total:	1	1	1.5

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 PROGRESS REPORT

Objective	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.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

HUMAN RESOURCES

2002 PROGRESS REPORT

Objective	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..

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

HUMAN RESOURCES

2003 PROGRESS REPORT

Objective	Measurement	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.	Expanded HR knowledge, increased utilization of JDE, process documentation and cross training were completed. MAC's overall business continuation plan will include key recovery information for HR; plan to be completed early 2004.
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.	Improved tracking and reporting capabilities are in place. JDE benefits module proved not effective; additional research on options for benefit modules will take place in 2004. Improved information available to employees via HR intranet page. Management reports continue to be developed and rolled out.
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.	Outreach offices, the HR Roadshow of educational information for departments and increased contact with customers throughout the organization continue to be implemented.
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.	HR professional development plan completed. Cross training continues.
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.	Two part-time HR Outreach offices established; the ADO office will increase to full time hours in 2004. HR Division restructured to enhance customer service.
Improve alignment of benefits and compensation policies and practices to meet organizational goals.	Redesigned benefits and compensation strategies in place that reinforce organizational goals.	All benefit and compensation practices continue to be implemented to align with direction of the business. Policies have been reviewed and proposed changes will be presented to the Commission in 2004.
Partner with MAC leaders to strengthen people management knowledge and skills.	MAC leaders have the knowledge, skill and confidence to manage people resources effectively.	Performance leadership continues to be implemented with improved tracking and reporting capabilities to identify organizational and departmental trends. Leadership competencies are being integrated into the system. Coached department managers to enhance their employee relations skills, as needed.
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.	Base-line information has been researched and collected. Routine reporting capabilities have been improved using JDE software for tracking and reporting of data. Processes for future hiring, allocation of people and succession planning have been designed and will be further implemented in 2004. Work with departments throughout MAC continues to identify projected workforce needs.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

HUMAN RESOURCES

2003 PROGRESS REPORT

Objective	Measurement	Results
Improve alignment of hiring policies and practices to meet organizational goals.	Redesigned hiring strategies in place that reinforce organizational goals.	Hiring policies and practices have been reviewed, with proposed changes going to the Commission in 2004. Hiring processes have been enhanced with pre-hiring conferences and behavioral interviews to deliver quality candidates to hiring managers. Staffing level at year end of 2003 is 11.4% below authorized level. Staffing level for 2004 is projected to be 8% below authorized level.
In coordination with the Executive Director, ensure that MAC's diversity programs and initiatives adhere to applicable laws.	MAC diversity programs and initiatives are in full compliance with all applicable laws and regulations.	Affirmative Action Plan updated for 2004-2006. Civil Rights Audit completed. DBE & TGB goals tracked and reported as required. Resolved seven internal complaints. Represented MAC's Office of Diversity at community events and professional organizations.

2004 OBJECTIVES

Objective	Expected Results
Facilitate MAC's strategic planning process as directed by the Commission.	Strategic Plan for 2005 and beyond in place.
Facilitate the delivery of in-house training for employees.	Re-initiate courses that address organizational needs for employee training.
Align MAC's people strategies to better meet the current and future needs of the organization.	MAC's benefits, compensation and hiring policies and practices reinforce organizational goals.
Complete the documentation of 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 and planning through 2006.
Partner with MAC leaders to strengthen people management knowledge and skills.	MAC leaders have the knowledge, skill and confidence to manage people resources effectively.
Strengthen the delivery of HR services to improve customer service and meet the needs of the organization.	Complete the transition restructuring of HR Division in anticipation of upcoming retirement. Continue with development of broad skill base and streamlined services for the organization that enhance customer service. Fully implement HR's outreach offices.
Increase utilization of MAC's Performance Leadership system throughout the organization, i.e. planning, feedback and review practices.	On the job application of Performance Leadership practices increase significantly over 2002 & 2003 levels based on plans completed and performance review discussions with employees.
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 for on-going delivery of services. In addition, capability established to deliver critical services needed within 72 hour window for MAC's overall business continuation plan.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

HUMAN RESOURCES

2004 LONG TERM OBJECTIVES

Objective	Expected Results
Right Size the Organization	MAC has the ability to complete the right work with the right amount of people on staff.
Expand HR's capability to deliver e-services.	Increased utilization of e-services by employees for e-learning, performance leadership and management reports.
Implement a cost effective HRIS by year end 2006.	HRIS system migration completed.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

HRD/STRATEGIC PLANNING

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	201,704	218,030	212,288	-5,742	-2.63%
Administrative Expenses	7,284	10,650	7,406	-3,244	-30.46%
Professional Services	0	0	0	0	0.00%
Utilities	0	0	0	0	0.00%
Operating Services/Expenses	3,224	950	3,521	2,571	270.61%
Maintenance	0	0	0	0	0.00%
Other	-813	3,350	3,200	-150	-4.48%
Total Budget	211,399	232,980	226,414	-6,566	-2.82%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE Total:	3	3.5	3.5

RESPONSIBILITY/FUNCTION

People in this department facilitate high performance in the organization by:

- Assessing learning and development needs
- Identifying resources that positively impact performance
- Influencing the development of policies and systems
- Facilitating process improvement initiatives
- Providing training that addresses organization-wide needs.

Additional services include:

- Workforce Planning
- Succession Planning
- Career Development
- Performance Leadership process administration
- Facilitation of the organizational strategic planning process

2002 PROGRESS REPORT

Objective	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.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

HRD/STRATEGIC PLANNING

2002 PROGRESS REPORT

Objective	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 with 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 PROGRESS REPORT

Objective	Measurement	Results
Develop and implement staffing strategies that assist managers and supervisors in meeting their structural and performance goals.	Staffing strategies that result in efficient use of personnel and cost savings for the organization.	Consulted with service center managers in several key business units to plan and implement staffing solutions; utilized contingent staffing in several areas to minimize personnel expenses; facilitated reallocation of at least 3 positions; designed a reallocation model for organization-wide application; work in these areas continues on an ongoing basis

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

HRD/STRATEGIC PLANNING

2003 PROGRESS REPORT

Objective	Measurement	Results
Facilitate workforce planning throughout the organization.	3-year workforce strategy summary.	Base-line workforce demographics collected by division; requisition activity monitored to keep staffing levels below 543.5 for the entire year, routine reports for separations, requisitions and hiring have been put in place; succession planning model has been defined and will be validated with senior staff; improved process for vacancy factor calculations; assessment, projecting and reporting continues on an ongoing basis. Work with flexible workforce strategies has moved to 2004.
Integrate manager & supervisory development tools with staffing system.	The organization will hire, train and develop managers based on a defined set of competencies.	Leadership competencies were developed and integrated with MAC's performance leadership system. Leadership competencies also incrementally implemented in vacated leadership positions and integrated with staffing and recruiting processes. Minnesota Data Privacy Act job aid, separations checklist, and transfer checklist reprioritized to 2004. Behavioral-based interview questions based on job competencies were integrated into the recruiting and hiring process as of third quarter and continue to be incrementally implemented.
Increase utilization of Performance Leadership practices (Planning, Feedback, & Review) systems.	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.	Performance review form customized for the Police Department. Field Maintenance will conduct performance reviews for all employees this year. Performance Leadership training incorporated into new employee orientation. 2002 Performance Review results were reviewed with division managers.
Redesign the new employee orientation program.	New employees will have a better understanding of MAC's Performance Leadership practices and customer service expectations.	Orientation materials have been updated. Working with CSAC to incorporate customer service training into our orientation process. Will pilot the redesign in February, 2004.
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.	Process defined in 2003, with validation by senior staff in 2004. Leadership competencies developed in 2003. Job descriptions continue to be updated or defined on an incremental basis.
Migrate performance review tracking to JDE; improve notification process.	Expanded reporting capabilities, improved notification process, integrated (one) system versus two separate systems.	Cost-justification and proposal submitted to IS for assistance with JDE database development. Additional resources required from IS. Performance review quality audited regularly. Summary and anonymous data used for organizational development. Process flow updated and documented. Annual reports generated.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

HRD/STRATEGIC PLANNING

2003 PROGRESS REPORT

Objective	Measurement	Results
Facilitate the development and implementation of a business continuation plan for the division.	Business continuation plan in place.	Worked with IS to define 72-hour business continuation needs; clarified HR roles and planned roles for 1-3 years; changes to staffing process, orientation and review processes have been documented; other documentation is ongoing; skills training provided by internal SME's; HR audit postponed for further project definition.
Begin integration of staffing function into generalist roles.	Hiring and recruiting is done by the generalists; staffing function is uninterrupted from a pending retirement.	Staffing function redesigned and duties transitioned to HR Generalists and HR Coordinators during 3rd and 4th quarters; conducted regular Recruiting & Hiring operations meetings to facilitate communication and transition of staffing function; process training, JDE training, client feedback sessions and topic training implemented in 2003 and will continue into 2004.
Expand basic HR knowledge within the leadership and management levels by facilitating HR "road shows" 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.	The "Road show" concept was implemented on a limited basis in 2003 and will expand in 2004.
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.	Applicant tracking feature of JDE has been implemented. Reports have been produced on time usage, temporary utilization, leaves of absence, requisition activity, hiring activity, separation activity and FTE and actual headcount; JDE position control feature activated - next step is to enter position control information for all MAC positions. Progress has been made but much work remains as we all learn how to better use JDE. Reports have improved in content and accuracy.
Partner with the Finance Department to develop a "MAC Finance for non-financial managers" training program.	Managers will have a greater understanding of how MAC finances work.	Planning and design work have begun.
Improve HR process documentation to ensure transfer of knowledge.	Key HR processes are identified and documented.	Processes documented for I-9s, probationary reviews, and hiring sub-processes; (e.g., physicals, strategy sessions, interview preparation. Documenting key processes will continue in 2004. Exit interview content and process deferred to 2004.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

HRD/STRATEGIC PLANNING

2003 PROGRESS REPORT

Objective	Measurement	Results
Monitor hiring policies and practices to ensure equitable and consistent application.	Practices meet policy guidelines, new policies created, or current policies modified.	Hiring policies examined and trial policies piloted in 2003 for adoption and implementation in 2004; hiring process strategy meetings initiated to facilitate alignment of policy and practice with managers; hiring operations team met weekly; customer satisfaction survey deferred to 2004; new application form adopted; quality audits have begun on an incremental basis; EEO tracking process clarified; I-9 audit complete; benefits brochure designed and implemented; employee referral award program discontinued.
Ensure that all G.O meeting room and break stations are stocked with supplies and prepared for meeting participants.	Meeting rooms and break rooms are consistently clean and stocked with supplies. Meeting rooms are set up as requested for our customers.	Noticeable improvements in meeting room preparedness has been noted by customers. All rooms are now supplied with necessary meeting materials.
Expand the HR knowledge base within the HR Division.	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.	HR Professional Development programs delivered by in-house subject matter experts have had a positive impact on general HR knowledge within the division. Individual development plans have been implemented in areas where knowledge gaps were identified. Cross training within the division has improved.
Manage division communication tools.	HR brochure is current and accessible; HR Link is published regularly and on-time.	HR Link published within first week of month on a regular basis; HR brochure deferred during staffing transitions.

2004 OBJECTIVES

Objective	Expected Results
Improve HR process documentation to ensure transfer of knowledge.	Staffing and Employee Separation processes fully documented. Insure workers comp. leaves and diversity initiatives completed by HR Administrator are documented and transferred prior to retirement of incumbent. Key JDE data fields defined and documented.
Fully integrate of staffing function into HR Generalist roles; improve staffing process.	HR Generalist are implementing staffing processes based on workforce plans. HR provided high quality candidates in a timely manner based on feedback from hiring managers.
Formalize succession planning for key leadership and technical positions.	Key leadership and technical positions identified. Turnover forecast complete. Business needs and leadership competencies determined and validated. Staffing alternatives identified for key vacated positions.
Facilitate workforce planning throughout the organization.	A 1-3 year workforce plan developed.
Facilitate in-house training for employees.	Employees using the information and skills presented on the job to improve productivity and overall performance as reported by their supervisors.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET**HRD/STRATEGIC PLANNING****2004 OBJECTIVES**

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. Org Publisher management reports will be available to all HR managers on their desktop.
Expand basic HR knowledge within the leadership and management levels by facilitating HR "road shows" 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.
Increase utilization of Performance Leadership practices (Planning, Feedback, & Review) systems.	On the job application of Performance Leadership practices will increase significantly over 2003 levels based on plans completed and reviews given. Also the quality of both will improve.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

OFFICE OF DIVERSITY

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	218,664	211,499	217,844	6,345	3.00%
Administrative Expenses	8,782	3,600	6,100	2,500	69.44%
Professional Services	8,794	13,000	8,000	-5,000	-38.46%
Utilities	-16	0	0	0	0.00%
Operating Services/Expenses	453	851	3,351	2,500	293.77%
Other	50	0	0	0	0.00%
Total Budget	236,727	228,950	235,295	6,345	2.77%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE Total:	4	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

MAJOR 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
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2002 PROGRESS REPORT

Objective	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

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

OFFICE OF DIVERSITY

2002 PROGRESS REPORT

Objective	Measurement	Results
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.
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.	Accomplished 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 PROGRESS REPORT

Objective	Measurement	Results
Supervision and leadership for the Staff.	Lead the HR Office of Diversity Staff in managing contract compliance and AA Plan policies	In progress for 10 months
Manage the preparation of MAC's Affirmative Action Plan for 2004 -2006.	Obtain the 5 internal levels of review and approval of the new AA Plan.	AA Plan amended to reflect new changes and amendments. The workforce analysis has been completed.
Monitor contract compliance for the MAC's DBE and TGB programs	Achievement of 10% DBE goals in Concessions and achieve a DBE Program goal of 15% in DBE Construction and achieve a 3% TGB program goal.	Completed. Exceeded 10% concession DBE goal with 13.5%, TGB program exceeded 3% with 3.8% report. All reports submitted.
Facilitate Commissioner's Diversity Committee for meetings in 2003 to report and update Commissioners and Employee committee on EEO TGB and DBE compliance program reports.	Commission approval of AA Plan and updates on TGB and DBE Programs.	In progress. Produced all the TGB and DBE contract compliance reports, staffed AA committee and Diversity Committee meetings and reported to the DOER Commissioners required.
Develop and deliver a Preventing Harassment Training Program for MAC Supervisors/Employees	Provide training to MAC staff	Minimal training done in 2003. Provided information to all new employees on MAC's anti-harassment/discrimination policies. No funding available for employees to training opportunities for most of 2003. Provided harassment training to HR Division staff and to an individual's part of discipline corrective action.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

OFFICE OF DIVERSITY

2003 PROGRESS REPORT

Objective	Measurement	Results
Administer internal complaint investigations process.	Timely well documented internal complaint investigations that are fair to all parties involved.	Resolved seven internal complaint investigations.
Integrate diversity with MAC's policies and systems.	Policy and practices that reflect diversity considerations as an organizational value.	On going.
Serve as MAC's liaison to build positive relationships with minority and women's organizations and communities.	Positive working relationships with these organizations.	On-going.
Ensure that MAC's AA hiring goals are considered in all recruitment and selection processes and that fair and non-discriminatory selection process are used for job applicants.	Consistent application of legally defensible non-discriminatory hiring practices.	On-going.

2004 OBJECTIVES

Objective	Expected Results
Serve as MAC's liaison to maintain positive relationships with minority and women's organizations and communities.	Positive working relationships.
Staff Commission Diversity Committee meeting in 2004.	Report on issues of diversity, EEO, DBE and TGB contract compliance and affirmative action and update Commissioners on issues of concern.
Monitor and supervise the contract compliance for MACs TGB and DBE programs.	Report on TGB and DBE goals, 10%DBE goal for airport concessions, 18.%DBE goal in construction,3% TGB goal.
Work with the objectives of the MAC's Affirmative Action Plan for 2004-2006.	Make sure hiring goals are considered in selection process, maintain the internal discrimination/harassment complaint system. Maintain community relations with women and minority organizations. Make sure disability accommodation are provide as necessary, submit required AA Plan Progress Reports.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

EMPLOYEE RELATIONS

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	379,608	358,076	369,714	11,637	3.25%
Administrative Expenses	5,284	3,935	3,935	0	0.00%
Professional Services	72,880	61,004	61,004	0	0.00%
Utilities	-3	0	0	0	0.00%
Operating Services/Expenses	37,387	30,000	30,000	0	0.00%
Maintenance		0	0	0	0.00%
Other	658	0	0	0	0.00%
Total Budget	495,814	453,015	464,653	11,637	2.57%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE Total:	5	6	6.5

RESPONSIBILITY/FUNCTION

Employee Relations is responsible for attracting and retaining top talent for the organization. Services provided include staffing, counseling with employees regarding benefit options and HR policies and practices, administration of compensation and benefits services for our employees and retirees, maintenance of accurate personnel files, and the administration of MAC's human resource information system.

MAJOR 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
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SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

EMPLOYEE RELATIONS

2002 PROGRESS REPORT

Objective	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.
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.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

EMPLOYEE RELATIONS

2002 PROGRESS REPORT

Objective	Measurement	Results
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 PROGRESS REPORT

Objective	Measurement	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.	Consulted with service center managers in several key business units to plan and implement staffing solutions; utilized contingent staffing in several areas to minimize personnel expenses; facilitated reallocation of at least 3 positions; designed a reallocation model for organization-wide application; work in these areas continues on an ongoing basis
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.	With Workforce Planning & Strategy Manager, developed weekly headcount report and requisition report that is used by HR Generalists and reviewed with senior management weekly. Provides timely and accurate Human Resources information for decision-making within labor budgets.
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.	Reviewed all staffing and selection policies and procedures, as well as retiree policies. Policy change statements are to be presented to the Commission in early 2004.
Assess the employee benefits communication strategy in order to provide a more useful tool for employees to retrieve accurate benefit information.	Streamlined communications tools in the area of benefits that employees find useful.	Benefit open enrollment process for employees and retirees significantly streamlined. Employee benefit electronic enrollment has increased, document processing has been reduced, and employee actions for enrollment have been further simplified.
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.	Salary market study completed resulting in recommendation of an upward adjustment of salary structure to remain competitive. Paid leave options introduced to employees resulting in limited participation and labor cost savings. Planning activity continuing to expand merit pay delivery to non-organized employees.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

EMPLOYEE RELATIONS

2003 PROGRESS REPORT

Objective	Measurement	Results
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.	Staffing & selection job duties distributed to HR Generalist positions following retirement of HR Administrator. Strategy of developing HR Generalist position into full-service HR support resource continuing, and will continue in 2004 with further retirement actions.
Develop and implement transition strategy for Field Maintenance and ADO outreach offices, including job descriptions and reporting relationships.	Field Maintenance and ADO HR outreach offices are fully operational.	Two HR Generalist have established offices within Field Maintenance and the Airport Director's Office (ADO), and are maintaining scheduled work hours in each location. HR office at the ADO will become fully operational and staffed full time in April, 2004.
Develop the HR emergency response plan.	HR emergency response plan in place and training complete.	Project was re-assigned in September.
Develop and implement HR records retention and storage strategies.	Records retention policies and practices updated and fully operational.	All HR archive material moved to general office building and re-organized to consolidate. Dated material discarded in accordance with record retention policy. Permanent archiving plan to be implemented in 2004 enhancing data security and retrieval capability, and to comply with business continuation plans.

2004 OBJECTIVES

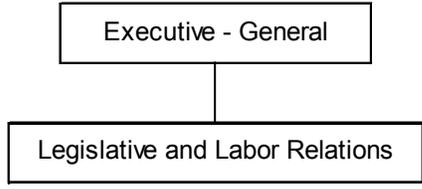
Objective	Expected Results
Review and update all compensation plans, structure and policies.	Continue alignment of compensation delivery strategy to productivity.
Strengthen HR service delivery skill as employee retirement actions occur.	Acquire highly skilled HR professional resource to deliver generalist services.
Consult with MAC managers and supervisors to strengthen people management knowledge and skill.	Managers and supervisors achieve business objectives without employee relations problems or unusual turnover of high-level performing employees.
Deliver general compensation, benefits, and employee relations services to all MAC organizations.	Solicited feedback from employees regarding service value and quality.
Establish all outreach offices as full-service HR consultative service providers.	ADO office staff full-time and is operational as stand-alone HR office.
Improve employee benefit administration process use in 2004 with addition of benefits administration software.	Examine software with IS Department & recommend purchase for use in 2004.
Expand merit pay delivery system to all non-organized employees.	Improve alignment of pay delivery system to performance review process.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

Labor Relations Government Affairs Division

Executive - General

Legislative and Labor Relations



SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

Notations to Service Center Summaries:

- * Variance (dollars and %) is computed between 2003 Budget and 2004 Budget
- * The explanation for the variances is based upon the 2003 Budget and 2004 Budget
- * FTE's as stated in each service center are as budgeted in December 2003. Salary dollars in each service center may not reflect the budgeted FTE count for that service center.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

LEGISLATIVE & LABOR RELATIONS

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	344,475	233,393	242,031	8,638	3.70%
Administrative Expenses	14,593	19,100	17,770	-1,330	-6.96%
Professional Services	200,112	275,000	257,000	-18,000	-6.55%
Utilities	2,478	2,340	1,175	-1,165	-49.79%
Operating Services/Expenses	1,604	7,500	7,500	0	0.00%
Maintenance		0	0		
Other	364	1,200	1,200	0	0.00%
Total Budget	563,626	538,533	526,676	-11,857	-2.20%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE Total:	3	3.5	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 ten 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.

MAJOR 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
Professional Services	Professional Services - Legislative - Local: The reduction in professional services for 2004 reflects an \$18,000 reduction in legislative consultant fees from 2003.

2002 PROGRESS REPORT

Objective	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

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

LEGISLATIVE & LABOR RELATIONS

2002 PROGRESS REPORT

Objective	Measurement	Results
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
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

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

LEGISLATIVE & LABOR RELATIONS

2002 PROGRESS REPORT

Objective	Measurement	Results
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.
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 PROGRESS REPORT

Objective	Measurement	Results
Represent MAC on outside boards and organizations to bring visibility and influence to MAC's labor relations efforts	Educated, supportive and effective stakeholders	Served as General Counsel for Minnesota Public Employer Labor Relations Association and member of both state and national PELRA's. Served on Board of Directors for Twin Cities Area Labor Management Council. Participated in monthly Area Negotiator meetings.
Negotiate construction project labor agreements when beneficial to MAC	Effective airport operations free of labor disputes for the traveling public	Negotiated and executed Project Labor Agreement for time critical construction project on behalf of Airport Development

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

LEGISLATIVE & LABOR RELATIONS

2003 PROGRESS REPORT

Objective	Measurement	Results
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 labor issues relating to Project Labor Agreements, construction projects, airport tenants and outside unions
Coordinate Labor Management Committee activity	Improved labor/management environment	Continued current committees with MACI bargaining units
Represent MAC in mediation, arbitration and veterans preference hearings	Terms and conditions of employment consistent with Commission goals	Represented MAC at various contract mediation hearings and pre-arbitration grievance hearings
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	Completed negotiations and executed contracts with nine MAC unions open in 2003, negotiated with new Police Sergeants bargaining unit, and prepared for five contracts open in 2004.
Hear grievances on behalf of the Executive Director	Terms and conditions of employment consistent with Commission goals	Favorably resolved several union grievances
Conduct management training in labor relations as appropriate	Improved labor/management environment	Provided ad hoc training to new managers and supervisors as appropriate
Assist managers and supervisors in contract interpretation, grievances and labor/management cooperation issues	Improved labor/management environment	Met with managers and supervisors as needed to provide assistance in resolving issues
Explore/acquire additional funding via the Federal AIP/PFC process	Effective aviation legislation and funding	Acquired \$6 million in DOT 03 appropriations bill for 12R deicing pad. Worked with MN delegation to acquire an additional \$4.6 million through FAA discretionary program for 12R deicing pad. Successful in earmarking \$2.5 million in DOT 04 appropriations bill with final action on bill expected in January.
Work with MN Congressional delegation and staff to facilitate completion of North/South runway	Effective aviation legislation and increased airport capacity	Advocated for additional airport capacity in FAA reauthorization bill. Successful in protecting AIP from security mandates and preserving it for airport capacity projects.
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	Worked on numerous issues at the state level for the MAC. Monitored legislation and presented Commission positions supporting or opposing bills. See 2003 legislative summary.
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	Provided legislative briefings and airport site visits to state legislators and staff. Briefed them on issues specific to their districts. Did not complete meetings with House Aviation Subcommittee members but will continue to work with this new committee in 2004.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

LEGISLATIVE & LABOR RELATIONS

2003 PROGRESS REPORT

Objective	Measurement	Results
Represent MAC and participate in formulating national positions on airport/airline issues to be presented to Congress and the Administration	Effective aviation legislation.	Attended and participated in AAAE/ACI-NA conferences. Active member of trade group Government Affairs Steering Committee. Monitored trade group lobbying activities.

2004 OBJECTIVES

Objective	Expected Results
Assist managers and supervisors in contract interpretation, grievances and labor/management cooperation issues	Improved labor/management environment
Mediate disputes between outside unions, contractors and airport tenants	Effective airport operations free of labor disruptions for the traveling public
Represent MAC in mediation, arbitration, and veterans preference hearings	Terms and conditions of employment consistent with Commission goals
Conclude negotiations with Police Sergeants (new bargaining unit) and negotiate labor contracts with five (5) MAC unions having open contracts in 2004	Terms and conditions of employment consistent with Commission goals
Represent MAC on outside boards and organizations to bring visibility and influence to MAC's labor relations efforts	Effective labor relations representation and participation
Coordinate Labor Management Committee activity	Improved labor/management environment
Negotiate construction project labor agreements when beneficial to MAC	Effective airport operations and construction projects free of labor disruptions
Conduct management training in labor relations as appropriate	Improved labor/management environment
Educate appropriate political bodies and government 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
Pursue LOI with TSA for permanent installation of EDS at MSP	LOI signed
Work with local, state and federal officials to explore and acquire funding for St. Paul Airport dike	Funding allocated
Explore and acquire additional funding via the federal AIP and DOT appropriations earmark process	Funding allocated
Participate in formulating airport trade group positions on aviation related legislation	Airport trade group positions closely aligned with MAC goals and objectives
Work with MN Congressional delegation and staff to facilitate completion of north/south runway	Effective aviation legislation and increased airport capacity

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

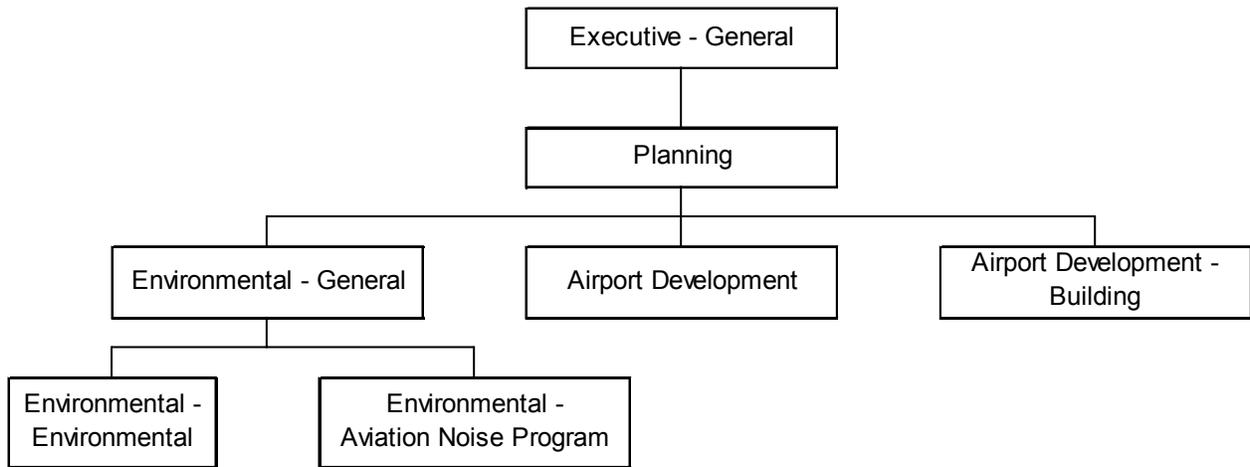
LEGISLATIVE & LABOR RELATIONS

2004 OBJECTIVES

Objective	Expected Results
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
Hear grievances on behalf of the Executive Director	Terms and conditions of employment consistent with Commission goals

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

Environment and Planning Division



SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

Notations to Service Center Summaries:

- * Variance (dollars and %) is computed between 2003 Budget and 2004 Budget
- * The explanation for the variances is based upon the 2003 Budget and 2004 Budget
- * FTE's as stated in each service center are as budgeted in December 2003. Salary dollars in each service center may not reflect the budgeted FTE count for that service center.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

PLANNING

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	162,453	166,905	168,366	1,461	0.88%
Administrative Expenses	13,459	14,400	15,350	950	6.60%
Professional Services	86,966	360,297	353,794	-6,503	-1.80%
Utilities	594	0	212	212	100.00%
Operating Services/Expenses	29,022	38,393	29,022	-9,371	-24.41%
Maintenance		0	0		
Other	0	0	0	0	0.00%
Total Budget	292,493	579,995	566,744	-13,251	-2.28%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE 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.

2002 PROGRESS REPORT

Objective	Measurement	Results
Revise airport zoning for MSP.	Adopt 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 PROGRESS REPORT

Objective	Measurement	Results
Oversee Airport Development and Environment Activities.	Completion of Department Objectives.	Completed.
Update Aviation Activity Forecasts.	Publication of Forecasts.	Commission approved forecast update in November.
Oversee/Coordinate 2010 Plan Implementation.	Projects awarded.	51 projects with a value of \$51.6 million awarded.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET**PLANNING****2003 PROGRESS REPORT**

Objective	Measurement	Results
Revise Part 150 Update.	Submission of revision to FAA for approval.	Development initiated after forecast approval.
Complete Acquisition for Runway 17-35.	Property Acquired.	Continuing

2004 OBJECTIVES

Objective	Expected Results
Oversee Airport Development and Environment Activities.	Completion of Individual Department Objectives.
Complete Property Acquisition for Runway 17-35.	Property Acquired.
Complete Part 150 Update.	Submission of revision to FAA for approval.
Oversee/Coordinate 2010 Plan Implementation.	Projects Awarded.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

AIRPORT DEVELOPMENT

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	469,576	477,199	491,250	14,052	2.94%
Administrative Expenses	25,815	38,200	42,395	4,195	10.98%
Professional Services	285,797	255,000	255,000	0	0.00%
Utilities	5,498	0	20	20	100.00%
Operating Services/Expenses	3,891	4,197	4,197	0	0.00%
Maintenance	0	0	0	0	0.00%
Other	233	0	233	233	100.00%
Total Budget	790,809	774,596	793,095	18,500	2.39%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE Total:	16	18	18

RESPONSIBILITY/FUNCTION

Airport Development supervises property acquisition, planning, design, engineering and architecture, and construction of all Commission facilities as well as all Commission-related, environmental issues including noise and air and water quality. Relationships with other local, state, and federal agencies are a part of the overall responsibilities.

MAJOR 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
Administrative Expenses	Annual maintenance for GIS software. Travel budget increase is due to various staff members having been requested to travel on MAC-related business.
Other	Annual fax machine agreement. New printer required to replace current printer that has not operated well for the past year.

2003 PROGRESS REPORT

Objective	Measurement	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.	Prepared budgets and other data necessary for supervision control of project and consultant costs - current estimated, active CIP projects valued over \$700,000,000. Prepared annual and five-year phase development programs. Prepared and coordinated federal and state aid documentation - over \$36,000,000 received in aid in 2003.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

AIRPORT DEVELOPMENT

2003 PROGRESS REPORT

Objective	Measurement	Results
Begin bringing Airside work "in-house" in lieu of using consultants where possible. Identify and test process.	Number of projects transitioned in-house.	1) Prepared contract documents and bid/awarded contract for 2003 Lake Elmo Airport Security Fencing; 2) Analyzed bids received and made recommendation for award to Commission on a portion of Airside projects; 3) Commission approved in September 2003 the use of mechanical/electrical consultant to support the use of MAC staff on smaller/less complicated projects.
Begin bringing Landside work "in-house" in lieu of using consultants where possible. Identify and test process.	Number of projects transitioned to in-house.	1) Prepared contract documents and solicited bids for Metro Office Park Tenant Build-out Contractor; 2) Analyzed bids received and made recommendation for award to Commission on all Landside projects (excluding single-family Part 150 projects); 3) Commission approved in September 2003 the use of mechanical/electrical consultant to support the use of MAC staff on smaller/less complicated projects.
Develop 2004 Airside CIP.	Adoption of 2004 CIP.	Preliminary 2004 CIP presented to Commission in September/October 2003, with final 2004 CIP scheduled to be presented to Commission in December 2003. Airside estimated 2004 CIP value of \$160,000,000.
Develop 2004 Landside CIP.	Adoption of 2004 CIP.	Preliminary 2004 CIP presented to Commission in September/October 2003, with final 2004 CIP scheduled to be presented to Commission in December 2003. Landside estimated 2004 CIP value of \$145,000,000.
Implement the 2003 Airside CIP.	Complete 2003 CIP.	Bid and awarded nearly 20 projects, with a total estimated CIP value of \$57,000,000.
Implement the 2003 Landside CIP.	Complete 2003 CIP.	Bid and awarded nearly 40 projects, with an estimated CIP value of \$19,500,000.
Participate in the ongoing review and development of the 2003 Airside CIP.	Ongoing.	Plans and specifications prepared and advertised for bids nearly 20 projects which were approved in the 2003 CIP.
Participate in the ongoing review and development of the 2003 Landside CIP.	Ongoing.	Plans and specifications prepared and advertised for bids nearly 40 projects which were approved in the 2003 CIP.

2004 OBJECTIVES

Objective	Expected Results
Manage all aspects of preparing and implementing the Commission's CIP for MSP and Reliever Airports and property management acquisition/disposal.	Completion of 2004 CIP, administration of A/E services, administration of property management.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET**AIRPORT DEVELOPMENT****2004 OBJECTIVES**

Objective	Expected Results
Continue bringing Airside work "in-house" in lieu of using consultants where possible. Identify and test process.	Number of projects transitioned in-house.
Continue bringing Landside work "in-house" in lieu of using consultants where possible. Identify and test process.	Number of projects transitioned to in-house.
Develop 2005 Airside CIP.	Adoption of 2005 CIP.
Develop 2005 Landside CIP.	Adoption of 2005 CIP.
Implement the 2004 Airside CIP.	Complete 2004 CIP.
Implement the 2004 Landside CIP.	Complete 2004 CIP.
Participate in the ongoing review and development of the 2004 Airside CIP.	Ongoing
Participate in the ongoing review and development of the 2004 Landside CIP.	Ongoing

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

AIRPORT DEVELOPMENT-BUILDING

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	120,051	126,655	133,128	6,473	5.11%
Administrative Expenses	2,787	2,500	2,500	0	0.00%
Professional Services	10,484	11,500	11,500	0	0.00%
Utilities	629	545	0	-545	-100.00%
Operating Services/Expenses		200	200	0	0.00%
Maintenance		0	0		
Other	0	0	0	0	0.00%
Total Budget	133,950	141,400	147,328	5,928	4.19%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE 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 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
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2003 PROGRESS REPORT

Objective	Measurement	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.	In 2003, Building Inspection issued 372 permits with a total valuation of \$12,657,810.00. The total permit revenue collected was \$131,287.75.

2004 OBJECTIVES

Objective	Expected Results
Provide consistent and timely plan review, administration of the Minnesota State Building Code and the MAC Design and Construction Standards. Update current MAC Standards.	Review permits, plans and inspection records to verify turn around time and field inspections.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

ENVIRONMENT-GENERAL

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	132,482	132,890	137,651	4,761	3.58%
Administrative Expenses	3,429	6,670	11,170	4,500	67.47%
Professional Services	1,112	0	0	0	0.00%
Utilities	862	0	784	784	100.00%
Operating Services/Expenses	12,719	27,600	0	-27,600	-100.00%
Other	249	0	0	0	0.00%
Total Budget	150,853	167,160	149,605	-17,555	-10.50%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE 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 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
Administrative Expenses	Funds from the Operating Services/Expenses category were reallocated to the Administrative Expenses category to cover costs associated with maintaining a new color printer (needed to replace a color copier that had been used as a printer) and travel expenses for the department's director. The color copier's use as a copier was no longer needed once the department moved to the executive offices of the MAC.
Operating Services/Expenses	With the move of the Environment Department out of the West Terminal and into the executive offices of the MAC, the department no longer needs to maintain its own copiers. The decrease in this budget category is the result of not renewing leases for both a black & white and a color copier.

2003 PROGRESS REPORT

Objective	Measurement	Results
Develop a Department of Environment Strategic Plan for MAC's system of airports	Comprehensive plan for MAC's Airports	Due to an extended leave of absence in 2003 by the responsible person, this objective has been deferred until 2004.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

ENVIRONMENT-ENVIRONMENTAL

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	168,218	165,992	175,528	9,536	5.74%
Administrative Expenses	1,471	3,275	2,500	-775	-23.66%
Professional Services	256,595	342,300	260,000	-82,300	-24.04%
Utilities	441	0	417	417	100.00%
Operating Services/Expenses	53,364	68,750	48,785	-19,965	-29.04%
Maintenance		0	0		
Other	4,338	11,000	4,500	-6,500	-59.09%
Total Budget	484,428	591,317	491,730	-99,587	-16.84%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE 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 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
Professional Services	This service center was reduced to meet the Commission's cost containment efforts for the 2004 budget.
Operating Services/Expenses	This service center was reduced in an effort to meet the Commission's budget requirement for 2004.
Maintenance	This service center was reduced to endeavor to meet the Commission's 2004 budget goals.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

ENVIRONMENT-ENVIRONMENTAL

2003 PROGRESS REPORT

Objective	Measurement	Results
Study and evaluate areas of concern associated with airport air pollutants.	Develop a status review of MSP's Air Quality Initiatives.	Status review is in a very rough draft form. Additional research must be completed.
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.	On-going efforts are made to reduce the amount of solid waste that enters the system. Past efforts have proven to be very effective. The MAC (proper) is now a very small quantity generator. (i.e. we create very little hazardous waste) And the MAC staff has made a concerted effort to reduce, reuse, recycle whenever possible.
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.	MAC is continuing discussions with the MPCA on this site. There have been three attempts to locate the source on the airport, conducted by MAC and/or the MPCA. The draft groundwater modeling report was submitted to the MPCA. MAC is continuing to uphold its requirements under the ROD. The feasibility study is on hold until further discussions, with the MPCA, regarding future responsibility are complete.
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).	Stipulation negotiations are 90% complete. There are still several very important items that need to be ironed out before presenting to the Commission for approval and signatures.

2004 OBJECTIVES

Objective	Expected Results
Develop a MSP Environmental Response Exercise Program cooperatively with MSP tenants.	Complete a twice yearly drill with airport partners.
Develop modified Environmental Compliance program for MSP.	Plan/program that defines sound environmental procedures and regulatory requirements for Airport tenants.
Develop NPDES / Stipulation Agreement Implementation Plan.	A reasonable and appropriate discharge limit for a future NPDES permit for the airport.
Develop plan to delineate areas of concern associated with Airport air pollutants.	Status report of MSP's Air Quality Initiatives

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

ENVIRONMENT-AVIATION NOISE PROGRAM

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	322,246	307,971	326,858	18,887	6.13%
Administrative Expenses	38,729	31,400	25,757	-5,643	-17.97%
Professional Services	159,589	197,000	103,059	-93,941	-47.69%
Utilities	1,274	0	0	0	0.00%
Operating Services/Expenses	117,387	139,900	95,840	-44,060	-31.49%
Maintenance	15	0	0	0	0.00%
Other	-469	3,000	0	-3,000	-100.00%
Total Budget	638,772	679,271	551,514	-127,757	-18.81%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE Total:	6	6	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 a 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."

MAJOR 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
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SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

ENVIRONMENT-AVIATION NOISE PROGRAM

MAJOR 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Administrative Expenses	This budget area was reduced by eliminating travel, reducing printing costs through noise program Internet publication/information distribution and in-house development of the MSP Noise News newsletter.
Professional Services	This budget area was reduced by cutting consultant services and performing tasks in-house, and the discontinuation of Minnesota Pollution Control Agency (MPCA) services to the noise office. Note that the total cost savings can only be accomplished if one presently vacant position within the Aviation Noise and Satellite Programs office is filled in 2004.
Operating Services/Expenses	This budget area was reduced by negotiating reductions in maintenance contract costs on noise program technologies and shifting monies to be used for computer/technology purchases from Service Computers under Operating Expenses to Minor-Assets-Computer under the Other category in the Informations Services service center and to Computer Supplies-Software under Administrative Expenses.

2002 PROGRESS REPORT

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

2003 PROGRESS REPORT

Objective	Measurement	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.	1. Enhancements to the Runway 17/35 page on the Noise Program website including: new Runway FAQs - extensive information on the Environmental Assessment for the new departure procedure on Runway 17 - general noise related information on the new runway - maps of anticipated flight tracks off the new runway. 2. Provided briefings to several groups south of MSP on the new runway: presentation to the North River Hills Community Group (Burnsville) - presentations to several Realtor organizations south of MSP - presentation to Apple Valley Chamber of Commerce.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

ENVIRONMENT-AVIATION NOISE PROGRAM

2003 PROGRESS REPORT

Objective	Measurement	Results
<p>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.</p>	<p>Maximization of cost effective communication efforts through dissemination of airport noise related information, programs, achievements and efforts.</p>	<p>1. Continued development of data and information communication via the Noise Program website including: enhanced flight track mapping - interactive operations and noise reporting - interactive document and information request form - continued updates to the "what's new" section of the Noise Program website - "MSP Noise News" newsletter availability via the Noise Program web site. 2. Developed, in-house, and distributed, four quarterly editions of the "MSP Noise News" newsletter. 3. Developed new ANOMS report generation application on the Noise Program website. 4. Continued maintenance and development of Technical Information Network (TIN) to facilitate continued Internet communication elements. 5. Maintained an overall high level of work conducted in-house reducing professional service costs.</p>
<p>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.</p>	<p>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.</p>	<p>1. Completed Environmental Assessment in-house for a new departure procedure off Runway 17 that was approved with a Finding of No Significant Impact (FONSI) rendered by the FAA. 2. Developed the FCM Operational Implementation Plan in-house which provides all the programmatic elements related to airport noise at FCM needed to implement the provision of the agreement between the City of Eden Prairie and MAC. 3. Developed analyses and produced data utilized in the Part 150 Update analysis.</p>
<p>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.</p>	<p>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).</p>	<p>1. Continued in-house ANOMS RMT field repairs and on-site calibrations. 2. Continued in-house Technical Information Network (TIN) repairs, tuning and customization. 3. Continued daily updates to data and information on Noise Program website. 4. Began discussion with FAA for the deployment of a federal GPS LAAS ground station at MSP and hosted an industry discussion regarding GPS technology onboard aircraft and at airports. 5. Automation of document development and distribution via the Internet. 6. In-house development of customized ANOMS and GIS analytical capabilities related to flight track and noise data.</p>

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

ENVIRONMENT-AVIATION NOISE PROGRAM

2003 PROGRESS REPORT

Objective	Measurement	Results
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.	<ol style="list-style-type: none"> 1. Provided coordination and support of the Anoka County Blaine Airport Advisory Commission 2. Developed the FCM Operational Implementation Plan 3. Provided coordination and support of the Airlake Airport Advisory Commission 4. Began operation of MSP Noise Oversight Committee and conducted six meetings throughout the year, which included accomplishments such as: development of 2003 work plan - recommendation on Part 150 forecasting assumptions - recommendation on INM input methodology and data - change to Noise Abatement Departure Profiles on runways 30L and 30R - development of a process for NOC to consider public input including development of an input form and committee review process in the bylaws. 5. MAC staff conducted four quarterly public input meetings to receive comments from the public for NOC and MAC Planning and Environment Committee consideration 6. Established a page on the Noise Program website where organizations could request a presentation by MAC staff on airport noise related topics 7. Provided presentations to the Mendota Heights and Eagan Airport Relations Commissions.

2004 OBJECTIVES

Objective	Expected Results
Establish federal commitments for DGPS LAAS technology at MSP.	Gain MSP inclusion on the initial deployment list for the federal DGPS LAAS ground station and begin work on cooperative evaluations with the FAA on the use and application of the technology at MSP.
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. Increase outreach program effectiveness to MAC tenants, communities, elected officials and other governmental agencies through the enhancement of intergovernmental coordination and communication efforts.
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 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 NOC, MAC and other airport noise related groups including city governments, residents, elected officials, airlines, FAA and the Minnesota State Legislature.
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.	Develop 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.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

ENVIRONMENT-AVIATION NOISE PROGRAM

2004 OBJECTIVES

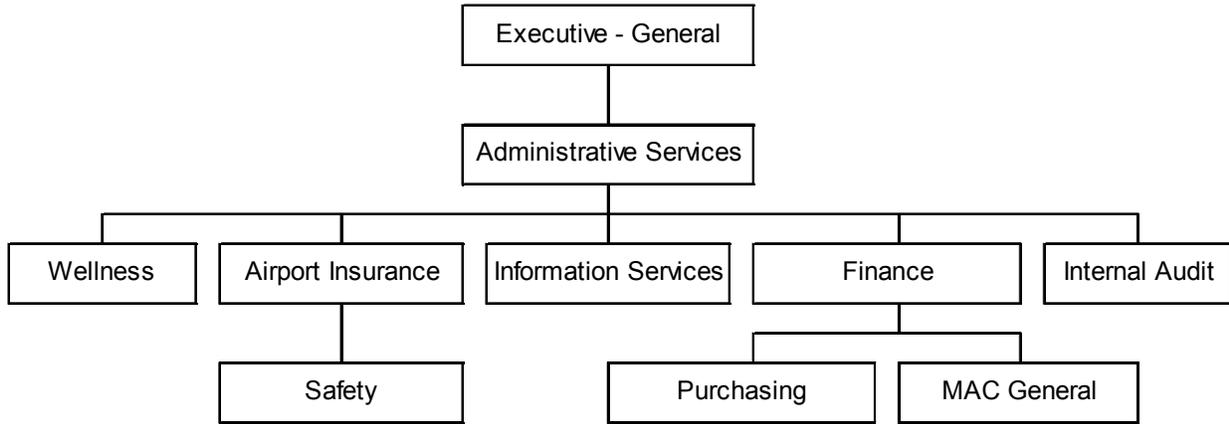
Objective	Expected Results
Maximize communication of airport noise related issues with residents, city governments, elected officials, the NOC, and any airline and airport noise related committees and commissions internal and external to MAC.	Distribute airport noise related information and analyses in a cost effective manner including publications developed in-house and via digital distribution methods whenever possible.
Proactively address future noise issues around MSP associated with Runway 17-35.	Develop and maintain ongoing communication programs informing residents, airlines/pilots, cities, elected officials and other governmental agencies about the future operation of Runway 17-35 and associated noise considerations.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

Administrative Services Division



SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

Notations to Service Center Summaries:

- * Variance (dollars and %) is computed between 2003 Budget and 2004 Budget
- * The explanation for the variances is based upon the 2003 Budget and 2004 Budget
- * FTE's as stated in each service center are as budgeted in December 2003. Salary dollars in each service center may not reflect the budgeted FTE count for that service center.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

ADMINISTRATIVE SERVICES

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	282,918	288,236	293,047	4,812	1.67%
Administrative Expenses	3,789	4,550	3,789	-761	-16.73%
Professional Services	20,000	20,000	20,000	0	0.00%
Utilities	-20	0	0	0	0.00%
Operating Services/Expenses	-25	0	0	0	0.00%
Maintenance	130	0	130	130	100.00%
Other	0	500	0	-500	-100.00%
Total Budget	306,792	313,286	316,966	3,681	1.17%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE 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.

MAJOR 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
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2002 PROGRESS REPORT

Objective	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.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

ADMINISTRATIVE SERVICES

2002 PROGRESS REPORT

Objective	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 PROGRESS REPORT

Objective	Measurement	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.	Support provided throughout 2003.
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.	12 Finance Committee meetings were held in 2003.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

ADMINISTRATIVE SERVICES

2003 PROGRESS REPORT

Objective	Measurement	Results
Maintain Administrative Policies and Procedures Manual.	Updated policies are available to the organization.	Update to manual 80% completed.
Ensure funding is available for the 2010 plan.	Funds are available to pay 2010 capital project costs.	MAC sold \$106,740,000 Subordinate Airport Revenue Bonds to fund the Capital Improvement Program.
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.	Operating and debt service requirements were met throughout 2003. Budget targets will be met with the exception of Operating Revenue, which will be below the target as a result of a \$13M credit to airline rates and charges.
To coordinate Customer Service Action Council teamwork to facilitate accomplishment of team goals.	Positive trend lines on IATA customer service element scores are achieved.	Mid-Year, every evaluative element demonstrated a positive trend line; two elements-Sign posting and FIDS-have achieved the 40% excellence goal; All but seven, out of 29 elements were rated "Good+" by 88% of the travelling public; and, the Overall Satisfaction score has improved from 3.67 to 3.93.
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 trend line on cleanliness of airport terminal.	Significant improvement in the perceived "Cleanliness of the Airport Terminal" has been achieved in 2003. The customer satisfaction score rose from 3.79 to 3.98 in the IATA survey; the percentage of passengers rating cleanliness excellent is up from 25% to 36% and "Good+" from 92% to 98%. A standard for determining the status of healthcare cost containment (Healthcare cost/Employee) has been proposed.
To track and provide quarterly updated benchmark reports of "airport costs to airlines/enplanement" at large, hub airports.	Statistical standing of MSP versus large hubs is tracked.	Project in process.
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 .	This objective has been achieved: IATA Survey work, quarterly, and annual report completed; Complaints & Compliments system monitored and quarterly reports produced; Semi-Annual Survey America report produced; and, monthly Ops reports produced.
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.	This objective has not been achieved. The intent-to display continually updated results within an Intranet File, was premature within the MAC Business Planning Process.

2004 OBJECTIVES

Objective	Expected Results
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.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

ADMINISTRATIVE SERVICES

2004 OBJECTIVES

Objective	Expected Results
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.
Ensure funding is available for the 2010 plan.	Funds are available to pay 2010 capital project costs.
Maintain the Administrative Policies and Procedures Manual.	Updated policies are available to the organization.
Provide administrative support to the Deputy Executive Director-Administrative Services, the Risk/Insurance Department and Internal Audit.	Assigned work is completed in a timely and professional manner.
Coordinate Customer Service Action Council (CSAC) Teamwork facilitating achievement of Team goals.	To secure and maintain MSP's position among the Top Ten airports for "Overall Customer Satisfaction" as reported by the Global Airport Monitor ; 88% traveling public rating MSP "Very Good"; 40 % rating MSP "Excellent";
To manage/maintain information that contributes to performance mgmt/measurement results.	A greater percentage of the traveling public rate MAC/MSP "Very Good" to "Excellent". Monthly operations reports issued by the 30th of each subsequent month. Quarterly Complaints & Compliments report issued by 15th of subsequent month. Global Airport Monitor reports issued within 30 days of receipt. Data Resources and Wellness Intranet sites updated on a quarterly basis.
Contribute to implementation of an Employee Club.	Employee club is established in 2004.
Coordinate implementation of the "restructured" MAC Wellness Program.	Qualitative Assessment of "successful" implementation; percentage of employees participating in the program as evidenced by incentives awarded.
To provide initiative and data resources to the MAC Performance Management/Measurement-continuous improvement effort and system.	There are a greater percentage of measurable goals/objectives; specifically, customer service related. A greater percentage of employee performance evaluations are completed. A greater number of databases and performance measurement reports are provided.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

WELLNESS

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	0	0	0	0	0.00%
Administrative Expenses	164	1,000	550	-450	-45.00%
Professional Services	0	0	0	0	0.00%
Operating Services/Expenses	8,525	9,000	8,139	-861	-9.57%
Other	0	0	0	0	0.00%
Total Budget	8,689	10,000	8,689	-1,311	-13.11%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE Total:	0	0	0

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.

2002 PROGRESS REPORT

Objective	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.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

WELLNESS

2002 PROGRESS REPORT

Objective	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 PROGRESS REPORT

Objective	Measurement	Results
To maintain the (West Terminal) Wellness Fitness Center.	Satisfaction of Users via ratings and qualitative assessment.	The Fitness Center was maintained throughout the year and used regularly by a cadre of approximately 33 employees for 4 visits/day. The Center is presently in the process of being relocated as the West Terminal building is being demolished.
To promote nutrition/exercise/community health events.	Number of events completed.	Due to limited staff resources, the "Frosty Challenge, quarterly blood drives, and 03/04 Flu Shots have been the community health events promoted.
To plan/ present monthly "brown bag" lunch seminars on wellness issues.	Number of "brown bag" lunch presentations held.	Two "brown bag" lunch presentations have been provided. Attendance was low and thus results not considered meaningful.
To promote health/wellness education and utilization of newsletters and available wellness resources via presentations at Admin and Organizational Staff meetings.	Number of resources utilized and number of items presented.	Data Resources has presented a Wellness item at all Adm. Staff meetings allowed; has circulated Wellness items and Web resources via the Intranet; and, kept Newsletter resources stocked in the G.O. lunchroom displays.

2004 OBJECTIVES

Objective	Expected Results
To relocate/maintain the Wellness (West Terminal) Fitness Center	Wellness Center is relocated. Equipment is functional 98% of useable hours.
To maintain the MAC Wellness Intranet Site	Wellness Intranet site is updated four times (quarterly) during the year.
To promote health/wellness education.	Qualitative assessment of "successful" promotion; lower healthcare costs/employee

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

WELLNESS

2004 OBJECTIVES

Objective	Expected Results
To institutionalize the Healthcare costs/employee performance measurement.	Qualitative assessment of utilization; lower 2004 healthcare cost/employee
To coordinate implementation of the "restructured" MAC Wellness Program	Qualitative Assessment of "successful" implementation; percentage of employees participating in the program increases.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

INSURANCE

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	5,165,797	5,578,158	6,015,594	437,436	7.84%
Administrative Expenses	2,209	2,700	2,950	250	9.26%
Professional Services	38,200	70,000	120,000	50,000	71.43%
Utilities	663	0	0	0	0.00%
Operating Services/Expenses	144	0	150	150	100.00%
Other	1,683,907	2,638,633	2,911,769	273,136	10.35%
Total Budget	6,890,920	8,289,491	9,050,463	760,972	9.18%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE 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 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Medical Inflation of 14 percent and retiree over utilization. Dental due to inflation of 10 percent. Life insurance increase due to new contract negotiation and effects of 9/11 on the market. Long Term Disability increase due to high utilization. Workers' compensation due to medical inflation, and State Special Compensation Fund surcharge of 30 percent on indemnification.
Administrative Expenses	Minor overall increases in meeting costs and membership dues.
Professional Services	The additional \$50,000 will pay the expenses of a consultant to assist MAC to comply with the Federally mandated changes in Health Insurance Portability and Accountability Act effective 4/15. Failure to comply could result in fines and/ or prison.
Operating Services/Expenses	Miscellaneous changes in fees.
Other	The increase is due to increases in values and rates for property insurance due to inflation and new construction. Furthermore, we will raise our maximum insured limits from \$500M to \$700M due to values and probable maximum loss.

2002 PROGRESS REPORT

Objective	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.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

INSURANCE

2002 PROGRESS REPORT

Objective	Measurement	Results
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.

2003 PROGRESS REPORT

Objective	Measurement	Results
Improve Certificate of Insurance tracking.	Transfer of risk.	This project is on hold due to lack of staff.
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.	Implemented a tracking program for field maintenance fleet repairs. Fleet losses and funds for repair are now identified in better detail. Good progress has been made in this area.
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.	Implemented the three tiered drug program which produced results that were positive in the first quarter and have continued. Investigated alternatives such as Canadian drugs.
Develop an alternative insurance program for liability risks.	Reduce cost and provide transfer of risk to alternative source.	In process. Evaluation will be complete in the 1st quarter of 2004.
Proactively manage and respond to expense variances.	Controlling costs while providing risk protection.	There has been a greater awareness of risk management in the organization. Prevention was addressed through the fleet safety program and in-house safety programs taught to staff. Risk transfer was achieved primarily by tendering our defense on claims to others providing coverage. Participated in all claims to minimize litigation and submitted claims for reimbursement.
Identify and implement short and long term cost saving measures.	Supports the strategic plan of the MAC.	Selected a new liability claims handling firm which has resulted in approximately a 40 percent reduction in claims handling costs and better service. Developed a three tiered prescription drug program which produced very good results immediately. Combined Long Term Disability program with Life Insurance and an RFQ for our medical TPA. All generated significant cost savings in the short term and a long term strategy to address cost drivers.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET***INSURANCE*****2004 OBJECTIVES**

Objective	Expected Results
Develop a cost allocation system for insurance costs to create incentives to minimize loss potential.	Costs associated with losses are allocated directly to service centers
Identify a benefits package specific to our population to reduce costs and retain/attract employees.	Reduce costs and retention and attraction of employees.
Evaluate and implement an alternative insurance program for liability. Network with other airports to participate in the program by sharing high excess levels.	Cost savings by not purchasing traditional insurance and extended coverage to address liabilities.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

FINANCE

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	870,270	882,839	912,507	29,667	3.36%
Administrative Expenses	22,940	31,460	21,740	-9,720	-30.90%
Professional Services	136,252	135,200	142,965	7,765	5.74%
Utilities	-103	0	0	0	0.00%
Operating Services/Expenses	101,669	159,400	135,402	-23,998	-15.06%
Maintenance	758	0	758	758	100.00%
Other	6,360	11,100	8,199	-2,901	-26.14%
Total Budget	1,138,147	1,219,999	1,221,571	1,571	0.13%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE Total:	14	15	15

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 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
Administrative Expenses	Expenses in Administrative have decreased due to cost saving methods utilized by the department. These include a reduction in printing costs by using the internet and intranet, and reducing the budget related to Publication/Subscriptions expenses.
Professional Services	The increase in Professional Services is due to audit requirements attributable to the Sarbanes-Oxley Act of 2002 (fraud procedures), post retirement actuarial study, and arbitrage calculations required for MAC Bond Issues.
Operating Services/Expenses	Operating Services have decreased due to cost saving methods utilized by the department. These include consolidation of bank accounts; utilization of electronic data interchange (EDI); elimination of paper copies for on-line transactions; and reduction in off site storage fees.

2002 PROGRESS REPORT

Objective	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.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

FINANCE

2002 PROGRESS REPORT

Objective	Measurement	Results
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.
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 PROGRESS REPORT

Objective	Measurement	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.	Staff continues to hold monthly meetings to review the status of new leases. We are currently in the process of analyzing existing leases in order to make sure they are being accounted for correctly and to make changes as needed.
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.	All financial analysis for 2003 RFP's and rates and charges were completed. Revenue and expense projections have been completed to reflect these updates.
Continue to evaluate the budget process in order to streamline the process.	Timeframe to complete the budget process is shortened for all parties involved.	Staff continues to evaluate suggestions and implement them as appropriate.
Identify funding sources for the continuation of the 2010 Capital Plan.	Complete necessary PFC applications and general airport revenue bond issues.	Analysis of all funding sources including PFCs, Aid, Bonds and internally generated funds indicated that the 2010 Capital Plan as currently presented would have funding available to complete the Plan.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

FINANCE

2003 PROGRESS REPORT

Objective	Measurement	Results
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.	Contracts for Bond Counsel, Financial Consultant, and Airport Consultant were extended through 2005. Underwriter selection will take place in 2004.
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.	Currently continues to be in process.
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.	AA- bond rating on senior lein debt was maintained. All reserve requirements were met and the feasibility report completed for the 2003 bond issue indicated that our debt coverage will be adequate.

2004 OBJECTIVES

Objective	Expected Results
Maintain AA Bond Rating on Senior General Airport Revenue Bonds	AA- rating on Senior GARB debt as rated by Standard & Poor's and Fitch is maintained. A coverage ratio of 1.4 x is sustained.
Identify and implement short and long term cost saving measures	Additional dollars are saved for the organization through the implementation of ideas
Begin RFQ process for the Underwriting team after the completion of the PFC # 6 (2) bond issue	Underwriter team is selected
Continue funding of the 2010 Capital Plan	The second bond issue associated with PFC Application #6 is completed. PFC Application # 7 initiated and work on 2005 General Airport Revenue Bond Issue started.
Continue to update and streamline the budget process.	Complete the budget process by November 15th.
Provide support for revenue analysis, RFP's and various rates & charges.	Complete financial analysis for 2004 RFP's, revise rates & charges as required and complete revenue and expense analysis.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

MAC GENERAL

BUDGET SUMMARY

	<u>2002 Actual</u>	<u>2003 Budget</u>	<u>2004 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Personnel	5,958,879	5,448,239	8,289,729	2,841,490	52.15%
Administrative Expenses	60,726	48,000	55,500	7,500	15.63%
Professional Services	16,332	34,000	34,000	0	0.00%
Utilities	8,729,850	11,203,417	11,688,795	485,378	4.33%
Operating Services/Expenses	1,775,022	1,260,500	1,601,294	340,794	27.04%
Maintenance	539,794	718,664	687,041	-31,623	-4.40%
Other	286,891	-18	25,000	25,018	37462.64%
Capital Assets	72,870,581	80,804,757	84,721,935	3,917,178	4.85%
Total Budget	90,238,075	99,517,558	107,103,294	7,585,735	7.62%

FULL TIME EQUIVALENT SUMMARY

	<u>2003 Actual</u>	<u>2003 Budget</u>	<u>2004 Budget</u>
FTE Total:	0	0	0

RESPONSIBILITY/FUNCTION

MAJOR 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	<p>Personnel has increased 52% from 2003 budget to 2004 due to the following:</p> <p>Pensions The Minneapolis Employees Retirement Fund (MERF), one of MAC's pension programs increased the amount of the Commission's Un-funded Liability for 2004 by \$100,000.</p> <p>Post Retirement At the conclusion of the 2002 audit, Deloitte and Touche recommended that the actuarial study for the Post Employment Benefits accrual be updated. This liability has increased significantly since the last evaluation was completed in 1999. As a result, the 2004 budget for Post Retirement is 207.9% or \$2.6 million higher than the budget for 2003.</p>
Administrative Expenses	Administrative expenses have increased. This can be attributed to the supplies and fees necessary for fingerprinting and badging MAC employees that had not been budgeted.
Utilities	Utilities, between the 2003 and 2004 budgets, has increased 4%. Electricity is reflecting a 2% increase while heating fuel is projected to increase 21.25% for natural gas. MAC has taken cost containment measures by locking into prices for 36% of the natural gas consumed and the reduction in building temperatures for heating occurred in 2003. The 2004 budget reflects a decrease in sewer due to an incorrect surcharge placed on sewer consumption by the City of Minneapolis in the past.
Operating Services/Expenses	An increase in Operating Services is related to GISW Management costs of \$251,818 along with a budget transfer of service related to the phone system (\$39,532), from the IS department. Copy agreement expenses have also increased, however, the 2004 budget reflects the actual 2002 budget amount.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

MAC GENERAL

MAJOR 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Maintenance	The Maintenance category has a 4% decrease between budget years. This is attributable to a new contract in place for both rubbish disposal and recycling.
Other	An allowance for bad debt increases the 2004 budget in the Other category.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

PURCHASING

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	304,164	311,563	322,693	11,130	3.57%
Administrative Expenses	17,826	41,100	17,826	-23,274	-56.63%
Professional Services	-68	1,000	0	-1,000	-100.00%
Operating Services/Expenses	1,506	8,500	1,506	-6,994	-82.28%
Maintenance		500	46	-454	-90.80%
Other	2,603	3,520	2,603	-917	-26.05%
Total Budget	326,030	366,183	344,674	-21,509	-5.87%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE Total:	6	6	6.5

RESPONSIBILITY/FUNCTION

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

MAJOR 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
Administrative Expenses	Budget for 2004 based upon historical data.
Operating Services/Expenses	Budget based upon past historical data.

2002 PROGRESS REPORT

Objective	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.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

PURCHASING

2002 PROGRESS REPORT

Objective	Measurement	Results
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.

2003 PROGRESS REPORT

Objective	Measurement	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.	Will not be implemented because of the cost to MAC.
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.	Will be completed by December 31, 2003. We have eliminated approximately 60% of vendors from the address book that we have not used in the last three years. Standards have been written by staff and being implemented by the IS Department.
Broaden staff involvement in contract administration.	Increase the number of contracts by two, where staff will be the lead administrator.	Office Depot and IKON copy services contracts have had more direct involvement by the buyer taking the lead in contract monitoring on a quarterly or annual basis.
Sustain and improve employee morale.	1. One day off site staff meeting is held to recognize staff achievements, identify values being added to MAC and brainstorm next years goals 2. Two initiatives that improve or expand current services are implemented. 3. Department and other employees are recognized at monthly staff meetings.	An off site staff meeting was held to identify accomplishments and plan goals for 2003. Initiatives include a blanket order report for our departments and purge inactive vendors from the address book.
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.	Completed a filing system of Purchase Orders and Blanket Orders. Retention Schedule was implemented. Began utilizing storage space at the Navy Building and reduced outside storage costs using a vendor for off site storage.
Broaden information regarding mailroom services with MAC staff.	Publicize mailroom services at least twice a year to MAC staff.	Produced a list of services available printed on card stock and available at the mailroom counter. Services are mentioned at all New Employee Orientation meetings and in the Purchasing Department Newsletter.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

PURCHASING

2003 PROGRESS REPORT

Objective	Measurement	Results
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 and other job related information that would be beneficial to the airport industry.	Deferred due to budget restraints. We have withdrawn participation until budgets improve.
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.	Purchasing will be taking full responsibility for Lost and Found in 2004. An office is being established in the Terminal Building. Responsibility will include receiving lost items and matching them with the owner and final disposal of unclaimed items. This will begin January 2004. Revenue from sale of unclaimed items for 2003 is expected to be approx. \$15,000. Staff processed 8 sales during the year.
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.	Three In Touch meetings were held with approx. 45 staff members from other departments participating. Annual report is expected to be completed in January 2004
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.	This will be a priority for 2004. A draft of the Purchasing Policy Guide was started. Staff attended a business minority open house encouraging minority participation.
Identify and pursue acquisition cost savings as well as maximize and identify new areas of revenue.	1. Maintain a list of acquisition savings for annual report 2. Identify at least two new areas where Purchasing has increased revenue to MAC.	We have produced approx. \$15,000 in revenue from the sale of surplus and lost and found items. Other sources of revenue include: \$80,000 from the liquidation of the Ramada and Exel Inn. Reduced lease payments on front end loaders by \$26,000 year by participating in the renegotiating the lease.
Broaden scope and expertise of the Purchasing Departments role in energy conservation and opportunities for financial savings.	1. Amount of rebates received 2. Amount of natural gas bought on futures market leveling off the volatility of the prices paid.	Rebates received in 2003: \$241,888, Estimated energy saved: \$66,561. Purchased approximately 30% of our natural gas on the futures market for the EMC and HHH. Future buying will minimize the negative impact on utility budget when prices frequently escalate.

2004 OBJECTIVES

Objective	Expected Results
Sustain involvement with NIGP (National Institute of Governmental Purchasing)	Celebrate March as the nationally recognized Purchasing Month. Staff to attend bi monthly NIGP chapter meetings , attend the Fall Conference, participate in Web based training and on site classes.
Improve filing system of RFP and bid response documents.	Documents will be readily accessible.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

PURCHASING

2004 OBJECTIVES

Objective	Expected Results
Establish a retention schedule for all purchasing documents.	Schedule will be executed by all responsible parties.
Promote a high level of employee morale	Reduce number of absences, add humor to the office culture, recognition opportunities of staff accomplishments and also that of vendors, lower number of customer complaints, and survey results show a higher number of satisfied customers in MAC Departments.
Secure NIGP Accreditation for the Purchasing Department.	Recipient of NIGP Accreditation
Ensure check requests are processed that are limited to only those requests as stated in policy.	Fewer number of checks processed and greater number of requisitions and purchase orders for those that would otherwise have been written as a check for payment. Compliance with current policy
Promote business opportunities at MAC to vendor community by producing a Purchasing Guide.	Increase the number of vendors doing business with MAC for the first time.
Utilize Reverse Auction process.	At least one attempt at using the process during the year.
Ensure major commodity and service bids and RFP's are efficiently processed.	Commission approval is obtained without vendor protests. Contracts reflect the best value for MAC. Contract administration proves that vendors are meeting the performance expectations of departments.
Promote on line entry of requisitions	Few if any manually written requisitions
Continue surplus property and lost and found sales. .	Conduct at least 3 sales during the year using the NAVY site for inspection and inventory. Conduct at least six (6) sales using electronic commerce to send invitations and receive bid prices.
Continue the close out process of outdated blanket orders	Eliminate payment transactions using outdated contracts numbers.
Publish a Department news letter.	Four newsletters are published in 2004.
Achieve a smooth transition of Lost and Found responsibility to Purchasing.	Site preparation at the Lindbergh Terminal completed by end of February. Personnel are in place, majority of found items are matched with the owner, morale is high resulting in a positive attitude visible to the public, few complaints from the traveling public.
Continue to audit credit card statements to ensure vendors which have a blanket order contract with MAC are in fact giving the departments the correct discount.	Audits reveal prices are actually contract prices.
Develop and implement Industry codes to the JDE Address book	Print out address book periodically. Buyers will use the codes to develop vendor bid lists.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

INTERNAL AUDIT

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	116,157	110,043	115,989	5,946	5.40%
Administrative Expenses	3,855	7,050	4,900	-2,150	-30.50%
Professional Services	95,739	105,280	100,879	-4,401	-4.18%
Utilities	743	0	0		
Operating Services/Expenses	0	0	0	0	0.00%
Maintenance	67	0	0		
Other	0	0	0	0	0.00%
Total Budget	216,562	222,373	221,768	-605	-0.27%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE 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 objective 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

MAJOR 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Job qualification includes having an updated Certified Public Accountant (CPA) certificate. In order to keep the certificate current, the department needs to take continuing education courses every year. The State Board of Accountancy has instituted increased requirements for the continuing education. Certified Internal Auditor in the department is required to take additional training.
Administrative Expenses	To reduce costs in 2003, the department used their inventory of supplies. This inventory of supplies is now depleted. In 2002 one employee was on extended leave and another employee left the organization, supplies were not used as much during this time.
Professional Services	The Internal Audit Department is reducing the budget of professional services as a cost saving measure.

2002 PROGRESS REPORT

Objective	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.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

INTERNAL AUDIT

2002 PROGRESS REPORT

Objective	Measurement	Results
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 work paper standards. Ensures compliance with auditing standards.	Work papers 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.

2003 PROGRESS REPORT

Objective	Measurement	Results
Develop and Update Audit Plan.	Summary of Audit Activity.	Audit plan has been updated in response to changing priorities of the department
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.	All audit requests have been responded to in less than 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.	Prior year audits have been reviewed. All additional fees that were identified have been paid in accordance with settlement amounts.
Audit two car rental operators.	Audit Report summarizing results of audit.	Four car rental audits have been completed. Reports on three of those audits have been issued.

2004 OBJECTIVES

Objective	Expected Results
Continue our effort to provide assurance to the Commission that MAC Financial Activities are conducted in accordance with Generally Accepted Accounting Principles.	One audit in the area of MAC revenue or expense completed.
Complete 3 remaining car rental audits in order to have complete audit coverage of all on and off airport car rental companies.	Three remaining car rental audits completed.
Provide audit coverage of selected areas of activity in response to requests by MAC staff and Commissioners.	Audits of selected areas completed.
Conduct Follow-up review of prior year audits to ensure that audit findings are implemented.	A report identifying audit findings and resulting action published.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

INTERNAL AUDIT

2004 OBJECTIVES

Objective	Expected Results
Perform at least one audit of a concession which produces \$3 million or less in gross revenue in order to comply with MAC Revenue Management Policy.	One audit of a concessionaire with \$3 million or less in gross revenue conducted.
Develop and Update Audit Plan	Summary of Audit Activity is completed.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

INFORMATION SERVICES

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	1,075,616	1,080,799	1,136,192	55,393	5.13%
Administrative Expenses	25,565	30,670	89,437	58,767	191.61%
Professional Services	234,159	225,000	200,000	-25,000	-11.11%
Utilities	4,208	3,900	817	-3,083	-79.05%
Operating Services/Expenses	294,599	380,693	266,858	-113,835	-29.90%
Maintenance	0	0	0	0	0.00%
Other	27,923	91,600	131,296	39,696	43.34%
Total Budget	1,662,070	1,812,662	1,824,599	11,937	0.66%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE Total:	15	16	16

RESPONSIBILITY/FUNCTION

The Information Services department provides leadership and direction 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 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	The controllable portion of the increase comes from \$12,000 for staff training and an estimated \$1,790 for overtime as the department takes on support of the Humphrey Terminal systems. Technical training is vital for keeping staff current on technology so that the organization obtains the maximum benefit from technology.
Administrative Expenses	The increase is entirely due to 1) software upgrades for 200 licenses for Microsoft software including Exchange and/or Office, and 2) to the purchase of Spam filtering software for all MAC workstations to eliminate the productivity and capacity lost to Spam.
Professional Services	The reduced costs result from the end of the consulting portion of the agreement with Concourse Communications for the wireless Internet services provided in the Lindbergh Terminal.
Operating Services/Expenses	A number of software products have been dropped, and the corresponding support agreements eliminated. Costs associated with telephone service and Internet services have been moved to MAC General as a more accurate accounting of activity.
Other	Changes to costs in the category come from changes in computer-related equipment purchases for non-capital equipment.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

INFORMATION SERVICES

2002 PROGRESS REPORT

Objective	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.
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.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

INFORMATION SERVICES

2002 PROGRESS REPORT

Objective	Measurement	Results
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 PROGRESS REPORT

Objective	Measurement	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. 	Network and key server redundancy has been established. Work remains to configure half of the switches. Progress has been slowed by shortage of staff and staff turnover.
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. 	Permits are being processed within the target time frames.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

INFORMATION SERVICES

2003 PROGRESS REPORT

Objective	Measurement	Results
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. 	Staff shortages have prevented the workstation replacement from being completed. Work has begun, however, and will be completed in 2004.
Support application systems in use including: <ul style="list-style-type: none"> - 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	Not all applications have been available for 95% of the time. Problems still exist with the VisionAir police mobile application which provides laptops in squad cars to access data. The target response time for problems reported to the Help Desk has been met.
Support MAC radio and wireless systems. This includes: <ol style="list-style-type: none"> 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.	Availability has been 99%. Coverage problems have been detected and addressed. Mandatory 800 MHz upgrade has been installed.
Support telephone systems. This includes: <ol style="list-style-type: none"> 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.	Telephone service has been available 99% of the time.
Support network, servers and server-based software. This includes: <ol style="list-style-type: none"> 1) 30 servers with 140 GB of user storage. 2) 600+ network nodes across MAC campus 3) 12+ system software products <ul style="list-style-type: none"> - Outlook / Exchange email for 650 users - Web servers - Anti Virus 	<ol style="list-style-type: none"> 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. 	Network availability has been 99%, as has system software. More problems have been experienced with the Internet services and external network connections than anticipated.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

INFORMATION SERVICES

2003 PROGRESS REPORT

Objective	Measurement	Results
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.	Desktop hardware is available 95% of the time. Help desk call response is averaging 6 hours.
Proactively manage and respond to expense variances.	IS department will complete 2003 within budget.	The department will be at or slightly under budget for 2003. MAC telephone costs are projected to be \$75,000 under budget.

2004 OBJECTIVES

Objective	Expected Results
Support MAC radio and wireless systems including 4 existing radio systems, cell phones, pagers and wireless Internet access.	Radio systems available 99%+ of the time. Radio coverage acceptable. Wireless technologies do not interfere with each other.
Convert MetaFile construction project management system to employ JD Edwards software.	Construction management and payment processes all done using JD Edwards.
Provide staff support for Landside systems infrastructure that operates Revenue Control, Commercial Vehicle, Frequent Parker and Employee Parking systems.	Network and other infrastructure available 99% of the time.
Provide IS department staff support for the Humphrey Terminal Common Use, scheduling and information display software and equipment.	CUTE and display systems available for the agreed percentage of time.
Complete the installation of replacement workstations begun in 2003.	All replacement workstations installed.
Support computer applications in use including Public Safety applications, Secured Access, Fleet Management, JD Edwards financial, human resources, payroll and construction management, AlertCast emergency notification, Asset Handler, Utility metering.	Applications are available for use 95% of the time. Problems addressed within 8 hours of being reported to the IS department Help Desk.
Support networks, servers and server-based software which includes: 40+ servers with 180 GB of data storage, 600+ network nodes across the MAC system, 12+ system software products like Outlook/Exchange email, Inter and intranet web sites, anti-virus.	Network is available 99%+ of the time. System software available 99%+ of the time. Virus attacks deflected and web filtering prevents problems arising from inappropriate site access.
Support and maintain the SONET backbone network.	SONET network available for use 99% of time.
Support MAC telephone systems which include the PBX with 500+ stations, 234 courtesy phones in the terminals and various other phone services like elevator phones.	Telephone service available 99%+ of the time.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET**INFORMATION SERVICES****2004 OBJECTIVES**

Objective	Expected Results
Analyze requirements and prepare a Request for Proposals and/or Capital Improvement Program specifications to replace the present asset management system with a system to more broadly address MAC maintenance management.	Analysis completed. RFP drafted.
Review and approve telecommunications permits for work done at the MAC that involves cabling or telecommunications-related construction or installation.	All permit applications reviewed within two days of receipt with the response to the applicant within another two days. Telecommunications-related work meets MAC standards.
Plan and implement 800 MHz radio system for the MAC.	800 MHz radio system in place for public safety departments in 2004.
Review and approve plans, budgets and purchases for technology activities at the MAC.	Plans, budgets and purchases reviewed on a timely basis.
Complete Business Continuity Planning.	Plan completed.
Analyze requirements and prepare a Request for Proposals to replace the Public Safety systems that include Computer-Aided Dispatch (CAD), police Records Management System (RMS) and related software.	Analysis completed, RFP drafted.
Analyze requirements and write a Request for Proposals to replace the Commercial Vehicle, Taxi and employee parking systems.	Analysis completed. RFP drafted.
Support desktop hardware and software for MAC staff. This includes 350 workstations, 160 printers and 25+ different desktop software products.	Desktop hardware available 95%+ of the time. Software problems reported to the IS department Help Desk customers receive a response within 8 hours of the report.

2004 LONG TERM OBJECTIVES

Objective	Expected Results
Develop and maintain capabilities for sharing information across the MAC.	Ownership of key data is established. Key data can be shared among MAC departments as needed.
Build MAC-wide technology and information systems coordination.	1. MAC-wide standards for hardware and software will be established. 2. Specialized hardware and software acquired by one department are handled so that other departments can use those capabilities.
Develop and update an overall plan for using technology at the MAC.	Technology direction is established and recognized across the organization.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

SAFETY

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	117,995	118,184	124,238	6,054	5.12%
Administrative Expenses	1,462	2,850	2,900	50	1.75%
Professional Services	14,699	26,697	18,900	-7,797	-29.21%
Utilities	819	0	0	0	0.00%
Operating Services/Expenses	0	2,000	1,000	-1,000	-50.00%
Maintenance		0	0		
Other	2,244	15,600	6,900	-8,700	-55.77%
Total Budget	137,218	165,331	153,938	-11,393	-6.89%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE 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. Reporting to the Insurance Risk Department, this function serves to prevent losses and control cost associated with risk within the MAC organization.

MAJOR 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
Professional Services	This category was reduced to meet the Commissioner's cost containment efforts for the 2004 budget.
Other	This category was reduced to meet the Commissioner's cost containment efforts for the 2004 budget.

2002 PROGRESS REPORT

Objective	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.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

SAFETY

2002 PROGRESS REPORT

Objective	Measurement	Results
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 PROGRESS REPORT

Objective	Measurement	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.	This is an ongoing activity.
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.	We were unable to get to all the relievers as often as planned but we kept in contact with them on a regular basis.
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.	This is accomplished at the periodic safety meetings held in various departments.
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.	In process.
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.	Completed.

2004 OBJECTIVES

Objective	Expected Results
Maintain a close working relationship with all Construction contractors working on the MAC Campus to ensure that they are in compliance with all OSHA and MAC safety policies.	The minimization of construction related accidents.
Minimize regulatory violations and help protect employees from injury by ensuring that all required OSHA training is conducted and documented.	All MAC departments up to date on required OSHA training and training documented in the organizational database.
Develop and present 2 safety meetings/year to the General Office personnel.	The G.O. Staff made aware of safety items and information.
Continue to implement safety training presentations on topics other than OSHA requirements.	Reduced employee accidents at home, on vacation and at work.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

SAFETY

2004 OBJECTIVES

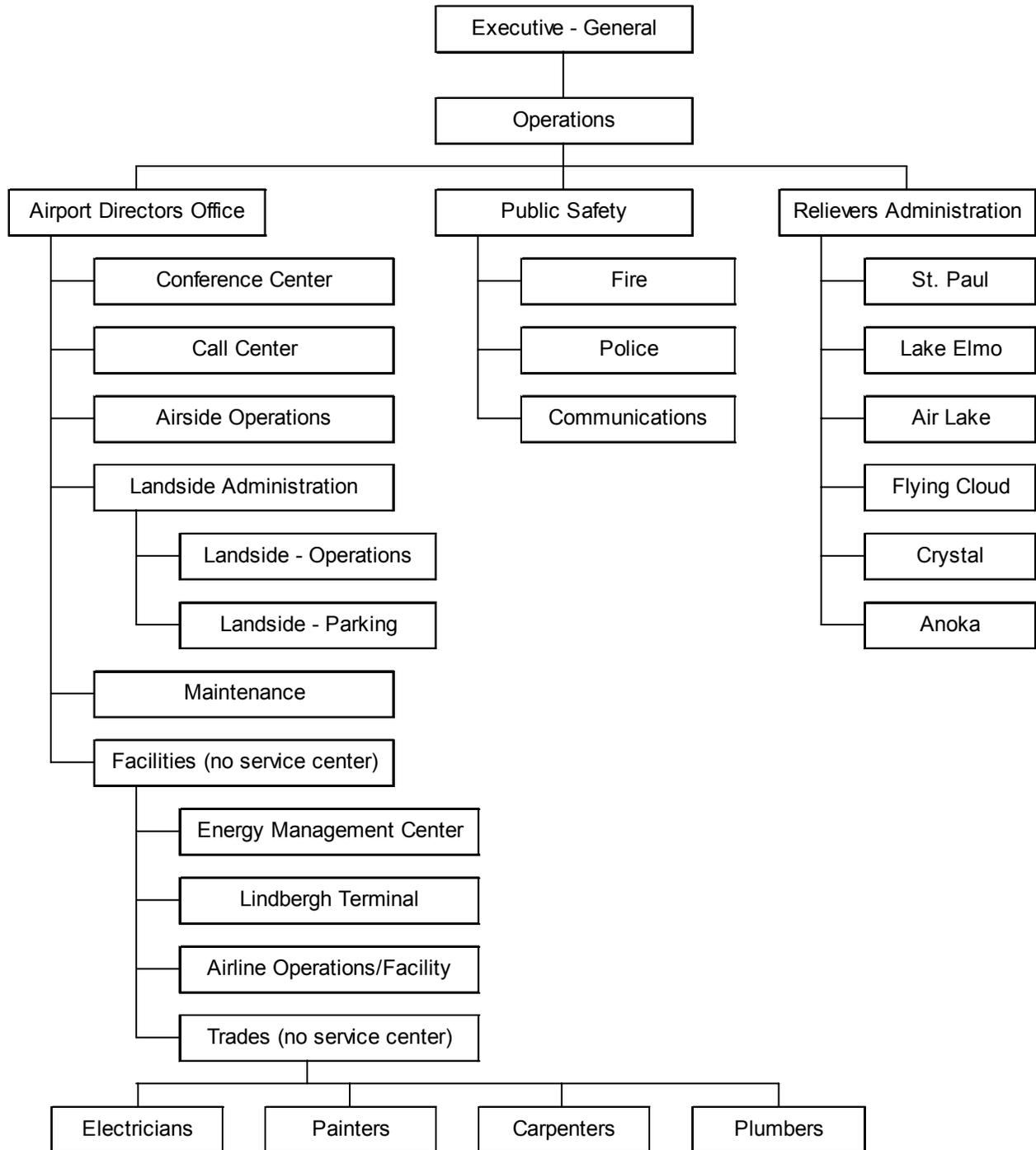
Objective	Expected Results
Visit each Reliever Airport at least once per month throughout the year to check on the status of employee safety and the maintenance safe working conditions and practices.	Visits conducted and documented. Unsafe conditions and practices addressed.
Continue to visit non-aviation facilities on a regular basis to ensure that there are no hazardous exposures to the public.	Visits conducted and documented. Hazardous exposures identified and corrected.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

Operations Division



SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

Notations to Service Center Summaries:

- * Variance (dollars and %) is computed between 2003 Budget and 2004 Budget
- * The explanation for the variances is based upon the 2003 Budget and 2004 Budget
- * FTE's as stated in each service center are as budgeted in December 2003. Salary dollars in each service center may not reflect the budgeted FTE count for that service center.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

OPERATIONS

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	160,872	158,246	160,200	1,953	1.23%
Administrative Expenses	7,762	5,743	5,658	-85	-1.48%
Professional Services		0	0	0	0.00%
Utilities	406	0	607	607	100.00%
Operating Services/Expenses	0	300	300	0	0.00%
Maintenance	162	0	0		
Other	0	0	0	0	0.00%
Total Budget	169,202	164,289	166,764	2,475	1.51%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE 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 PROGRESS REPORT

Objective	Measurement	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.	As a member of the ACI-NA Public Safety and Security Committee and the ACI World Standing Security Committee have participated in the debates and discussion that have formed the structure of the position statements of the US Airport Industry.
Create a succession plan for the Airport Director Position.	Identified personnel who can assume responsibilities upon the retirement of the Airport Director.	Succession plan in place. Candidates have received preliminary interviews. Selection process will be accomplished by Feb '04.
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.	See comments on status of previous objective.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

OPERATIONS

2003 PROGRESS REPORT

Objective	Measurement	Results
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.	Forum created for this discussion and progress has been made after several interdepartmental meetings. Issue has been included in 2004 plan objectives.
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.	Due to exigent circumstances caused by the downturn in the economy, especially relating to the airline industry, financial emphasis was on making do with less. Therefore, little proactive work on reviewing financial policies was accomplished.
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.	Analysis done and budget created to reflect the economic realities of the airline industry. This is an ongoing process that will be updated to reflect changes in industry ability to handle greater cost. Documentation process still being accomplished.

2004 OBJECTIVES

Objective	Expected Results
6. Continue with participation on domestic and international Committees regarding aviation security, providing advice and guidance on issues affecting airport operations.	Minimized confusion at the local level regarding security issues and reactions to Federal mandates. Creation of workable policies for promulgation of airport security directives.
5. Process change in Airport Director's position and related org. structure changes. (i.e. Airport Operations Center)	New leadership in place.
4. Expand Customer Service partnership initiative and create action item leading to development of a customer service culture throughout the terminal complex.	Improved ratings on Customer service surveys (i.e. PLOG, IATA, local).
3. Lead the Organization through the Reliever Airports policy review process and oversee enactment of agreed upon changes	Policy changes in place.
2. Create a mechanism for incorporating M&O budget needs into the CIP planning and approval process	Applicable portions of the O&M budget receive approval during the CIP approval process.
1. Develop a process for incorporating a "life cycle cost" analysis into capital project decision making to ensure on-going O&M costs become a factor in project development decisions	Reduction in O&M costs related to capital project decisions.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

ADO - GENERAL

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	319,692	315,979	206,023	-109,956	-34.80%
Administrative Expenses	22,424	25,150	21,365	-3,785	-15.05%
Professional Services	158,922	165,250	120,000	-45,250	-27.38%
Utilities	1,842	0	370	370	100.00%
Operating Services/Expenses	14,859	49,450	49,320	-130	-0.26%
Maintenance	106,375	118,195	129,630	11,435	9.67%
Other	9,944	13,200	12,089	-1,111	-8.42%
Total Budget	634,058	687,224	538,797	-148,427	-21.60%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE Total:	3	5	3

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 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	We anticipate this category being less than either 2002 actual or 2003 budget totals due to the reduction of 2 headcount (Special Assistant to Airport Director and Tour Coordinator).
Professional Services	Monies transferred to 86100 Facilities and 89000 Field Maintenance.
Maintenance	The increase is due to higher contract costs for canopy cleaning/snow removal.

2002 PROGRESS REPORT

Objective	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.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

ADO - GENERAL

2003 PROGRESS REPORT

Objective	Measurement	Results
Ensure positive customer service with integration of TSA into MSP workplace	Feedback from surveys	MSP has experienced a highly successful integration of TSA. TSA, encouraged by MAC, espouses a customer service ethic. MAC credits TSA with significant contribution to improvement in the traveling public's perception of the "courtesy helpfulness of airport staff" per the Global Airport Monitor: 2001-3.78 score/26% excellence to 2Q03-4.07 score/34% excellence. Per MAC invitation TSA mgt. staff participate on CSAC.
Restructure & sustain customer service training for front line employees	Number of employees trained, IATA survey	CSAC successfully restructured customer service training module, reinitiated training sessions and is nearing 98% front line employee completion of training. Training is credited with contributing to significant improvement in the traveling public's perception of the "courtesy, helpfulness of airport staff" per the Global Airport Monitor: 20013.78 score/26% excellence in 2Q03-4.07 score/34% excellence. The module has received highly positive trainee(s) evaluation.
Integrate customer service principles/projects into MAC business plan	Number of customer service objectives, employee ratings completed and average score of customer service performance.	A customer service criteria are now included in the MAC performance mgt. evaluation forms.
Develop project initiatives (Theme) and build spirit/camaraderie at MSP	The number of initiatives implemented	CSAC implemented the following initiatives in 2003: employee "MSP Update" newsletter, theme logo, tenant/vendor forum, marketing Comm. "your turn to travel", Marketing Comm. Pkg. of discount coupons as recognition awards.
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.)	CSAC created a logo (theme)"MSP North America's #1 Airport. MSP has experienced a phenomenal (35pt) improvement in customer satisfaction perceptions; positioned itself 4th in the world; registered 20 of 29 service elements among the top ten airports in customer satisfaction; and boosted eight elements above a 4.00 "very good" rating.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

ADO - GENERAL

2003 PROGRESS REPORT

Objective	Measurement	Results
Encumber Federal grant dollars for purchasing emergency preparedness equipment.	Secure funds and purchase minor emergency preparedness equipment.	During the months of May and June 2003, the State of Minnesota and Hennepin County approved MAC applications for \$83,349 in grants for equipment, training and exercises for response to Weapons of Mass Destruction incidents. In July, 2003 MAC applied for Federal Emergency Preparedness funds through the State of Minnesota in the amount of \$39,842. Approval of this application is still pending as of November, 2003. In October 2003, MAC submitted an extensive emergency preparedness assessment to Hennepin County. This assessment will be forwarded to the State and eventually to the Federal Office of Domestic Preparedness to assist in determining future state allocations for Emergency Preparedness and Response funding.
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	Small scale tabletop exercises were done during six Incident Command training sessions in January, February and March. A small-scale tabletop Lindbergh Terminal evacuation exercise was done with MAC and TSA in April. Additional small-scale tabletop exercises will be conducted during Incident Command training in November and December.
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 in minimal.	The effective use of Incident Command will improve the emergency response command and control.	Training was conducted for forty six persons during January, February and March. More training will be scheduled for December 2003.
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.	All MAC departments have been asked to review their plans and make any necessary changes. In progress.
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.	The Emergency Plan has been revised and will be submitted to the FAA for review on December 31, 2003.
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.	The reorganization is 100% complete as minor job duty adjustments were made in 2nd qtr. Both job satisfaction and efficiency improvements were documented.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

ADO - GENERAL

2003 PROGRESS REPORT

Objective	Measurement	Results
Work with airlines, Transportation Security Administration and MAC departments to produce a quality security program for MSP. Special emphasis on customer service and workability aspects of plan.	Observation and feedback regarding ease of use, processing times, and overall airport experience.	Program in 03 has remained successful. As TSA adjusts staffing the airport will need to monitor for positive customer service levels.

2004 OBJECTIVES

Objective	Expected Results
Develop and update MAC department emergency response procedures.	Every MAC department will have current and up-to-date procedures for responding to emergencies that involve MSP and Reliever Airports.
Work with airlines, TSA and MAC departments to produce a quality security program for MSP. Special emphasis on customer service & workability aspects of the plan.	Observation and feedback regarding ease of use, processing times and overall airport experience.
Develop a MAC-Tenant/Vendor partnership through which to initiate and implement applications of the theme and project initiatives intended to build customer service culture and elevate and sustain MSP in the top ten airports.	Feedback from various measuring tools.
Create a customer service theme around which to rally tenant/vendor and MAC personnel in further displaying a customer service culture at MSP and develop applications of the theme throughout MSP service functions.	Feedback from various measuring tools (surveys, etc.)
Develop project initiatives that are applications of the theme and build the spirit/camaraderie of customer service culture.	The number of initiatives implemented.
Integrate customer service principals and projects into the MAC business plan.	Number of customer service objectives, employee ratings completed and average score of customer service performance.
Restructure & sustain customer service training providing recurrent (every 3 yrs) mandatory training to specified front-line employees to create and implement a module within the orientation training of all new employees	Number of employees trained as well as results from IATA survey.
Encumber grant dollars for emergency preparedness equipment, planning & training.	Secure the funds and spend the dollars as indicated in grant applications
Update and revise the Airport Emergency Plan and supporting documents.	Plan and supporting procedures will be updated at least once annually to ensure that hazard response, procedures, names, phone numbers, facilities, etc. are current and up-to-date.
Provide in-house recurring incident command training to MAC first responders.	Effective use of incident command by first responders will improve overall emergency response to minimize impacts that incidents have on airport operations.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET**ADO - GENERAL****2004 OBJECTIVES**

Objective	Expected Results
Conduct two tabletop exercises and one large field exercise with MAC and non-MAC emergency plan participants. One of the tabletop exercises will focus on testing the new Lindbergh and Humphrey Terminal Evacuation Plans.	Test specific aspects of emergency response plan and procedures. Review the exercise and make any necessary changes to plans and procedures.

2004 LONG TERM OBJECTIVES

Objective	Expected 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-hours operation to handle all operational problems/customer concerns.
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.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

CONFERENCE CENTER

BUDGET SUMMARY

	<u>2002 Actual</u>	<u>2003 Budget</u>	<u>2004 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Personnel	313,100	102,242	107,019	4,777	4.67%
Administrative Expenses	6,146	11,260	9,760	-1,500	-13.32%
Professional Services	0	0	0	0	0.00%
Utilities		0	0	0	0.00%
Operating Services/Expenses	57,938	40,035	27,035	-13,000	-32.47%
Maintenance	253	1,200	1,200	0	0.00%
Other	3,601	4,025	4,025	0	0.00%
Total Budget	381,039	158,762	149,039	-9,723	-6.12%

FULL TIME EQUIVALENT SUMMARY

	<u>2003 Actual</u>	<u>2003 Budget</u>	<u>2004 Budget</u>
FTE Total:	2	2.5	2

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.

MAJOR 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
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SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

CONFERENCE CENTER

2003 PROGRESS REPORT

Objective	Measurement	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.	The marketing specialist has been going to many events, doing numerous mailings and cold calling on the phone in her efforts to promote the center. The pass system that we use in order to gain access for clients work. We will need to be able to work with the TSA in maintaining that system or, if changed, still have the ability for people to gain access. The conference center staff provides excellent customer service which has been given as a reason by clients on why they keep returning. Once the naming rights concept has taken place, this will give us more to work with in terms of increasing the client usage in the center. The naming rights concept did not materialize in the time allowed, however, through reorganizing staff time and duties the conf. Center will have a positive cash flow for the last 1/2 of 03. Client usage continues to increase.

2004 OBJECTIVES

Objective	Expected Results
Reach local and out of town markets to bring in new clientele.	Businesses to gain a new awareness of the conference center. Increase clientele base.
Use repeat clientele to increase revenue	Maintain our customer base; revenue increases.
Increase revenue.	Change accounting process to recognize non-revenue usage and subtract that from conference center cost center. Increased number of clients in 04.

2004 LONG TERM OBJECTIVES

Objective	Expected Results
Receive additional monies to the market and update equipment in the conference center	To have "up to date" AV equipment in the proper running order, increase marketing to increase revenue
Receive Commission approval for the Conference Center to remain open under MAC supervision	To continue and provide a valuable service to the MSP Airport guests as well as being profitable
Research 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.
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).

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

CALL CENTER

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel		146,317	203,263	56,946	38.92%
Administrative Expenses		4,200	2,700	-1,500	-35.71%
Professional Services		0	0		
Utilities		0	0		
Operating Services/Expenses		5,000	6,500	1,500	30.00%
Maintenance		0	0		
Other		0	0		
Total Budget		155,517	212,463	56,946	36.62%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE Total:	1.5	2	1.5

RESPONSIBILITY/FUNCTION

The MAC Call Center is responsible for answering the airport general information line and two lines on the courtesy phones (201- Information and Paging; and 203 - Ground Transportation, which includes taxis, shuttles, buses and parking). It also is responsible for performing a large portion of the paging function in the airport. In 2002, the center received 185,500 calls (an increase of approximately 33,000 from 2001). There are approximately 220 courtesy phones (in Lindbergh and Humphrey terminals).

The center is open seven days a week, 14 hours a day, 365 days a year. Therefore, it receives many calls that should go to specific departments outside of their hours of operation. Additionally, many airlines have scaled back on their personnel; therefore, the Call Center receives calls that may have been answered by them in the past. The staff help these callers and give them as much information as they have available. The center's staff is professional and informed.

MAJOR 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	<p>Personnel (Temps-Administration) line item increased. There are 3 part-time regular MAC employees working in the Call Center. However, they have been working full-time hours and receiving full-time benefits due to the call volume in the center (in 2002, received 185,503 calls; as of the end of July 2003, received 86,863 calls). Half of their salaries is reflected in the Regular Wage line item and the other half (\$53,414) is reflected in the Temps-Administration line item. The \$53,414 was not reflected in the 2003 budget as the status of these 3 employees continues to remain part-time regular.</p> <p>Also included in the Temps-Administration line item is \$61,776 which is the amount allocated for the 2 temporary agency employees. This same amount was used on the 2 temporary agency employees in 2003.</p> <p>In 2002, the Call Center was included in the Conference Center budget (82060). In 2003, it became its own service center (82060). Therefore, no monies show in the 2002 Actual.</p>
Administrative Expenses	Expense transferred to Operating Services category.
Operating Services/Expenses	Expense transferred from Administrative category.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

CALL CENTER

2003 PROGRESS REPORT

Objective	Measurement	Results
Improve office productivity by purchase of a network printer for the Call Center.	Ability to print from all computers in the center, not just the computer housing the e-mail.	The Network Printer was installed in June 2003 at a cost of \$1,200.

2004 OBJECTIVES

Objective	Expected Results
Work with IS to upgrade/enhance the current Qwest telephone system in the Call Center.	To be able to utilize the current system features to the maximum to get the most out of the system that we currently have.
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.

2004 LONG TERM OBJECTIVES

Objective	Expected Results
Research to find 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. The system the Call Center currently uses has been in place since 1999, with very limited upgrades (due to cost budget constraints). The Mitel system was unable to provide the Call Center with the flexibility and options it needs. A new system would provide this flexibility which would enhance our customer service.
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.
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 this department.
Pursue having the status of the 3 MAC PT regular employees in the Call Center changed to FT regular status.	The employees are accruing full-time benefits and are working full-time hours; therefore, their status should be FT regular.
Continue to work with Airside Operations on the AOC concept.	To provide a center that houses information from all departments and that can operate 7x24. The airport is open 7x24; therefore, there should be an operations center that can help/answer any questions at any time.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

AIRSIDE OPERATIONS

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	840,875	866,181	867,844	1,663	0.19%
Administrative Expenses	48,972	44,975	37,725	-7,250	-16.12%
Professional Services	73,482	190,500	19,000	-171,500	-90.03%
Utilities	6,746	5,850	4,962	-888	-15.18%
Operating Services/Expenses	9,381	55,600	49,800	-5,800	-10.43%
Maintenance	2,975	2,000	5,910	3,910	195.50%
Other	27,142	66,100	56,900	-9,200	-13.92%
Total Budget	1,009,572	1,231,206	1,042,141	-189,065	-15.36%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE 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 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Professional Services	Airside has cut professional services by 90% or \$171,500. These cuts will result in the termination of contracts and loss of services from the University of Minnesota Canada Goose Management Program and USDA Wildlife Services for both STP and MSP. The loss of these two contracts will result in a significant reduction of wildlife management activities in and around both airports. This service reduction may have a direct impact on both STP and MSP staffs. If these two critical contracts are reduced and alternative resources are not allocated or options provided, STP and MSP will be unable to provide the current level of service needed to implement the existing wildlife hazard management programs.
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2002 PROGRESS REPORT

Objective	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.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

AIRSIDE OPERATIONS

2002 PROGRESS REPORT

Objective	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.	<ol style="list-style-type: none"> 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.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

AIRSIDE OPERATIONS

2002 PROGRESS REPORT

Objective	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.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET**AIRSIDE OPERATIONS****2003 PROGRESS REPORT**

Objective	Measurement	Results
Develop and implement reorganization and restructuring of department responsibilities.	Reorganization that results in greater staff participation, ownership and accountability.	The Airside Operations Department has implemented a team based project/program management approach that has increased staff participation, ownership and accountability. The department has also created an internal rotating Duty Manager position that is the primary point of contact for Airside day-to-day operations at MSP.

2004 OBJECTIVES

Objective	Expected Results
Develop and implement a comprehensive data and information structure and management system for the Airside Operations Department.	Existing data and information management consolidated and streamlined resulting in at least 10% savings of existing department network storage capacity.
Relocate MSP Call Center to and integrate Customer Information Assistants into Airside Operations.	<ol style="list-style-type: none">1. Call center functions contained within the Airside Operations Center.2. Supervision and management of Call Center staff overseen by Airside Operations management.
Implement the revised MSP Air Operations Area Driving Ordinance and associated programs.	<ol style="list-style-type: none">1. MSP in compliance with FAR Part 139.329 (b) and (e).2. An administrative enforcement system for all AOA drivers established.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

COMMUNICATIONS

BUDGET SUMMARY

	<u>2002 Actual</u>	<u>2003 Budget</u>	<u>2004 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Personnel	691,704	713,306	741,995	28,689	4.02%
Administrative Expenses	7,507	11,357	9,958	-1,399	-12.32%
Professional Services	12,924	0	0	0	0.00%
Utilities	915	740	713	-27	-3.65%
Operating Services/Expenses	5,475	15,891	30,000	14,109	88.79%
Maintenance	424	0	0	0	0.00%
Other	7,030	8,601	7,375	-1,226	-14.25%
Total Budget	725,978	749,895	790,041	40,146	5.35%

FULL TIME EQUIVALENT SUMMARY

	<u>2003 Actual</u>	<u>2003 Budget</u>	<u>2004 Budget</u>
FTE Total:	11	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. The Transportation Security Administration has recently added over 850 employees, which has increased the calls for service in this center. 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 7900 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 houses the voice recording equipment for 30 plus channels of phone and radio traffic. All 911 lines, administrative phone lines, as well as police, fire, and FAA radio lines, to name a few, are recorded. Management and proper dissemination of voice recorded information is handled by Communications. We operate 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.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

COMMUNICATIONS

MAJOR 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
Operating Services/Expenses	This category is elevated due to IS dollars for the CAD maintenance contract transferred to this cost center and for connections to the Hennepin County warrant system that have a monthly support charge and a user fee. Transactions are charged at .10 per transaction.

2002 PROGRESS REPORT

Objective	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 & supervisors.	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.
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.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

COMMUNICATIONS

2002 PROGRESS REPORT

Objective	Measurement	Results
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.

2003 PROGRESS REPORT

Objective	Measurement	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.	Meetings with members of the communications center, police, facilities, and the airport directors office continue to meet on a regular basis with TSA representatives to address security, building, and tenant issues as they arise. This has been an excellent way to share information and improve procedures.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

COMMUNICATIONS

2003 PROGRESS REPORT

Objective	Measurement	Results
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.	Strides have been made in the development of our quality control program with the implementation of the new Mercom logging recorder which will monitor coordinators on the phone and radio and can provide random, valid information for performance evaluations. The Simon phone system has provided management with statistical information that was not available with our previous phone system. This information will provide an excellent tool as high standards for performance are pursued.
Provide software training to new employees and existing staff.	Employees would be able to use the computer software in their job duties.	This department has installed and is utilizing a new software package that is assisting us with the hiring of new Communications Coordinators. In working with the IS department, it was discovered that this software could have uses in other departments. This software was researched by Lead Coordinator Shelly McLaury and the benefits of her desire to improve our process will be advantageous to many others here at MAC.
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.	This project was pursued in the spring and after a detailed planning process, a reliable and updated system was installed in Oct. This new equipment has provided ease of use, increased capabilities including a quality control program, and reliability that is important for voice recording of our radio and 911 phone system.
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.	Due to unforeseen issues with implementation created by the vendor, the mapping integration has taken longer. A new solution needed to be worked out by the vendor and integration should be complete by early 2004.
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.	This equipment was purchased and put in place. These laptops have been very helpful for accomplishing work as needed, especially in a 24 hour department.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

COMMUNICATIONS

2003 PROGRESS REPORT

Objective	Measurement	Results
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.	Due to staffing and workload issues with staff members from all groups, these programs did not have the participation they should. The programs will need more attention in 2004.
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 the police and fire departments. Improved documentation of department training activities. Maintain consistency with all personnel receiving the same information.	The training program continues to improve and expand. Changes in requirements for new coordinators has established the need for a more detailed, expanded training program. The two new leads attended a comprehensive training program that will enhance their capabilities as new trainers.
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.	Work continues on the policy manual. This task is worked on as time permits and several large projects have taken away from the manual development. Many policies have been written and manual updates will be ongoing. The manual will be continually worked on into the following year.
Continue development of leadership strategies.	Effective and positive working relationships with associates, department members, and the public are maintained. Clear performance expectations and standards with department employees is supported. Efficient & effective day to day operation of the communications center. Practices and procedures are followed and in accordance with department policies. Consistent and successful training program. Staff conflict resolution is improved.	The reorganization of the department has continued with the placement of an additional lead coordinator utilized from current staff. This allows for another contact person to be available to staff members, other MAC depts., and the public when needed. Management team is committed to ensuring a high standard of performance and professional conduct.
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 department. 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 department that measures appropriateness of resources.	Adequate minimum staffing did not occur due to the hiring freeze. Staffing shortages during the year strained coverage. Schedule used provides as much coverage as possible when dept. is at full staff without the ability to hire additional staff.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

COMMUNICATIONS

2004 OBJECTIVES

Objective	Expected Results
Pursue plan to 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.
Develop back up emergency dispatch center	Provide uninterrupted service to airport community. Reduction in liability in the event a major element of existing communication system were to be destroyed or rendered inoperative due to a natural disaster, crash, or terrorist attack. Provide a safe location for comm. center personnel to operate from in case of a disaster.
Develop and maintain quality control program	Facilitate ability to monitor and track call load through records management component of phone, CAD system, and new voice logging recorder. Proven reliability of training manual. Effective and consistent enforcement of Communications Center rules and regulations. Effective and positive working relationships between department employees and other departments we have close contact with. Reduction of complaints from the public and other MAC departments.
Maximize 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.
Develop process for integrating 800 MHz	Enhance radio communication between public safety groups as well as other MAC departments. Ensure safety of radio users.
Develop plan for implementing new CAD system that is reliable, accurate, and will keep up with public safety dept. needs.	Improve staff member's ability to monitor officer safety related calls for service. Capture information for fire department that current system is not capable of gathering. Maximize ability of CAD systems administrator to provide public safety departments with support. Pursue adequate customer service response from CAD vendor. Current system is unreliable, outdated, and does not meet needs of all users.
Further development of training program, in house and external training.	Improved, updated training manual. Reduction of liability. Improved communication with police and fire. Improved documentation of department training activities. Maintain consistency with all personnel receiving the same information. Development of leadership strategies. Clear performance expectations and standards with department employees are supported.
Continue development and revision of Communications Center policy manual	Operating consistency, reduction of liability. Standard operating guidelines will require updates and changes according to operating needs.
Achieve personnel levels necessary to support security requirements. Ensure appropriate level of emergency communications support for police and fire. Provide 2 person minimum staffing level for 24 X 7 coverage.	Meet minimum response needs for airport emergencies on midnight shift. Sustain increased activity levels in the police dept. Ensure completeness of sole source of support for police and fire by handling all calls for service. Enhance level of safety provided to public safety officers by establishing zero incidents. Reduce opportunity for liability concerns due to inadequate staffing levels. Provide statistical information to public safety departments that measures allocation of resources.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

LANDSIDE-OPERATIONS

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	288	0	0	0	0.00%
Administrative Expenses	8,057	25,000	8,000	-17,000	-68.00%
Professional Services	92,120	95,000	53,161	-41,839	-44.04%
Utilities	0	0	0	0	0.00%
Operating Services/Expenses	274,532	336,100	230,300	-105,800	-31.48%
Maintenance	28,083	57,782	42,996	-14,786	-25.59%
Other	2,195	2,500	0	-2,500	-100.00%
Total Budget	405,275	516,382	334,457	-181,925	-35.23%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE Total:	0	0	0

RESPONSIBILITY/FUNCTION

Landside administers and enforces MAC tax and commercial vehicle ordinances. Landside has issued 1,277 ZipPasses (AVI tags) to commercial vehicles operating at the airport. Commercial vehicle operators with ZipPasses have 157 accounts that are invoiced monthly for per trip fees and generate \$1.05 million of annual revenue. Landside processes 579 annual taxicab permits, issued to 387 separate owners who provide service through 50 companies. Landside licenses 763 MAC licensed taxi drivers. Taxicab operations generate \$1.6 million in annual revenue. Managing commercial vehicles at the airport includes: tracking and processing annually required insurance and vehicle inspection requirements, managing vehicle operations, receiving and investigating customer complaints, producing monthly billings, and recording monthly payments.

Staff provides taxi starter and information 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.

MAJOR 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Administrative Expenses	Printing of taxi information brochures/comment cards has been reduced from 25,000 to 8,000.
Professional Services	During 2003 \$75,000 was budgeted for the software upgrade to Commercial Vehicle Management system software. Only \$25,000 of this is being carried forward to 2004 as a final payment on the software.
Operating Services/Expenses	The maintenance contract for the commercial vehicle hardware was re-bid during 2003 and the new rate is less than anticipated.
Maintenance	Landside is budgeting for less portable toilets at Post Road in 2004.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

LANDSIDE-PARKING

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Administrative Expenses	2,474	5,100	5,000	-100	-1.96%
Professional Services	18,335	31,000	48,336	17,336	55.92%
Operating Services/Expenses	8,196,805	9,225,818	8,372,331	-853,487	-9.25%
Maintenance	28,415	70,000	56,416	-13,584	-19.41%
Other	0	0	0	0	0%
Total Budget	8,246,030	9,331,918	8,482,083	-849,835	-9.11%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE Total:	0	0	0

RESPONSIBILITY/FUNCTION

The Landside Parking Enterprise consists of Humphrey and Lindbergh Ramps, Lindbergh Valet Garage and additional surface lots with 19,146 spaces.

Landside Operations is responsible for managing the largest single source of MAC revenue. Landside public parking revenue has been \$42, \$40, and \$39 million in the last three years.

Landside develops, manages and operates custom software for public parking revenue control, employee parking revenue control and commercial vehicle operations and revenue control. During the previous year the Parking RCS processed 2,490, 429 revenue transaction, the Commercial Vehicle Management system processed 1,111,707 trips, and Parking Automated Control System (employee parking) processed approximately 381,150 parking visits.

Employee parking services 5,000 employees; monthly invoices are produced for 920 accounts, and \$1.4 million annual revenue is generated.

MAJOR 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Professional Services	Software that did not exist in 2003 (ZipPass -AVI Frequent Parker) will need some modifications during 2004. Adding redundancy to critical Landside communication and file servers will also require consultant time to install software on the fail over equipment.
Operating Services/Expenses	Parking management contract decreased. Landside is implementing automated payment systems (E-Park and ZipPass) to reduce cashier labor expenses.
Maintenance	Landside is budgeting for fewer replacement parts.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

LANDSIDE-ADMINISTRATION

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	1,047,159	970,051	1,166,412	196,361	20.24%
Administrative Expenses	27,126	40,871	58,086	17,215	42.12%
Professional Services	-175	0	10,000	10,000	100.00%
Utilities	4,947	0	3,035	3,035	100.00%
Operating Services/Expenses	8,612	12,172	500	-11,672	-95.89%
Maintenance		0	0		
Other	10,566	15,790	15,304	-486	-3.08%
Total Budget	1,098,236	1,038,884	1,253,337	214,453	20.64%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE Total:	23	22.5	22.5

RESPONSIBILITY/FUNCTION

Landside Operations is responsible for managing the largest single source of MAC revenue. Landside public parking revenue has been \$42, \$40, and \$39 million in the last three years. The Landside Operations staff consists of 30 employees and the public parking management company under supervision of Landside Operations has over 132 employees. See cost center 83300 for a more detailed explanation of Landside parking responsibilities.

Landside administers and enforces MAC tax and commercial vehicle ordinances. Taxi fees generate \$1.6 million in annual revenue while commercial vehicle per trip fees generate an additional \$1.05 million in annual revenue. See cost center 83000 for a more detailed explanation of Landside commercial vehicle revenue collection and ordinance enforcement responsibilities.

Landside Operations staff manages seventeen contracts for services such as; Lindbergh - Humphrey shuttle bus, revenue control equipment maintenance, public parking facility management, etc.

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

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

Staff meets with other municipal, federal and state agencies regarding parking and transportation issues to identify and solve problems.

MAJOR 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
Administrative Expenses	Landside expenses to maintain professional growth and to reduce future consultant expenses (travel expenses) increased.
Professional Services	Costs for a consultant to assist with the re-bid of the credit card processing agreement.
Utilities	Landside cell phones.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

LANDSIDE-ADMINISTRATION

MAJOR 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Operating Services/Expenses	Landside is discontinuing providing FIDS displays in the commercial vehicle atrium, at Post Road Taxi Holding and Standard Parking control room.
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2002 PROGRESS REPORT

Objective	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.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

LANDSIDE-ADMINISTRATION

2003 PROGRESS REPORT

Objective	Measurement	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.	Deferred to 2004.
Award the parking management contract	Parking management continues to function at high quality level.	In-process.
Add an additional file server to optimize Landside SQL and Pervasive databases.	Landside has adequate server capacity for custom software.	Completed.
Increase parking revenue	Increase 2003 parking revenue by 5% compared to 2002.	Completed June 2003.
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.	Project deferred to 2005.
Add convenience features to public parking.	Patrons can park using Pay-on-Foot, AVI-Parking.	Completed November 2003.
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.	Deferred to 2005.
Finish the development of parking revenue control relational database software.	MAC Police and MAC Finance can access parking statistics real-time. Landside and Standard Parking have access to daily, and advanced analytical and management reports.	In-process. Final completion November 2004.
Proactively manage and respond to expense variances.	Conduct monthly reviews to locate savings opportunities and to monitor budget variances.	Completed monthly and currently on-going.
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	Implemented 1st of its kind E-Park system which will save \$1.4 million in expenses during 2004.

2004 OBJECTIVES

Objective	Expected Results
Increase parking revenue by changing the public's perception to the view that our ramps have ample capacity and our roadways are not congested.	Increase revenue to MAC by 10%, increase the utilization of MAC parking lots by 10%, increase customer satisfaction, decrease the number of parking cashiers (parking operational expenses). Advertise the availability and convenience of E-Park (credit card in and out) and ZipPass (AVI Frequent Parker) automated systems.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

LANDSIDE-ADMINISTRATION

2004 OBJECTIVES

Objective	Expected Results
Provide a proper environment for Landside file servers.	Increase the life of Landside file servers. These servers support \$50 million in annual sales. Current server room is an office with computers. Modify the room to include adequate air conditioning, electrical outlets, security, and fire suppression.
Proactive replacement of Commercial Vehicle Management (CVM) operational computers.	Replace six old computers that are operating 24x7 before they fail. Computers to be replaced: 3 Landside workstations, plus CDC (control and dispatch computer), CVCC (commercial vehicle control computer), and HDC (Humphrey dispatch computer).
Transition to new Parking Management agreement.	Parking operations and management continue to function smoothly. Parking receipts continue to be accurately processed and deposited, customer experience is improved including reduced times waiting at exit gates..
Provide preventative maintenance to the Un-interruptable Power Supply (UPS) systems that support the entire Landside revenue control system (RCS). Landside (RCS) operate a \$50 million enterprise.	Landside Parking RCS, Commercial Vehicle Management Systems, and Employee Parking Systems provide continuous service in spite of electrical power failures.
Guarantee uninterrupted service using file servers to provide automatic backup of commercial vehicle servers that operate 24x7, 365 days per year.	Employee Parking and Commercial vehicle operations and control continue to function even if their respective main file servers or communication servers should fail. This protects MAC revenue streams and maintains continuous control of commercial vehicles and employee parking customers.
Achieve a better credit card processing agreement.	Obtain a credit card service that provides better service at the same or less cost. A new agreement is implemented seamlessly.
Implement Commercial Vehicle Ordinance changes.	Increased revenue to MAC and ease of ordinance administration.
Maintain surface parking lots	Surface lots are in usable condition on short notice.
Complete the Parking Revenue System software development and acceptance testing.	Parking RCS passes acceptance tests.
Achieve public acceptance by managing the Light Rail Train impact on shuttles, traffic and parking.	Improve customer satisfaction, improve parking utilization and increase parking revenue. Transform airport parking into an inter-modal transportation hub (planes, trains and automobiles).
Create, market and operate the Humphrey Ramp Park & Fly (door to door) service	Increase parking utilization at the Humphrey Ramp by offering door to door shuttle service from parked vehicle to terminal door. Increase parking revenue by capturing market share from off-airport parking operators.
Resume professional growth of Landside staff	Landside staff keeps up with current technology, trends and practices through peer interaction at professional conferences. Landside develops a network of peer resources and Landside reduces its reliance on consultants.
Maintain essential technical support of the accounting side of Landside Employee Parking (PACS) and Commercial Vehicle (CVM) systems.	This timely upgrade will ensure continued software technical support, and will save MAC money by upgrading during the Microsoft upgrade period.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET**LANDSIDE-ADMINISTRATION****2004 OBJECTIVES**

Objective	Expected Results
Replace aging Landside file servers	Landside revenue streams and operational controls continue to function 24x7. Servers are currently out of warranty and do not meet the minimum specifications of software requirements for software that is coming on line in 2004 leaving Landside public parking, commercial vehicle and employee parking revenue control systems at risk.
Implement the revised taxi ordinance.	Improve the efficiency of the taxi system while improving level of service to the traveling public.

2004 LONG TERM OBJECTIVES

Objective	Expected Results
Maintain Landside parking pickup fleet.	Uninterrupted service is provided in our parking ramps.
Upgrade Landside CCTV system to digital recording.	Landside CCTV are utilized to control and monitor commercial vehicle operations using current technology.
Add parking capacity	Landside provides airport parking while avoiding "lot full" conditions.
Increase parking facility utilization and revenue.	Market parking to attract more customers and make the public aware of new automated parking options that add convenience.
Rebid the Humphrey - Lindbergh shuttle service	Maintenance of existing levels of service while reducing annual operating costs
Install License Plate Recognition system to complement public parking revenue control automation.	Enhanced automated RCS features E-Park (credit card in and out), ZipPass (AVI-frequent parker).

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

FIRE - RESCUE

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	2,767,785	2,703,750	2,873,471	169,721	6.28%
Administrative Expenses	13,831	19,740	19,740	0	0.00%
Professional Services	8,080	9,293	9,293	0	0.00%
Utilities	6,762	6,862	2,983	-3,879	-56.53%
Operating Services/Expenses	17,010	14,000	14,000	0	0.00%
Maintenance	4,681	3,900	3,900	0	0.00%
Other	74,493	122,425	122,425	0	0.00%
Total Budget	2,892,640	2,879,970	3,045,812	165,842	5.76%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE 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, AED, CPR & first aid training. The Fire Department is also responsible for the investigation of all fires to determine origin and cause.

MAJOR 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	<p>Personnel increases are attributable to wage structure adjustment and step increases, along with the costs associated with prolonged military service and a duty related injury.</p> <p>The overtime budget request was based on the past two years and the required payment of FLSA O/T to fire department employees.</p>
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2002 PROGRESS REPORT

Objective	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

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

FIRE - RESCUE

2002 PROGRESS REPORT

Objective	Measurement	Results
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.	Ongoing
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 PROGRESS REPORT

Objective	Measurement	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.	With Terrorist threats did not want give clear identification of these hazardous areas at this time. This info could be displayed in our pre-plans and in CAD.
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.	MAC Finance needs to be open to new ways of funding the operational needs of MAC Departments.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

FIRE - RESCUE

2003 PROGRESS REPORT

Objective	Measurement	Results
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.	Deferred to 2004.
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.	Moving to 800 Mhz radio.
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.	Airports were not eligible for this grant program in 2003.
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.	Requires increase in O/T not available at this time.
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.	FAR 139 requirements as they relate to ARFF are outdated and unrealistic. Please review ARFF staffing survey and additional justification information provided.
Continue final planning work for new Fire Station.	Construction plans and schedule in place and approved. Fire Department equipment deployment and staffing plan completed.	Program will continue with new objective for 2004
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.	Fire Marshal on Active Duty until December 1, 2003
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.	FAR 139 requirements as they relate to ARFF are outdated and unrealistic. This vehicle was approved in the 2001 budget but the purchase was deferred. The manufacturing time is currently 10 -12 months for a new ARFF vehicle.

2004 OBJECTIVES

Objective	Expected Results
Develop staffing & equipment placement plan for new station.	Plans reviewed by Fire Staff and approved by Chief.
Develop specification for new SCBAs	Specifications developed making sure department needs are met and more than one manufacturer can bid.
Develop detailed plan for emergency response to Light Rail Emergencies.	Written plan developed and exercised.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

FIRE - RESCUE

2004 OBJECTIVES

Objective	Expected Results
Develop Fire Department five year business plan.	Plan developed providing solid direction and goals to all department personnel.
Move minimum on-duty staffing to a more effective level based on our needs here at MSP and the staffing levels found at other index E airports in the United States.	Increase minimum staffing on-duty to (13).
Develop ARFF training program using up to four specialized instructors including the Training Officer.	Using our own core group of instructors providing high quality ARFF training to all department employees.
Develop Plan for migration to the 800Mhz radio system.	Improved communication both with-in the MAC and outside.
Development Specifications for a new ARFF 1500.	Have a quality specification that will meet the needs of the department and also allow more then one manufacturer to bid on the vehicle.
Develop Specifications for a new Airboat.	Have a quality specification that will meet the needs of the department and also allow more then one manufacturer to bid on the boat.
Develop Specification for a new Aerial Ladder.	Have a quality specification that will meet the needs of the department and also allow more then one manufacturer to bid on the vehicle.
Develop Specifications for a 2000 Gpm Pumper.	Have a quality specification that will meet the needs of the department and also allow more then one manufacturer to bid on the vehicle.
Improve safety in the Lindbergh Terminal by installing automatic sprinklers throughout the facility. This should be in a 3-5 year plan fully supported in the CIP	Get support from all stakeholders that sprinklers are needed in the Lindbergh Terminal and they will support the budget process to fund this project each year.

2004 LONG TERM OBJECTIVES

Objective	Expected Results
Review updated editions of the International Fire Code. Attend meeting related to the States adoption of the 2003 IFC or other Fire Code	MAC Fire Staff maintaining involvement with the States adoption process making sure we have a voice in this process
Conduct study to verify department is moving in the right direction. Study to focus on staffing, services provided and response times	Detailed analysis for presentation to MAC Senior Staff and to the Commission.
Develop EMS program providing paramedic services but allowing Allina of other advanced life support ambulance company to provide all transportation services.	Two paramedics assigned each day providing advanced life support services to our customer 7/24
Develop plan for vehicle replacement funding	Plan in place for the funding of needed vehicle replacements based on the projected useful life of the vehicles.
Develop plan allowing department to reach our goal of sixteen minimum on-duty responding from two stations.	Annual increase in on-duty staffing until we are able to reach the level of 20 assigned to each shift with 16 on-duty minimum every day.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

POLICE - ADMIN/TRAINING

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	6,517,692	5,580,323	6,411,391	831,068	14.89%
Administrative Expenses	121,230	94,350	116,060	21,710	23.01%
Professional Services	4,845	24,510	23,445	-1,065	-4.35%
Utilities	14,347	5,850	5,372	-478	-8.17%
Operating Services/Expenses	509,699	814,859	737,426	-77,433	-9.50%
Maintenance	48,369	90,000	114,000	24,000	26.67%
Other	145,188	76,125	106,150	30,025	39.44%
Total Budget	7,361,370	6,686,017	7,513,844	827,827	12.38%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE Total:	106	110	108.5

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 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	<p>\$578,547 of the total (\$831,068) increase in Personnel reflects additional overtime costs and the addition of temporary officers into the 2004 budget. This increase is the result of the following:</p> <p>The TSA has removed the outside agency officers that provided coverage at the security checkpoints. The Airport Police Department is now required to provide personnel to respond to the checkpoints 24 hours per day, seven (7) days per week. This requirement necessitates one officer assigned to the area of the checkpoints to provide a flexible response. One officer is assigned to the area of checkpoint #10. To meet federal security mandates, MSP Airport Police Department is required to provide a presence at all arriving and departing DCA (Reagan International) flights. One officer is assigned to the baggage/tug drive area and additional coverage at the HHH Terminal. In addition, it is currently estimated that light rail will be running by the end of 2004. The police department will assign one officer in the area of the platform 24 X 7, to provide a police officer presence for the safety and security of those utilizing the light rail system. The officer presence will also act as a deterrent for those who may use the system to perpetrate criminal activity.</p> <p>We also anticipate periodic changes to the national threat level, as experienced in 2003. Each increase to level orange results in approximately \$35,000 additional overtime, per two-week period. We anticipate this occurring on approximately six national holidays per year.</p> <p>The increase in Personnel also reflects wage structure adjustments and step increases.</p>
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SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

POLICE - ADMIN/TRAINING

MAJOR 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Administrative Expenses	The increase in Administrative Expenses is the result of department growth. The increase in full time officers and continued need for temporary officers requires additional supplies and training expenses. Additional officers also adds to the cost of licensing officers. Adding two new K-9 dog teams requires more K-9 supplies and items for care of the K-9s.
Maintenance	The police department will continue operating several squads in 2004 that would normally have been replaced because of mileage. As a result, an increase of \$9,000 will be required for repair or parts replacement. An additional \$15,000 will be required to repair/replace aging cameras and monitors for the CCTV system, as the warranties are expiring.
Other	The police department will be required to pay \$35,000 per year to cover our share of operating the South Metro Training Facility, that will begin operations in the Fall of 2003.

2002 PROGRESS REPORT

Objective	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.
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 PROGRESS REPORT

Objective	Measurement	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.	Completed
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.	A new centralized process has been developed for the efficient tracking of department purchasing records. On going training has been effective in providing increased consistency of correct cost center coding.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

POLICE - ADMIN/TRAINING

2003 PROGRESS REPORT

Objective	Measurement	Results
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.	The department initiated new training opportunities in 2003 including on-going law enforcement related individual training opportunities through Century College. Team building sessions were also held for the patrol sergeants. All P.O.S.T. training mandates were achieved. A Department training officer was appointed in early 2003.
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.	Hiring objectives for 2003 have been met. Several new hires were obtained from other agencies thus increasing the knowledge base and experience level of the department patrol division. Additional staffing has been instrumental in meeting federal mandates.
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.	This is an on going endeavor. Program projected to be continued in 2004.

2004 OBJECTIVES

Objective	Expected Results
To replace, maintain and improve necessary current and future equipment, technology and security enhancements to meet the changing demands of our environment while maintaining effective means for prompt officer response capabilities.	The ability of the airport to comply with federal security mandates to assure that MSP continually operates safely and securely while emphasizing officer's response capabilities.
Procure additional space to meet the needs of the Airport Police Department, due to mandated growth since September 11, 2001.	Development of space or facility that will consolidate all police department administrative, investigative, security and special services functions into one location.
Develop cooperative partnerships with participating agencies of the South Metro Training Facility. Including collaborative training and sharing of resources to provide better response to emergency situations, while reducing costs.	Educated and well trained department members who positively interact with other partner agencies in ongoing emergency response training scenarios.
Obtain resources to achieve federal mandates, provide police services in the expanded terminal facilities, provide VIP protection and security for 2004 political campaigns, and establish a law enforcement presence to deter crime at the LRT stations.	A combination of qualified full-time and temporary 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 and additional tasks need to be performed.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

POLICE - ADMIN/TRAINING

2004 OBJECTIVES

Objective	Expected Results
Continue to implement and maintain federal security directives while working closely with the TSA and coordinating efforts between the agencies, setting an example for other airports to follow.	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.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

AIRLINE OPERATIONS/FACILITIES

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	152,419	156,428	166,486	10,058	6.43%
Administrative Expenses	1,294	4,550	9,936	5,386	118.37%
Professional Services		0	0	0	0.00%
Utilities	944	1,403	1,214	-189	-13.47%
Operating Services/Expenses	360,379	365,000	243,124	-121,876	-33.39%
Maintenance	48,006	86,500	134,500	48,000	55.49%
Other	3,009	6,018	6,888	870	14.46%
Total Budget	566,051	619,899	562,148	-57,751	-9.32%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE Total:	2	2	2

RESPONSIBILITY/FUNCTION

Provide airport terminal and federal inspections facilities for both scheduled airline service and charter operations at MSP Airport Lindbergh and Humphrey Terminals.

Schedule and coordinate airline use of all MSP common-use and shared use terminal and airport facilities according to MAC, FAA and other rules and regulations.

Coordinate maintenance of all MSP common-use and shared use facilities including LT, HT, fuel farms and aircraft parking ramps.

MAC Liaison for Federal inspections Services - Customs & Border Protection, a Department of Homeland Security.

MAJOR 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
Administrative Expenses	Increase related to change in support of CUTE system to in-house support by existing MAC staff requiring additions to other budget line-items including travel for training and shipping expenses for equipment being supported.
Utilities	Utilities has been decreased for the 2004 budget to reflect actual cell phone usage.
Operating Services/Expenses	The reduction in this line-item comes largely from the change to in-house support of CUTE/EVIDS system. However, there will be an allocated cost for the support staff expenses from the I.S. Department.
Maintenance	This increase is due to additional capital equipment (jetbridges) coming off warranty in 2003 and to complete scheduled/preventative maintenance that was not done in 2002; to minimize expenses in 2002.
Other	Increase due to necessary replacement of minor assets that were scheduled to be replaced in 2002 or 2003, but have not been to minimize expenses. Other (new) line-item expenses are related to the in-house support of CUTE/EVIDS system beginning Feb-2004.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

AIRLINE OPERATIONS/FACILITIES

2003 PROGRESS REPORT

Objective	Measurement	Results
<p>Develop a passenger loading bridge maintenance program (plan) that reduces maintenance costs by incorporating MAC Trades to complete minor (non-specialized) repairs.</p>	<p>Reduce response time to minor maintenance needs to less than 24 hours. Reduce annual bridge maintenance expenses.</p>	<p>In June 2002, MAC Trades began doing limited minor maintenance on the bridges as needed including doors, locks, carpet, glass, elec. fuses, etc... Several of the bridges are new and just coming off warranty. The frequency of minor repairs will increase as the bridges get older and come off warranty. Insufficient staff resources to complete development of plan in 2002., will attempt to complete in 2003. I.D. have mx. candidates (Staff) to be trained on jetbridge mx., work with Mx. Dir. 10/31/03 - SFS completed jetbridge mx. training 10/31/03 and will begin doing mx. on all bridges (in-house) at the lower labor rate the previous (sub-contracted) rate. This essentially will provide us with 24/7 mx. coverage at a lower hourly rate than previous. 11/1/03 - Objective reached.</p>
<p>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.</p>	<p>number of delays/complaints associated with the construction affecting airline/terminal operations.</p>	<p>A "hanging" scaffold system was designed to minimize consumption of floor space. Tentative work schedule approved avoid peak flight activity. Actual work on structure to begin in March 2003. Loss of floor space problematic. 10/31/03 - contractor is two months behind schedule (completion). New completion date set for January 15, 2004 (finishes). Major (structural) work to be done by December 15, 2003, and should not impact operations. Any further delay by contractor will result in fines as prescribed by MAC Airport Development.</p>
<p>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.</p>	<p>All operational functions and Mx. related tasks are being completed (on-time).</p>	<p>Duties were established in the job description for the approved (unfilled) position. Some duties are being covered by existing staff on a limited/random basis. Other duties such as EVIDS and RMS system mx. and administration are not being done regularly. It is impossible for existing staff to absorb all of the duties of the unfilled position. Not all duties of unfilled position can be "absorbed" by existing staff. All work will be prioritized and executed if/when possible. Not all duties will be done resulting in delays and extended service interruptions. Problems that arise will be prioritized and completed when time/resources allow. Expected shortfalls will be communicated to Mgt. And User Group. 10/31/03 - some EVIDS & RMS duties transferred to IT (in-house) support. Assessments being done on a case by case basis. Conclusion - not all duties and task can be done by existing staff leaving risk for more frequent system failures. Problems will be resolved on a case-by-case basis as they arise. Must fill position ASAP to avoid extended system failures and provide quicker response times.</p>

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET**AIRLINE OPERATIONS/FACILITIES****2004 OBJECTIVES**

Objective	Expected Results
Improve EVIDS (Elec. Visual Information Display System) reliability.	Achieve 99.9 % up-time. Implementation of new data exchange format and process between RMS and EVIDS servers.
Reduce response time (approvals) of airline flight schedule requests by implementing new schedule data exchange format.	Reduction in the number of schedule file errors and non-importable schedules (files). Max. response time = 48 hours.

2004 LONG TERM OBJECTIVES

Objective	Expected Results
Move "small" airlines to Humphrey Terminal from Lindbergh. I.e. AirTran, Frontier, ATA, Awest, etc...	Successful move of one or more of these airlines.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

FACILITIES-LINDBERGH TERMINAL

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	612,027	570,279	626,513	56,235	9.86%
Administrative Expenses	6,558	8,200	8,300	100	1.22%
Professional Services	809	1,000	0	-1,000	-100.00%
Utilities	4,661	2,340	3,735	1,395	59.62%
Operating Services/Expenses	6,632	50,700	50,700	0	0.00%
Maintenance	8,896,351	10,452,138	11,335,424	883,286	8.45%
Other	22,007	40,400	40,978	578	1.43%
Total Budget	9,549,046	11,125,057	12,065,650	940,594	8.45%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE Total:	13	13	14

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 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	The only controllable increase in this category is the approved increase of one F.T.E. Facilities Management went from 13.0 F.T.E.'s in 2003 to 14.0 F.T.E.'s in 2004. This is due to the increase of almost 30% of the facilities to maintain (Concourses A/B/C, Hub and Transit Center, etc).
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SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

FACILITIES-LINDBERGH TERMINAL

MAJOR 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Maintenance	<p>The increases in this category are related to the opening of the A/B/C Concourses, as well as renegotiated contracts that the MAC Facilities Management Staff has completed. All figures take into account the "bare bones" minimums necessary to get by, in addition to the closing of half of the Humphrey Terminal gate areas during the summer months. A full year of the Concourse Tram greatly increased the costs in this category, and the renegotiated Janitorial, Carrousel & Conveyor, Temperature Controls, Tug Door Maintenance, Elevator / Escalator / Moving Walkway contracts have all significantly reflected in necessary increased costs to the Facilities budget.</p> <p>While Facilities Management has negotiated with all of these vendors/contractors to keep their costs down and in most cases cut expenses below the 2003 baseline, the fact remains that certain contracts must increase as the result of new systems coming on board (over 30 new units of escalators/elevators/moving walkways) to maintain, in addition to the Concourse Tram, which is entirely new to the Facilities budget. Those systems, added to the additional square footage of the A/B/C Concourses and the Transit Center, which result in additional cleaning (both janitorial & glazing) costs further increase additional budgeted monies needed in the Facilities 2004 and beyond budget.</p>
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2002 PROGRESS REPORT

Objective	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 minority 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 minority 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

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

FACILITIES-LINDBERGH TERMINAL

2002 PROGRESS REPORT

Objective	Measurement	Results
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
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 PROGRESS REPORT

Objective	Measurement	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.	Requested budget monies included in Facilities '03 budget. This will ensure proper maintenance and upgrades to parts of system coming off warranty (A/B/C Conc.). Budgeted monies will need to continue in '04 and beyond to ensure system's reliability.
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.	Safety of current seating is being compromised. The Lindbergh Terminal is losing its chair counts. Budgeted monies approved in '03 Facilities budget for amount requested. Chair replacement program is progressing "nicely". Budget monies will need to continue in '04 and beyond to ensure we don't get into "same situation" again.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

FACILITIES-LINDBERGH TERMINAL

2003 PROGRESS REPORT

Objective	Measurement	Results
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).	Only initial setup was completed. Budgeted monies included in '03 Facilities Budget. Utilizing budgeted monies as an annual P.O. versus a continuing consultant contract.
Maintain MAC's geographically scattered Uninterrupted Power Supply (UPS) system.	Reliable UPS system that will function properly in emergency situations when power is interrupted.	Other MAC departments are expecting Facilities to initiate this task in 2003. Version 2 cuts it back to \$10K which is bare bones minimum. Program was bid and approved by MAC I.S. at \$70,000 for 2004 and beyond (yearly rate).
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.	Project originally estimated at \$40k, is now re-estimated to be approx. \$10k per year to do properly. Budgeted monies have been approved and added into '03 budget. On-going budget will need to be maintained to insure proper program.
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 it can be done and long term capital needs can be planned for.	Majority of this program will be deferred in 2003. Only enough monies kept to maintain professional roofing inspections in calendar '03. Objective was re-approved and budgeted for \$15K annually for '04' and beyond.
Maintain MSP's Generator System with a regular system of preventive maintenance.	Reliable power supply with minimal disruption due to failure of components.	Bids came in too high in '02 (55k annually) and this project was deferred for one year, but necessary maintenance was done in house. Budgeted monies for '03 should be adequate to initiate the contract process. Budget monies would need to continue from '04 on (estimated and budgeted for \$30K annually).

2004 OBJECTIVES

Objective	Expected Results
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 identified so that it can be done and long term capital needs can be planned for.
Maintain MAC's geographically scattered Uninterrupted Power Supply (UPS) system.	Reliable UPS system that will function properly in emergency situations when power is interrupted.

2004 LONG TERM OBJECTIVES

Objective	Expected Results
Uninterrupted Power Supply (UPS) maintenance contract.	Provide for the proper maintenance of MAC's UPS system.
Facilities Monitoring Support Services Contract.	Provide for the proper maintenance & management of the C.M.M.I.S.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

FACILITIES-LINDBERGH TERMINAL

2004 LONG TERM OBJECTIVES

Objective	Expected Results
Building inspection Services Program Contract	To insure the proper inspection of MAC buildings at MSP & Reliever Airports.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

ENERGY MANAGEMENT CENTER

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	913,592	970,593	974,293	3,700	0.38%
Administrative Expenses	3,012	1,850	3,047	1,197	64.72%
Professional Services	0	0	0	0	0.00%
Utilities	5,003	1,560	3,405	1,845	118.27%
Operating Services/Expenses	132	0	0	0	0.00%
Maintenance	264,868	573,217	596,561	23,344	4.07%
Other	3,052	2,987	3,857	870	29.13%
Total Budget	1,189,659	1,550,207	1,581,163	30,956	2.00%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE Total:	17	17	17

RESPONSIBILITY/FUNCTION

The Energy Management Center (EMC) is responsible for the heating, cooling, and HVAC (Heating, Ventilation, Air Conditioning) 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 Humphrey Terminal, Humphrey parking and skyways, General Offices, Parking Management Building, Hub center, Trades & Maintenance Buildings, all parking booths, Guard shacks, Glycol Recovery building, Tram Drive Building, West Terminal Area, New lighting center buildings, tunnel ventilation, electrical buildings, Sand Barn, as well as 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, 2-1500 ton chillers, 8 - cooling towers, 4 - 60,000 pound per hour boilers, fired on natural gas with jet fuel as a backup fuel source (each capable of burning 9.8 gallons of jet fuel per minute). 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 trouble-shooting of all HVAC equipment. They also operate two advanced computerized building management systems and Carbon Monoxide monitors through out the airport campus, respond to all incoming trouble calls, operate low and high pressure steam boilers, hot water boilers, electric & steam driven turbine chillers. The EMC personnel keep 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 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure and labor contract increases. An increase in OT is related to new contract considerations and coverage of new facility with existing staff.
Administrative Expenses	Per union contract - increase reflects actual amounts.
Utilities	Increase in line items reflect actual costs.
Maintenance	Increases reflect imbedded costs because of new equipment: 2 chillers, 4 cooling towers, 13 air handler units and 2 pumping systems - all different manufacturers.
Other	Line item increases due to labor contract and well permit, pressurized vessel, certificate of exemption and hazardous waste generators.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

ENERGY MANAGEMENT CENTER

2002 PROGRESS REPORT

Objective	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 PROGRESS REPORT

Objective	Measurement	Results
Upgrade Carbon monoxide (C.O.) monitoring system.	Improved safety due to better management of the increased facilities as implemented in the 2010 plan.	Working with what we have for now. Safety Department is aware of the situation.
Upgrade the building monitoring control systems.	Improved building control system. Better management of the current control system & improved safety & efficiency.	Will look at accomplishing the tasks in a project.

2004 OBJECTIVES

Objective	Expected Results
Upgrade carbon monoxide (CO) monitoring systems	Improved safety due to better management of the increased facilities as implemented in 2010 plans.
Provide safe operations and maintenance of heating & cooling systems that support the Lindbergh Terminal, all concourses and Airport campus buildings.	Provide reliable heating & cooling that will result in less down-time and greater customer satisfaction

2004 LONG TERM OBJECTIVES

Objective	Expected Results
Upgrade Carbon Monoxide (CO) monitoring system	improved safety due to better management of increased facilities.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

TRADES - ELECTRICIANS

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	1,115,955	1,248,565	1,232,811	-15,754	-1.26%
Administrative Expenses	3,846	5,606	14,988	9,382	167.36%
Professional Services	7,425	9,520	11,500	1,980	20.80%
Utilities	11,458	7,800	4,831	-2,969	-38.06%
Operating Services/Expenses	621	2,200	1,007	-1,193	-54.23%
Maintenance	269,530	510,920	488,821	-22,099	-4.33%
Other	23,764	29,775	30,170	395	1.33%
Total Budget	1,432,600	1,814,386	1,784,127	-30,258	-1.67%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE Total:	16	17	17

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 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Administrative Expenses	Per Union Contract - Increase reflects actual amounts.
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2002 PROGRESS REPORT

Objective	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.
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.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

TRADES - ELECTRICIANS

2002 PROGRESS REPORT

Objective	Measurement	Results
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 PROGRESS REPORT

Objective	Measurement	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.	Will need to be re-implemented in 2003 to maintain certifications & proper knowledge of lighting & electrical systems.
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.	Somewhat "catch as we can", due to staffing numbers. Plan in place for Field 1st, Terminal 2nd, and Parking 3rd.
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.	With the additional facilities that have been added as part of the 2010 plan, this lift is necessary to maintain them. One requested lift was approved in capital expenditures, the other will be rented as needed.
Maintain MAC security gates with proper & preventative maintenance.	Eliminate the current security problems at MSP & MAC Reliever Airports.	Current FAA Regulation Part 1542 requires this project.
Increased productivity of the MAC Electrical department.	Reduced response time for emergency and maintenance work. Mobility of the electrical staff increased.	Looking at more productive work tools like C.M.M.I.S.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

TRADES - ELECTRICIANS

2003 PROGRESS REPORT

Objective	Measurement	Results
Bring staffing level up to authorized headcount of 18.	To better help the department run efficiently.	To bring approved headcount up to authorized level.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

TRADES - PAINTERS

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	366,643	457,010	462,576	5,565	1.22%
Administrative Expenses	197	828	702	-127	-15.28%
Professional Services		0	0		
Utilities	3,425	2,620	1,610	-1,010	-38.55%
Operating Services/Expenses	0	500	500	0	0.00%
Maintenance	94,712	170,650	170,650	0	0.00%
Other	1,231	11,800	2,200	-9,600	-81.36%
Total Budget	466,209	643,408	638,237	-5,171	-0.80%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE Total:	7	7	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 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Per Union wage & benefit increases.
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2002 PROGRESS REPORT

Objective	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.
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

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET**TRADES - PAINTERS****2002 PROGRESS REPORT**

Objective	Measurement	Results
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 PROGRESS REPORT

Objective	Measurement	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	Looking at in-town seminars or specialized vendor training.
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.	Looking at in-town seminars or vendor training.
Improve communication and workload planning with other depts. we work with.	Improve working relationships/productivity.	Looking at C.M.I.S.
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	Looking at hiring a temp this Summer.
Provide the same level of service with reduced resources.	No drop in service	Service levels have been lowered somewhat to meet budgetary constraints.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

TRADES - CARPENTERS

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	469,674	482,343	518,746	36,402	7.55%
Administrative Expenses	1,598	4,690	2,149	-2,541	-54.18%
Professional Services		0	0		
Utilities	6,596	5,850	2,983	-2,867	-49.01%
Operating Services/Expenses	360	5,240	4,600	-640	-12.21%
Maintenance	84,936	197,543	175,506	-22,037	-11.16%
Other	5,037	8,300	12,220	3,920	47.23%
Total Budget	568,203	703,966	716,204	12,237	1.74%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE Total:	8	7	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, automatic doors and tug doors along with special & varied projects.

MAJOR 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Due primarily to temporary Carpenter personnel. Also due to Union wage & benefit increases.
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2002 PROGRESS REPORT

Objective	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 deferred.
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 deferred.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

TRADES - CARPENTERS

2002 PROGRESS REPORT

Objective	Measurement	Results
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 .

2003 PROGRESS REPORT

Objective	Measurement	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.	Look for in-town or special vendor training sessions. Certification and training on automatic doors is especially important for maintenance and insurance reasons.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

TRADES - CARPENTERS

2003 PROGRESS REPORT

Objective	Measurement	Results
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.	Will address in contract negotiations. Duties now "limited" between 2-3 individuals. Carpenters now on a wage freeze and will address issues in May of 2004

2004 OBJECTIVES

Objective	Expected Results
Insuring a high standard of security through out the main campus and relievers, a carpenter/locksmith Foreman position would be created. This person would be responsible for the compliance of FAA Federally Mandated Lock and Key Program/Inventory.	Federally mandated by the FAA, this person is responsible for security doors, AOA gates, card access wall switches on the main campus and relievers. He would maintain security by using the MAC keying system and database.
Establishing a contact person within the department who understands the door numbering system that was developed by HGA. This "in-house" person would be consulted on issues of door numbering, facility equipment numbering and building designations.	Priority #1 Keeping this system updated for the key database and current blueprints. Architects, Facilities and airport Development need a fast response time to questions that relate to this field.
Provide training and receive certification of one carpenter on ANSI regulations regarding Automatic Sliding Doors.	Certified person on staff will eliminate questions or concerns relating to insurance claims against MAC.
Implement a plan in the organization of work shops and pursue to inventory the storage areas throughout the Airport. Record inventory into Asset Handler for easier viewing, product use and purchasing.	Greater use of space and less of a down time on work order completion.
Providing the Carpenters and other Trades personnel a safe means of transporting lift equipment to and from buildings by means of an escalating trailer.	Necessary to maintain existing facilities and other new buildings that have come on line. The trailer offers a safe way for one person to transport equipment.
Complete the MAC Key Database Program by adding a reference to padlocks, cipher codes and Medeco Locks.	Federally Mandated by FAA, MAC to keep current system updated. To do this, program data needs to be created by the IS Department.
Operate a safe and efficient Carpentry Department by adding a full time carpenter to its staff. With the increase of new responsibilities and building area, the staff must also increase.	Necessary to maintain existing facilities and new building additions that are now completed. Additional personnel will insure the traveling public a safe experience while at the Airport.
Operate a safe and efficient Carpentry Department by providing additional part-time staff when needed	Necessary in maintaining existing facilities and all new building that have come on line. Additional personnel will insure the traveling public a safe experience while traveling through the airport.
Broaden the educational opportunities that exist in both the carpentry and locksmith departments.	New techniques in our field will be learned and thus creating a safer environment for the traveling public.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET**TRADES - CARPENTERS****2004 LONG TERM OBJECTIVES**

Objective	Expected Results
Evaluating long term personnel requirements for existing facilities and future needs.	Maintain Carpentry/Lock Shop workload in expanding environment.
Evaluate future equipment needs, change outs and updates to maintain existing facilities.	To be able to budget future needs over a set time period.
Develop a plan between Carpenters and Electricians to provide "in-house" service and repair to present card access security system at MAC. This would eliminate costly vendor 911 call-outs and high priced contract that is in place today.	Cost savings to MAC on work that could be done "in-house". Two MAC Departments assisting each other on problems offers more reliability of service compared to one person who knows entire system and a small handful of others who could assist if needed. Plan to be developed and education put in place while present contract runs out.
To insure that the Carpentry Department holds the high standards that it and MAC assigns to it, a position of Carpentry Foreman is created. This working foreman would be immediate "go-to" for questions from crew members and Facilities.	Necessary to maintain existing facilities and those new concourses that have recently come on line. This position would be a step up for a existing carpenter.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

TRADES - PLUMBERS

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	543,656	441,636	663,259	221,624	50.18%
Administrative Expenses	1,820	4,795	4,995	200	4.17%
Professional Services		5,000	5,000	0	0.00%
Utilities	4,951	2,891	2,534	-357	-12.35%
Operating Services/Expenses	0	0	4,000	4,000	100.00%
Maintenance	72,567	129,756	132,231	2,475	1.91%
Other	3,951	4,537	3,937	-600	-13.22%
Total Budget	626,945	588,614	815,956	227,342	38.62%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE Total:	6	5	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 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Primarily due to temporary Plumbing personnel. Also due to Union wage & benefit increases.
Operating Services/Expenses	The majority of increases in this category are due to the service contract for the S.C.A.D.A. (Supervisory Control And Data Acquisition) equipment for monitoring plumbing systems with alarming and notification capabilities.

2002 PROGRESS REPORT

Objective	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.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

TRADES - PLUMBERS

2002 PROGRESS REPORT

Objective	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 PROGRESS REPORT

Objective	Measurement	Results
Develop priority system.	Standard system for prioritizing work so that the most critical items are dealt with first.	C.M.M.I.S. functions important.
Establish emergency maintenance procedures for unplanned corrective maintenance.	Emergency maintenance procedures that result in quicker response time and less down time.	Use of wonderwear paging capability.
Maintain the current and newly added facilities on the MAC campus.	Reduce backlog of work orders.	C.M.M.I.S. functions important.
Maintain existing and new fire sprinkler protection systems on MAC campus.	Reduced insurance premiums. More accountability by reduced liability. Better records for future reference.	Keeping up with code requirements.
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.	Automated equipment utilized.

2004 OBJECTIVES

Objective	Expected Results
Survey storm and sanitary sewer collection system for deficiencies. Start up rehab project.	Reduced inflow and infiltration. Fewer sewer back ups, compliance with Federal Regulations.
Manage the water meter readings and locate unaccountable water.	Cost saving in accurate reading and accountability of water usage.
Maintain the high quality of the fire sprinkler testing contract and maintenance by MAC Plumbers.	Reduced or level insurance premiums. More accountability through record keeping.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

TRADES - PLUMBERS

2004 OBJECTIVES

Objective	Expected Results
To maintain the knowledge of our industry and comply with mandated regulations.	Certification through training and seminars.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

MAINTENANCE - FIELD

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	6,225,500	6,869,086	6,867,154	-1,933	-0.03%
Administrative Expenses	17,653	23,380	14,650	-8,730	-37.34%
Professional Services	2,422	2,422	37,000	34,578	1427.66%
Utilities	39,177	14,507	8,130	-6,377	-43.96%
Operating Services/Expenses	66,196	24,040	68,450	44,410	184.73%
Maintenance	2,640,429	3,032,235	2,975,509	-56,726	-1.87%
Other	32,907	82,500	47,590	-34,910	-42.32%
Total Budget	9,024,283	10,048,170	10,018,483	-29,688	-0.30%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE Total:	111	111	112

RESPONSIBILITY/FUNCTION

Field Maintenance is responsible for maintaining aircraft movement area surfaces, aircraft parking areas (exclusive of tenant leased areas - hangar areas), roadways, turf areas, landscaping, parking facilities and for responding to tenant requests. Field Maintenance maintains an almost continuous on-airport presence, the only exception being overnight Friday and Saturday.

The MAC Field Maintenance Department is world-renown for snow removal, but has year-round responsibilities. The department is responsible for airside and landside pavement maintenance, removal of foreign objects/debris (FOD) from aircraft operating areas, minor paving projects, removal of rubber contaminant from runway surfaces, pollution control, sodding, seeding and grass cutting, tree trimming, fertilizer and herbicide applications, repair of the perimeter security fencing and airfield access gates, repair of jet blast fencing, maintenance of traffic control signage, maintenance and cleaning of the Lindbergh and Humphrey parking ramps, vehicle tunnel maintenance and refuse removal from non-terminal areas.

Snow removal responsibilities include runways, taxiways, ramps, gate areas, airside roadways, public roadways, terminal sidewalks and from around MAC buildings. The department is also responsible for the operation and maintenance of three dozen snow melters on and around the airport. Maintenance personnel supervise contracted snow removal operators who remove snow from landside areas including parking ramps, parking ramp payment plazas and remote parking lots.

Field Maintenance services, repairs and maintains MAC's fleet of over 500 vehicles. Partnering with Purchasing, the department is responsible for procurement of all MAC vehicles and equipment. Should a required item not be available on the open market, department personnel often design and fabricate the needed item in-house.

MAJOR 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel cost increases account for \$642K of differential between department's bottom line 2002 actual and 2004 budget. Organized labor groups were due annual percentage increases in contracts that expired in 2003.
Professional Services	Increase in Professional Services expenses due to a cost transferred from 82000 - Airport Director's Office.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

MAINTENANCE - FIELD

MAJOR 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Operating Services/Expenses	Increase in Operating Services expenses due to environmental charges for solid waste material sorting and recycling. The closure of the MAC dump necessitates disposal costs. The \$40K expense was omitted from the 2003 budget.
Maintenance	Variance between 2002 actual and 2004 budget is largely (\$290K) due to the request to maintain runway deicing chemical funding at 5-year average cost levels. Runway deicing chemicals are absolutely critical for continuous winter operations. 2002 actual costs were low due to a very mild winter. 2003 figure reflective of annual average costs and incorporation of costs for new pavements.

2002 PROGRESS REPORT

Objective	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 PROGRESS REPORT

Objective	Measurement	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.	We are keeping the monies in the capital equipment for now. We are looking at either leasing to buy over a 3 year period or lease one for 7 months a 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.	Pull-behind runway broom being tested. Runway preventative maintenance work to be included in 2003 airside bituminous project
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.	Temporary personnel hired and will work through April 15, 2003

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

MAINTENANCE - FIELD

2003 PROGRESS REPORT

Objective	Measurement	Results
Ensure the beautification established around the inbound/outbound roadways is sustained by installing/maintaining the hanging flower baskets, should funds become available for the flower plantings.	Attractive and decorative floral arrangements to enhance first impression of Minnesota as guest traverse the inbound/outbound roadway	Airport Foundation has donated funds to purchase flowers. Maintenance and the Plumbing Shop will install and maintain the baskets.
Create and implement an in-house landscaping maintenance plan for implementation in 2004.	Reduction/elimination of third-party landscaping contracts with tasks assumed by MAC personnel	Consultants have prepared detail listing of when landscape area become MAC responsibility; will seek 2004 budget item for state-required herbicide/pesticide certification for specific Maintenance personnel
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	Working with EMC and Trades on stringent oversight of third-party maintenance contract; all third-party snow hauling eliminated
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	Contracts bid and awarded to third-party contractor
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.	Contracts bid and awarded with expenses costed to tenants under terms of lease agreements
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.	Working with existing employee headcount and reprioritizing snow removal areas; will result in less timely snow removal in lower priority areas.
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	Working with existing employee head count and reprioritizing snow removal areas; will result in less timely snow removal for lower priority areas

2004 OBJECTIVES

Objective	Expected Results
Increase airfield safety by providing enhanced training for seasonal snow removal personnel (temporary 49'ers) operating within the Air Operations Area.	No runway incursions; no vehicle accidents.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

MAINTENANCE - FIELD

2004 OBJECTIVES

Objective	Expected Results
Review glycol recovery field rule requirements; suggest policy change to "no net gain in plug and pump areas" versus current prohibition of any new areas.	Improved efficiency in removing snow from west side aprons served by snow melters which are currently obstructed by storm drain covers; eliminate need to haul glycol-contaminated snow from these areas.
Eliminate the need for third-party handling of solid waste sorting and disposal with purchase of segregation/pulverizer equipment; recover/recycle sand and dirt materials for reuse on-airport.	Recycling/disposal costs reduced by \$50K (purchase) or \$24K (lease) annually.
Establish dedicated landscape maintenance crew.	Eliminate cost of third-party landscape contracts with duties assumed by MAC personnel.
Maintain the award-winning campus landscape program; seek annual contribution for flower purchase, then maintain flower baskets and other aspects of landscape program.	Vibrant, beautiful flowers and landscaping.
Utilize the newly paved portions of runway 17-35 as a training ground for snow removal techniques and experiment with new methodology and equipment.	Field maintenance personnel cross-trained to operate of all types of snow removal vehicles.
Increase efficiency of parking ramp/lot snow removal operations; determine customer tolerances for allowing more snow to accumulate prior to onset of snow removal activities.	Reduce contractor on-site time by 20% resulting in associated cost savings.
Reduce heavy equipment lease expenses by investigating lease vs. buy options now available through state contracts.	Reduce line item expense by 5-10%.
Identify more efficient means of mechanical snow removal by researching and field testing new technologies and equipment.	Reduced capital expenditures; increased flexibility in personnel assignments.

2004 LONG TERM OBJECTIVES

Objective	Expected Results
Establish working group with Northwest Airlines and FAA Air Traffic Control to determine scope of runway 17-35 operations and expectations during winter operations	Formulation of user/tenant expectations of runway availability during snow/ice events and length of runway closures for snow removal. Parameters will be used to determine level of capital equipment expenditures and associated number of personnel necessary to meet user/tenant expectations.
Establish management training program.	Improve management skills of current management team; identify potential management candidates (succession management) and provide training to those individuals.
Evaluate the need for a third-party contract to perform annual maintenance in the Lindbergh and Humphrey parking ramps	Reallocate personnel assets to airside and landscape duties thus eliminating the need for additional headcount
Define and implement an in-house landscape maintenance program to manage all areas of landscaping that will become MAC responsibility over the next two years.	Eliminate third-party landscape maintenance contracts.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

MAINTENANCE - FIELD

2004 LONG TERM OBJECTIVES

Objective	Expected Results
Develop a snow removal plan for runway 17-35 and associated taxiways, aircraft parking aprons and de-ice pad. Procure required personnel, capital assets and determine operating operating costs.	Maintain two active runways during snow/ice events while maintaining existing runway closure time frames. Maximize hourly aircraft operations during snow/ice events

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

RELIEVERS - ADMINISTRATION

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	540,225	535,976	552,663	16,687	3.11%
Administrative Expenses	5,786	20,875	9,979	-10,896	-52.20%
Professional Services	0	12,000	12,000	0	0.00%
Utilities	3,470	1,795	2,639	844	47.02%
Operating Services/Expenses	44	5,000	1,200	-3,800	-76.00%
Other	177	2,000	0	-2,000	-100.00%
Total Budget	549,702	577,646	578,481	835	0.14%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE 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 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable wage structure adjustment and step increases.
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2002 PROGRESS REPORT

Objective	Measurement	Results
Benchmark MAC Reliever Airport system against other reliever airport systems.	Identify: marketing efforts, relationships with communities, status of policies/ procedures, relationship of airport 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.
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.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

RELIEVERS - ADMINISTRATION

2003 PROGRESS REPORT

Objective	Measurement	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.	Reliever staff reviewed the inspection procedures as adopted in the 2001 Lease Policies and Procedures, and concluded they were adequate as written.
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.	A seminar/workshop was held for Commissioners in March of 03, and was followed in May with a public hearing to gather comments from tenants and the public. The issue was placed on hold until the Commission could complete the concessions review. A second seminar was held 12/11/03. The process will continue in 04, with anticipated approval of a new or revised ordinance in the 3rd quarter of 04.
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.	TSA formed a task force to review recommendation previously submitted by industry representatives. The task force took six months for the review and submitted their report in late November. MAC staff began meeting with Eden Prairie in September to draft a plan for the Flying Cloud Airport which will be used as a template for the other Relievers. We expect to have a draft plan by 12/31/03 which will be submitted to both the Eden Prairie City Council and the Commission for approval.
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.	This objective is on hold pending the outcome of lawsuits and complaints filed by Northwest airlines.

2004 OBJECTIVES

Objective	Expected Results
Improve and formalize security procedures at the Reliever Airports	Updated security procedures/plans for coordination with, and distribution to, local public safety departments, federal agencies, and airport users.
Review the use of excess space within hangars; particularly as it applies to the storage of non-aviation materials or goods.	A written and enforceable policy approved by the Commission that clearly defines permissible non-aviation storage
Complete review of the current funding and operating philosophy for the Reliever Airports and amend Ordinance No. 87 accordingly.	Reaffirm or reestablish the funding philosophy.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

RELIEVERS - ST. PAUL

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	368,122	414,703	425,070	10,367	2.50%
Administrative Expenses	4,124	4,300	1,700	-2,600	-60.47%
Professional Services	25,806	0	30,000	30,000	100.00%
Utilities	3,660	0	580	580	100.00%
Operating Services/Expenses	28,766	24,200	924	-23,276	-96.18%
Maintenance	150,397	204,328	181,647	-22,681	-11.10%
Other	36,679	11,040	2,200	-8,840	-80.07%
Total Budget	617,555	658,571	642,121	-16,450	-2.50%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE Total:	7	6	7

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 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable wage structure adjustment and step increases.
Professional Services	The funds allocated to the Professional Services Cost Center are for the United States Department of Agriculture Depredation Contract. The Depredation Contract's purpose is to reduce wildlife hazards to aircraft at the St. Paul Downtown Airport.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET**RELIEVERS - LAKE ELMO****BUDGET SUMMARY**

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	108,006	111,890	112,926	1,036	0.93%
Administrative Expenses	11	350	250	-100	-28.57%
Professional Services	0	0	0		
Utilities		0	581	581	100.00%
Operating Services/Expenses	0	200	0	-200	-100.00%
Maintenance	19,438	39,385	27,375	-12,010	-30.49%
Other	158	4,350	200	-4,150	-95.40%
Total Budget	127,613	156,175	141,332	-14,843	-9.50%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE Total:	1	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.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET**RELIEVERS - AIRLAKE****BUDGET SUMMARY**

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	104,972	106,616	110,112	3,496	3.28%
Administrative Expenses	194	350	250	-100	-28.57%
Professional Services		0	0		
Utilities		0	0		
Operating Services/Expenses		200	0	-200	-100.00%
Maintenance	12,529	37,785	25,580	-12,205	-32.30%
Other	17,848	1,350	1,210	-140	-10.37%
Total Budget	135,543	146,301	137,152	-9,149	-6.25%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE Total:	1	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.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

RELIEVERS - FLYING CLOUD

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	173,705	174,470	181,670	7,201	4.13%
Administrative Expenses	193	350	250	-100	-28.57%
Professional Services	0	0	0		
Utilities		0	343	343	100.00%
Operating Services/Expenses	0	200	0	-200	-100.00%
Maintenance	38,558	60,204	54,997	-5,207	-8.65%
Other	185	2,200	1,050	-1,150	-52.27%
Total Budget	212,640	237,424	238,310	887	0.37%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE 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 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
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SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

RELIEVERS - CRYSTAL

BUDGET SUMMARY

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	210,714	222,930	230,915	7,985	3.58%
Administrative Expenses	669	2,700	2,400	-300	-11.11%
Professional Services	0	0	0		
Utilities	1,978	0	923	923	100.00%
Operating Services/Expenses	0	200	1,975	1,775	887.50%
Maintenance	79,740	64,161	56,047	-8,114	-12.65%
Other	1,676	2,200	1,170	-1,030	-46.82%
Total Budget	294,776	292,191	293,430	1,238	0.42%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE Total:	3	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 2004 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
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SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET**RELIEVERS - ANOKA****BUDGET SUMMARY**

	2002 Actual	2003 Budget	2004 Budget	\$ Variance	% Variance
Personnel	184,513	176,802	174,259	-2,542	-1.44%
Administrative Expenses	950	2,700	1,500	-1,200	-44.44%
Professional Services	0	0	0		
Utilities	2,248	0	700	700	100.00%
Operating Services/Expenses	112,706	158,900	158,700	-200	-0.13%
Maintenance	67,257	95,001	85,213	-9,788	-10.30%
Other	964	1,200	1,300	100	8.33%
Total Budget	368,638	434,603	421,672	-12,930	-2.98%

FULL TIME EQUIVALENT SUMMARY

	2003 Actual	2003 Budget	2004 Budget
FTE 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.

SERVICE CENTER SUMMARIES - 2004 OPERATING BUDGET

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CIP SUMMARY AND POLICIES – 2004 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.

CIP SUMMARY AND POLICIES – 2004 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 2004, 2005, 2006, and the extended period 2007-2010 (i.e. the proposed Capital Improvement Plan for 2004) 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 2003 dollars.

CAPITAL IMPROVEMENT PLAN SUMMARY (CIP) (\$ = 000)	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007 - 2010</u>	<u>Total</u> <u>2004-2010</u>
<u>Minneapolis/St. Paul International</u>					
Runway Deicing/Holding Pad	2,300	0	0	0	2,300
Runway 17/35	142,000	41,000	0	0	183,000
Runway 4/22 Development	0	4,500	0	0	4,500
Noise Mitigation	18,300	1,900	0	0	20,200
Taxiway C/D Complex Construction	0	0	30,000	0	30,000
Airfield Rehabilitation	4,600	7,100	10,900	2,500	25,100
Runway Rehabilitation	0	0	20,000	15,000	35,000
Environmental Remediation	0	0	0	0	0
Public Parking/Auto Rental Expansion	0	0	0	0	0
Green Concourse Extension	0	0	0	0	0
Concourse Expansion & Rehabilitation	0	0	0	0	0
Lindbergh Terminal Rehabilitation & Development	30,700	3,000	2,800	0	36,500
Humphrey Terminal Development	0	0	2,000	0	2,000
Landside Rehabilitation & Repair	4,150	13,100	2,850	11,400	31,500
Miscellaneous Field & Runway	900	900	900	1,600	4,300
Miscellaneous Landside	19,000	10,600	48,560	7,440	85,600
New Projects	<u>81,150</u>	<u>26,100</u>	<u>20,000</u>	<u>88,000</u>	<u>215,250</u>
Total Minneapolis/St. Paul International	303,100	108,200	138,010	125,940	675,250
<u>Reliever Airports</u>					
Reliever Airports	3,755	36,930	20,660	24,300	85,645
Reliever Airports Utility Extension	<u>200</u>	<u>6,350</u>	<u>0</u>	<u>0</u>	<u>6,550</u>
Total Reliever Airports	<u>3,955</u>	<u>43,280</u>	<u>20,660</u>	<u>24,300</u>	<u>92,195</u>
Total All Facilities	307,055	151,480	158,670	150,240	767,445

The seven-year total of approximately \$767.4 million represents a decrease of \$140.5 million from the previous year's CIP. This decrease can be attributed to adjustments/revisions and projects being completed in the 2010 Plan.

CIP SUMMARY AND POLICIES – 2004 OPERATING BUDGET

The Construction Budget below represents anticipated sources and uses of funds during the years 2004-2006. The information for 2003 indicates expected transactions during the fourth quarter.

CONSTRUCTION BUDGET 2004					
(\$ = 000)					
	<u>Estimated 2003</u>	<u>Budget 2004</u>	<u>Projected 2005</u>	<u>Projected 2006</u>	<u>Projected Total</u>
Sources of Funds					
Balance 12/31/02	\$ 123,178				\$ 123,178
Balance Carried Forward					
Transfer From Operating Fund	0	\$ 7,000	\$ 5,430	\$ 5,000	17,430
PFC Funding	63,326	65,798	67,443	69,129	265,695
Federal Grants	35,050	49,540	21,980	19,330	125,900
State Grants	1,400	1,600	1,400	1,500	5,900
Interest Income (1)	2,291	2,000	1,750	3,940	9,981
Net Bond Proceeds (See Above)	0	0	0	0	0
Commercial Paper Program (2)	0	100,411	44,629	7,500	152,540
Principal Amount of Bonds	97,762	99,952	326,920	0	524,634
Federal Letter Of Intent (LOI)	<u>11,000</u>	<u>8,000</u>	<u>8,000</u>	<u>7,500</u>	<u>34,500</u>
Total Sources of Funds	210,829	334,301	477,552	113,598	1,136,279
Uses of Funds					
CIP Project Costs	(140,047)	(312,589)	(247,062)	(141,333)	(841,031)
Commercial Paper Retired	(63,122)	(7,000)	(116,411)	(15,000)	(201,533)
Debt Service Reserve Transfer	(16,896)	(19,162)	(23,863)	(34,241)	(94,162)
Capitalized Interest	0	(4,000)	(31,149)	0	(35,149)
Issuance Expenses	<u>(2,697)</u>	<u>(2,500)</u>	<u>(6,500)</u>	<u>0</u>	<u>(11,697)</u>
Total Use of Funds	<u>(222,762)</u>	<u>(345,251)</u>	<u>(424,985)</u>	<u>(190,574)</u>	<u>(1,183,572)</u>
Balance Carried Forward	\$ 111,245	\$ 100,294	\$ 152,861	\$ 75,886	\$ 75,886

1 Interest Rate Assumed 2.0% for the period 2003 through 2006.

2 Negative amount in commercial paper represents amount paid off or transferred to long term debt.

Funding Source Summary	
Current Balance	9.78%
Transfer From Operating Fund	1.38%
PFC Funding	21.10%
Federal Grants	10.00%
State Grants	0.47%
Interest Income	0.77%
Net Bond Proceeds-(See Current)	0.00%
Commercial Paper Program	12.11%
Principal Amount of Bonds - PFCs	31.75%
Principal Amount of Bonds - Garbs	9.91%
Federal Letter Of Intent (LOI)	<u>2.74%</u>
Total Sources of Funds	100.00%

SOURCES AND USES OF FUNDS – 2004 OPERATING BUDGET

SOURCES AND USES

From 12/31/03 through 2006, MAC has identified nine funding sources totaling \$1,259,457,000 including a beginning balance of \$123,178,000. During this period, MAC will expend \$1,183,572,000 leaving a net balance of \$75,886,000 at the end of 2006. This balance represents a portion of the 2005 and 2006 projects that were started but not yet completed by 12/31/06.

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 2004 other than \$7.0 million reimbursement of commercial paper for the UPS facility. It is intended that beginning in 2005 and continuing in the future, the Commission will once again make this transfer.

PFC funding or Passenger Facility Charge funding is the second largest funding source at \$265.7 million or 20.19% 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.

SOURCES AND USES OF FUNDS – 2004 OPERATING BUDGET

In January 2003 staff received approval from the FAA for PFC Application #6. At that time staff proposed moving forward with the following structure for this application:

<u>\$=000</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
New Debt	\$371,339	\$492,880	\$864,219
Payment of Existing Debt	121,064	160,720	281,784
Pay As You Go	<u>15,476</u>	<u>-</u>	<u>15,476</u>
	<u>\$507,879</u>	<u>\$653,600</u>	<u>\$1,161,479</u>

As a result of concerns raised by the Commission regarding the amount of new debt associated with this application and because of revisions to the CIP, various changes occurred in the structure between February and May. In May of 2003 the following proposal for use of PFC funds associated with Application #6 was approved.

<u>\$=000</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
New Debt			
1 st Issue	\$109,000	\$105,000	\$214,000
2 nd Issue	99,952	83,000	182,952
Payment of Existing Debt	184,997	176,109	361,106
Pay As You Go	<u>119,684</u>	<u>-</u>	<u>119,684</u>
	<u>\$513,633</u>	<u>\$364,109</u>	<u>\$877,742</u>

The first series of bonds were issued in July of 2003. Staff is prepared to move forward with the second bond issue under PFC Application #6. This approximately \$90 million issue will be a variable rate bond is scheduled to go to market during the second quarter 2004. An amendment will be required in 2004 for this application.

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 \$125.9 million or 9.57% 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. The major portion of this figure (\$66 million or 52%) is for the Baggage Screening project.

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 \$5.9 million or 0.45% of the total funding through 2006.

Interest Income is based on the balance in the fund. As noted above, a 2.0% rate is assumed for 2003 through 2006. This figure can vary significantly depending upon approval of projects and their starting dates. Interest Income of \$10.0 million or 0.76% of sources is projected.

Commercial Paper is used as an interim funding source. For the period 2003-2006 the Commission anticipates issuing \$152.5 million in Commercial Paper. Based on current forecasted data all of this paper will be refinanced/retired as follows:

<u>(\$=000)</u>	<u>Issued</u>	<u>Refinanced/Retired</u>	<u>Running Balance</u>
Prior Period	\$75,000	0	\$75,000
2003	57,000	<63,123>	68,877
2004	100,000	<7,000>	161,877
2005	45,000	<116,000>	90,877
2006	\$7,500	<\$15,000>	\$83,377

SOURCES AND USES OF FUNDS – 2004 OPERATING BUDGET

Bond Funding - PFCs (Passenger Facility Charges) represents the largest source and makes up \$400 million or 30.38%. This amount is the principal portion only. The final amount issued will be dependent if some projects are possibly deferred.

Bond Funding – GARBS (General Airport Revenue Bonds) is the fourth largest source at \$124.6 million or 9.48%. 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 2002 was \$13.0 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 \$34.5 million or 2.62%.

USES

There are five general categories of uses listed. The first, CIP project costs (\$841.0 million) represent 71.0% of the total. The second area is Commercial Paper Retired (\$194.5) and represents 17.0% of the total. This mechanism is to be used as an interim funding source. The other three categories relate to the bond issues described above and in the Debt Service Budget and comprise the other 12.0% 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 2006 can be attributed to a number of significant projects scheduled to begin in early 2006. 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.

PROJECTS IN PROCESS – 2004 OPERATING BUDGET

**Projects in Process (As of November 21, 2003)
(\$ = 000)**

Project Description	Estimated Project Cost	Payments To Date
Runway 12L CAT II Lighting System	\$ 3,300	\$ 2,654
Runway 12R Deicing Pad	17,000	10,317
Runway 17/35 Land Acquisitions and Developments	677,785	488,406
Green Concourse People Mover	45,830	42,247
EMC - Chiller Addition	6,600	5,974
North Terminal Expansion	12,900	4,237
Naval Air Reserve Center Relocation	13,900	13,694
Airport Fire Station # 1	14,500	1,500
HHH Terminal - Gate 10 Expansion	3,105	2,812
HHH Parking Structure Fees	8,700	8,312
Econolot Modifications	3,175	3,029
HHH Terminal Parking Ramp Developments	106,922	104,409
HHH Roadways - 34th Avenue Phase 2	5,550	5,231
LRT Tunnel/Station and Developments	87,000	62,043
HHH Terminal Structural Modifications	3,900	2,602
Mesaba Hangar	9,650	9,068
Cargo Area Developments	13,999	7,634
Part 150 Sound Insulation Projects (Homes & Schools)	33,880	25,259
All Other Projects in Process	<u>233,740</u>	<u>39,689</u>
Totals	<u>\$1,301,436</u>	<u>\$ 839,117</u>

CAPITAL IMPROVEMENT PROJECT SUMMARIES – 2004 OPERATING BUDGET
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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)

	2004	2005
	<u>\$</u>	<u>\$</u>
MSP International		
<u>Runway Deicing/Holding Pad Program</u>		
Total Runway Deicing/Holding Projects	<u>\$2,300</u>	<u>-0-</u>
<u>Runway 17/35 Program</u>		
<u>Buildings Demolition</u>	\$8,000	\$1,000
<p>The demolition of buildings and structures is required to provide the FAA mandated Runway Protection Zone (RPZ) and transitional surfaces for Runway 17/35.</p> <p>This project provides for the demolition of buildings and facilities including the Federal Express and BAX Global facilities, the Sun Country and Mesaba hangars, the Everett McClay VFW, the Double Tree and Exel Inn hotels, the 2850 Metro Office Park building including the parking ramp, the Budget Rental Car facility, the Precision Air facility and Air Cargo Center Buildings B & C.</p>		
<u>Runway 17/35 Construction – South End</u>	\$17,500	-0-
<p>This project provides for the site preparation and paving of the runway and taxiway system south of the Runway 4/22 intersection. This is the last major project required to complete the runway and taxiway system. The paving of the Runway 17 deicing pad in 2005 will complete all of the airfield pavements.</p>		
<u>Runway 17/35 Land Acquisition</u>	\$52,000	-0-
<p>During 2004, there will be a continuation of the acquisition of off-airport land required to provide for the Runway 17/35 Protection Zone (RPZ). In addition, 29 single family residents and two apartment complexes with a total of 132 units located in Bloomington south and east of the Mall of America will be acquired for noise mitigation purposes. Costs for the land acquisition will be determined based on appraisals and negotiations with the impacted property owners.</p> <p>All buildings and structures in the FAA mandated RPZ and runway transitional zones must be removed. The remaining properties to be acquired include the Thunderbird Hotel, the Super America gas station and the Budget Rental Car property. Staff is reviewing acquiring an avigation easement on the Thunderbird Hotel in lieu of an outright purchase of the property.</p> <p>The Commission approved the purchase of the property in Bloomington in May of 2001 because of the exposure to anticipated noise levels in excess of DNL 65 when Runway 17/35 becomes operational. The City of Bloomington and the residents expressed a preference for acquisition of the affected properties.</p>		

CAPITAL IMPROVEMENT PROJECT SUMMARIES – 2004 OPERATING BUDGET

MSP International	2004 \$	2005 \$
<p><u>Runway 4/22 Tunnel</u> This project provides for the construction of the vehicle tunnel under Runway 4/22 that will provide direct vehicular access to the midfield development area from the east side of Runway 4/22. The project also includes the construction of the service road adjacent to the Taxiway D and W intersection.</p> <p>Construction of the tunnel under Runway 4/22 will enhance airport safety by eliminating runway crossings by vehicles. Currently, vehicles either have to cross Runway 4/22 at grade or travel around the south end of Runways 4/22 and 17/35 on the vehicle service road to access the new midfield area.</p>	\$52,000	-0-
<p><u>66th Street Interchange – Phase 2</u> The interchange at 66th Street and Cedar Avenue is the primary entry point to the new midfield development area. Vehicles access the midfield area by travelling south on Longfellow Avenue to Cargo Road. Cargo Road runs east from Longfellow Avenue and uses the tunnel under Runway 17/35 to access the midfield area.</p> <p>The on and off ramps on the east side of Cedar Avenue were constructed during 2000 and 2001. A new bridge over Cedar Avenue has been designed by Mn/DOT that incorporates the existing structure and will provide three traffic lanes in each direction. The bridge will be bid with the ramps on the west side of Cedar Avenue. Mn/DOT will reimburse MAC for the cost of the bridge.</p> <p>This project provides for the construction of the final phase of the 66th Street interchange and includes construction of the on ramps on the west side of Cedar Avenue as well as the new bridge structure.</p>	-0-	\$5,700
<p><u>MAC Equipment and Materials Storage Facilities</u> The construction of Runway 17/35 and its associated taxiway and apron system as well as the expanded roadway system will increase the amount of paved area from which snow and ice must be removed. MAC currently has an equipment storage facility as well as a materials storage building located near the General Office. Due to the remote location of much of the 17/35 development from these facilities, MAC staff has planned to provide a facility located within the 17/35 development which would house the equipment needed to provide snow and ice removal. A second adjacent facility will provide for storage of sand, salt and other deicing agents to be used on the aircraft operational areas and vehicular service roads.</p>	-0-	\$6,500
<p><u>Runway 17 Deicing Pad Construction</u> Aircraft departing during snow and ice events must be deiced prior to take off. The FAA has requirements on the length of time between when an aircraft is deiced and when it takes off. If this time limit is exceeded, the aircraft must be deiced again. The best place to deice an aircraft is therefore in close proximity to the end of the runway and dedicated deicing pads have therefore been constructed at the end of each runway. Glycol can reduce the oxygen level if allowed to drain into receiving streams. The deicing pads therefore contain glycol collection systems that collect the spent glycol and transport it to the MAC glycol facilities for treatment and reuse or discharge to the sanitary sewer system.</p>	-0-	\$18,000

CAPITAL IMPROVEMENT PROJECT SUMMARIES – 2004 OPERATING BUDGET

	<u>2004</u> \$	<u>2005</u> \$
MSP International		
<p>The deicing pads also serve as holding pads for aircraft that are not cleared to take off.</p> <p>This project provides for the paving of the deicing/holding pad for Runway 17. The site work and utilities installation were completed with a previous project.</p>		
Other Runway 17/35 Program Projects Less Than \$5,000,000	<u>\$ 12,500</u>	<u>\$ 9,800</u>
Total Runway 17/35 Program Projects	<u>\$142,000</u>	<u>\$41,000</u>
<u>Runway 4/22 Development Program</u>		
Total Runway 4/22 Development Program	<u>-0-</u>	<u>\$ 4,500</u>
<u>Noise Mitigation Program</u>		
	<u>\$</u>	<u>\$</u>
<u>Residential Sound Insulation (Inside 1996 65 DNL)</u>	<u>\$10,800</u>	<u>-0-</u>
<p>This series of projects is a continuation of the program to insulate residential houses within the certified 1996 DNL 65 noise contour. Completion of these approximately 287 projects will complete the residential noise insulation within the 1996 DNL 65 noise contour.</p>		
<u>Residential Sound Insulation – Multi-family (Inside 1996 65 DNL)</u>	<u>\$ 7,500</u>	<u>-0-</u>
<p>This project provides for insulation of multi-family dwellings within the certified 1996 DNL 65 noise contour. Approximately 500 dwelling units would be included in this program.</p>		
Noise Mitigation Program Projects Less Than \$5,000,000	<u>-0-</u>	<u>\$ 1,900</u>
Total Noise Mitigation Program Projects	<u>\$ 18,300</u>	<u>\$ 1,900</u>
<u>Airfield Rehabilitation Program</u>		
<u>Pavement Rehabilitation – Aprons</u>	<u>-0-</u>	<u>\$ 6,600</u>
<p>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 approximately 30,000 square yards of apron pavement between the north side of Concourse E and Taxiway Q.</p>		
Total Airfield Rehabilitation Program Projects Less Than \$5,000,000	<u>\$ 4,600</u>	<u>\$ 500</u>
Total Airfield Rehabilitation Program Projects	<u>\$ 4,600</u>	<u>\$ 7,100</u>
<u>Lindbergh Terminal Rehab & Development Program</u>		
<u>Lindbergh Terminal North Addition</u>	<u>\$ 29,500</u>	<u>-0-</u>
<p>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 North Star Crossing retail mall as well as adding new public rest rooms and a public elevator and stair to the mezzanine level. The mezzanine level will provide</p>		

CAPITAL IMPROVEMENT PROJECT SUMMARIES – 2004 OPERATING BUDGET
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	<u>2004</u> <u>\$</u>	<u>2005</u> <u>\$</u>
MSP International		
for expanded MAC and airline tenant office space. This project was in process on 9/11 and was subsequently cancelled. This project will proceed only if the results of the Concessions RFP indicate that the revenue generated by new concessions will cover the costs of the project.		
Lindbergh Terminal Rehab & Development Program Projects Less Than \$5,000,000	<u>\$ 1,200</u>	<u>\$ 3,000</u>
Total Lindbergh Terminal Rehab & Development Program Projects	<u>\$ 30,700</u>	<u>\$ 3,000</u>
<u>Landside Rehabilitation & Repair Program</u>		
<u>Lindbergh Terminal Interior Rehabilitation</u>	-0-	\$ 6,900
An ongoing program to renovate the interior of the Lindbergh Terminal. This project will include projects which were scheduled for 2002 but were deferred due to the reduction in MAC revenues. These projects include the replacement of the flooring in the ticketing area, the replacement of public seating in the North Star Crossing area of the Lindbergh Terminal, technology upgrades in the Commission Chamber, and miscellaneous improvements in the tug drive area.		
Landside Rehabilitation & Repair Program Projects Less Than \$5,000,000	<u>\$ 4,150</u>	<u>\$ 6,200</u>
Landside Rehabilitation & Repair Program Projects Total	<u>\$ 4,150</u>	<u>\$ 13,100</u>
<u>Reliever Airport Program</u>		
<u>St. Paul Flood Protection Dike (est. \$25M)</u>	-0-	\$ 2,000
This project will provide for the construction of a full perimeter dike and modifications to taxiways and runways to provide flood protection to the airport. Work in 2004 includes completion of soil borings and environmental analysis and other required project documentation.		
<u>Pavement Rehabilitation</u>	-0-	\$ 2,200
An ongoing program to rehabilitate aircraft areas (runways, taxiways, Aprons) through bituminous overlays, seal coats, or in some instances, Reconstruction, to restore the surfaces to a smooth, even condition and Improve overall conditions. This year's project will include the Rehabilitation of Runway 9/27 and the reconstruction of the blast pad.		
<u>Airlake Airport South Building Area Development</u>	-0-	\$2,700
This project is the second phase in the program to develop a new South Building Area and partial parallel taxiway. This year's project will provide for the installation of sanitary sewer and water main as well as the pavements and taxiway lighting system.		
<u>Anoka County – Blaine Runway 9/27 Extension/Widening</u>	-0-	\$6,400
This project will provide for the widening and extension to 5,000 feet of Runway 9/27 including all required wetland mitigation.		
<u>Runway 9/27 MALSR/ILS</u>	-0-	\$2,500
This project provides for the installation of the Instrument Landing System (ILS) and Medium Intensity Approach Lighting System with runway indicator lights (MALSR) for the new 5,000-foot runway including all required wetland mitigation.		

CAPITAL IMPROVEMENT PROJECT SUMMARIES – 2004 OPERATING BUDGET
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MSP International	<u>2004</u> \$	<u>2005</u> \$
<u>Wetland Mitigation</u> This project provides for the mandated wetland mitigation and includes the costs associated with applicable wetland permit and/or escrow fees, the purchase of property to be used for wetland mitigation and the construction of the new wetland.	-0-	\$ 2,500
<u>Flying Cloud Rwy 10R/28L Reconstruction/Extension & Rwy 10L/28R Extension</u> This project provides for the reconstruction of the newly numbered Runway 10R/28L and the extension of Runways 10R/28L and 10L/28R. The project includes pavement construction and reconstruction, VOR and MALSR light relocations, glide slope replacement and signage changes to reflect taxiway changes.	-0-	\$11,200
<u>South Building Area Development</u> This project will provide for the first phase in the construction of the new South Building Area and will include grading and utility installation.	-0-	\$ 5,200
<u>Lake Elmo East Building Area Development</u> This project involves the site development of the new East Building Area including grading, demolition of abandoned buildings and all earthwork associated with the new taxiways, taxilanes and roadway access.	-0-	\$ 2,000
Total Reliever Airport Program Projects Less Than \$5,000,000	\$ 1,755	\$ 2,230
Total Reliever Airport Program Projects	\$ 3,755	\$ 36,930
<u>Reliever Airports Utility Extension Program</u>		
<u>Airlake Sanitary Sewer/Water Main Installation – North Building Area</u> This project will be the final phase in the extension of sanitary sewer and water main to the Northeast Building Area along with the widening of three taxilanes.	-0-	\$ 2,300
<u>Flying Cloud Sanitary Sewer/Water Main Extensions</u> In accordance with the Memorandum of Agreement with the City of Eden Prairie and the requirement by the Minnesota Pollution Control Agency to close all private well and septic systems at the airport, staff proposes to complete the installation of sanitary sewer and water along Pioneer Trail to serve the FBOs and interested tenants in the north building areas. In addition, the project will include construction of a restroom facility for tenants who do not or cannot connect to the new utilities (many are in a non-service area) and a plane wash facility.	-0-	\$ 3,400
Total Reliever Airports Utility Extension Program Less Than \$2,000,000	\$ 200	\$ 650
Total Reliever Airports Utility Extension Program	\$ 200	\$ 6,350
<u>Miscellaneous Field & Runway Program</u>		
Total Miscellaneous Field & Runway Program	\$ 900	\$ 900

CAPITAL IMPROVEMENT PROJECT SUMMARIES – 2004 OPERATING BUDGET

	<u>2004</u> \$	<u>2005</u> \$
MSP International		
<u>Miscellaneous Landside Program</u>		
<p><u>Fire/Rescue Station Replacement Facility</u></p> <p>The MSP 2010 Comprehensive Plan is aimed at providing the airport capacity needed to meet projected demand through 2010. The construction of Runway 17/35 is an integral part of the 2010 plan. With the construction of this runway, a concern arose over whether the existing ARFF (Aircraft Rescue Fire Fighting) Station (could be expanded to support the equipment and personnel required for the 2010 airport development. An ARFF Comprehensive Study was commissioned which documented the existing MSP ARFF Station, MSP airport conditions related to ARFF operations, defined an ARFF Mission and airport ARFF Index, defined ARFF Facility Requirements and analyzed various sites for ARFF response times and feasibility to house an ARFF Station. The report stated that the existing facility, constructed in 1965, was in need of a major expansion to meet the needs of the rapidly expanding airport. It went on to conclude that expansion to the ARFF Station is inhibited due to the proximity of the surrounding facilities. In order to meet the goal of a 3-minute response time to the end points of all runways serving MSP, the report recommended that a new Main ARFF Station be constructed and that the existing ARFF Station be maintained until a new Satellite ARFF Station can be constructed.</p> <p>This project will provide a replacement facility for the existing ARFF Station to be located north of the new Humphrey Terminal on 34th Avenue.</p>	\$ 14,500	-0-
<p><u>MAC Cargo Buildings – Airline Belly Cargo Facility</u></p> <p>Previously, a majority of MSP's airline belly-cargo was accommodated within a 36,000 sq. ft. multi-tenant facility owned by Standard Air Cargo. This facility was removed to accommodate the construction of the Humphrey Terminal. Currently, there are no other existing facilities at MSP that can be used for the required belly cargo operations. This project provides for the construction of a new facility that can be leased to airport tenants.</p>	-0-	\$ 6,000
Total Miscellaneous Landside Projects Less Than \$5,000,000	<u>\$ 4,500</u>	<u>\$ 4,000</u>
Total Miscellaneous Landside Projects	<u>\$ 19,000</u>	<u>\$ 10,600</u>
<u>New Projects Program</u>		
<p><u>Runway 30R Safety Area Improvements</u></p> <p>This project provides for the installation of an Engineered Materials Arresting System (EMAS) in the Runway 30R safety area. This system would be similar to the system installed at the end of Runway 30L. An EMAS is comprised of cellular cement blocks located beyond the end of the runway and is designed to minimize the potential for structural damage to aircraft overrunning the runway during an aborted takeoff or while landing. The EMAS is a passive system that exerts predictable deceleration forces on an aircraft's landing gear as the cellular cement blocks are crushed beneath the weight of the aircraft.</p>	\$ 5,600	-0-
<p><u>Lindbergh Terminal Baggage Screening Expansion</u></p> <p>This project provides for the construction of an expansion to the west side of the Lindbergh Terminal and installation of an automated, in-line baggage screening facility that would replace and enhance the current combination of Explosive Detection Systems (EDS) and Explosive Trace Detection (ETD) machines which are currently located in the ticketing lobby of the terminal.</p>	\$70,000	-0-

CAPITAL IMPROVEMENT PROJECT SUMMARIES – 2004 OPERATING BUDGET
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MSP International	2004 <u>\$</u>	2005 <u>\$</u>
<u>Maintenance Building Addition</u>	-0-	\$ 7,200
This project will provide for the expansion of the maintenance area including additional maintenance bays, expanded parts and receiving areas, expanded shop offices and support facilities and storage areas.		
<u>Relocate Air Traffic Control Tower</u>	-0-	\$ 7,000
With the construction of Runway 17/35 and the development of the adjacent building areas, there will be a need to construct a new tall Air Traffic Control Tower in order to see all aircraft operational surfaces. This project will commence with a conceptual study in 2004.		
Total New Projects Program Less Than \$5,000,000	<u>\$ 5,550</u>	<u>\$ 11,900</u>
Total New Projects Program	<u>\$ 81,150</u>	<u>\$ 26,100</u>
Total All Programs	<u>\$307,055</u>	<u>\$151,480</u>

The table below identifies current projects in process whose estimated cost is greater than \$3.0 million.

Program Summary

	<u>2004</u>	<u>2005</u>
Runway Deicing/Holding Pad	\$ 2,300	\$ -
Runway 17/35	142,000	41,000
Runway 4/22 Development	-	4,500
Noise Mitigation	18,300	1,900
Airfield Rehabilitation	4,600	7,100
Lindbergh Terminal Rehabilitation & Development	30,700	3,000
Landside Rehabilitation & Repair	4,150	13,100
Reliever Airports	3,755	36,930
Reliever Airports Utility Extension	200	6,350
Miscellaneous Field & Runway	900	900
Miscellaneous Landside	19,000	10,600
New Projects	<u>81,150</u>	<u>26,100</u>
<u>TOTAL ALL PROGRAMS</u>	<u>\$307,055</u>	<u>\$151,480</u>

CAPITAL IMPROVEMENT PROJECT SUMMARIES – 2004 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 2004 and 2005. The 2004 budget dollars for operating expenses include the figures listed in the "Budget Year 2004" column. As stated in the Budget Message, the two year capital program (2004 & 2005) totals \$458.5 million. This total is comprised of the following major projects:

17/35 Completion	\$183.0 million	40%
Noise Program	20.2 million	5%
North Terminal	29.5 million	6%
Baggage Screening	<u>\$70.0 million</u>	15%
	\$302.7 million	66%

This significant increase from the prior two year total (\$316.3 million) can be attributed to an agreement between Staff, Commissioners and the Airlines to complete Runway 17/35 by 12/1/05.

Maintenance & Operating Budget Impact of 2004 - 2005 Projects

\$ = 000

<u>Program/Project Areas</u>	<u>2004-2005 Project Cost Totals</u>	<u>Impact Budget Year 2004</u>	<u>Impact Budget Year 2005</u>	<u>Impacted Departments</u>
Field & Runway/Airside				
1 Rehab/Other Projects	\$ 80,250	\$ -	\$ -	
Completion 2003 - 2005	24,950	80	125	Field Maintenance
1 Post 2005 Completion	<u>120,500</u>	<u>-</u>	<u>-</u>	
Totals	\$ 225,700	\$ 80	\$ 125	
Environmental				
1 Rehab/Other Projects	\$ 20,200	\$ -	\$ -	
Completion 2003 - 2005	-	-	-	
1 Post 2005 Completion	<u>-</u>	<u>-</u>	<u>-</u>	
Totals	\$ 20,200	\$ -	\$ -	
Terminals & Landside				
1 Rehab/Other Projects	\$ 104,700	\$ -	\$ -	
Completion 2003 - 2005	24,000	250	1,750	Lindbergh Terminal
1 Post 2005 Completion	<u>36,700</u>	<u>-</u>	<u>-</u>	
Totals	\$ 165,400	\$ 250	\$ 1,750	
Reliever Airports				
1 Rehab/Other Projects	\$ 22,535	\$ -	\$ -	
Completion 2003 - 2005	3,600	-	25	Anoka County
1 Post 2005 Completion	<u>21,100</u>	<u>-</u>	<u>-</u>	
Totals	\$ 47,235	\$ -	\$ 25	
Total All Areas				
1 Rehab/Other Projects	\$ 227,685	\$ -	\$ -	
Completion 2003 - 2005	52,550	330	1,900	
1 Post 2005 Completion	<u>178,300</u>	<u>-</u>	<u>-</u>	
Totals	\$ 458,535	\$ 330	\$ 1,900	

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 2005.

CAPITAL IMPROVEMENT PROJECT SUMMARIES – 2004 OPERATING BUDGET

<u>Category</u>	<u>2004-2005 Maintenance & Operating Expense Impact</u>
Field & Runway	<p>Of the \$225.7 million of projects listed, \$80.2 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 2004 or 2005. Approximately \$120.5 million of projects relate to the Runway 17/35 program and will not be operational until after 2005. Of the \$24.9 million in projects listed as being completed in 2003-2005, \$7.7 million is for additional roadways at the south end of the campus, \$4.3 million is for expanded taxiways for aircraft movements, \$4.6 million is for an additional glycol facility (storm water runoff) and \$5.6 million for Runway Safety Improvements. Combined these projects make up the majority of the additional M&O costs identified. The balance of the projects include communications, landscaping, fuel island and fuel facility. These projects because of their nature require little maintenance.</p>
Environmental	<p>There are no expected maintenance and operating costs associated with projects in this category.</p>
Landside	<p>Of the \$165.4 million of projects, \$104.7 million are rehab or other projects and result in no new areas or facilities so there is no budget impact. Approximately \$36.7 million of projects will be completed post 2005. 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, \$24.0 million, will have a budget impact of \$250,000 in 2004 and \$1.75 million in 2005. The majority of the projects to be completed in 2003-2005 will again have a minimal maintenance impact. The balance of the increase for 2005 can be attributed to completion of the new loading dock. It is likely that this facility will be managed by an outside firm.</p>
Relievers	<p>Of the \$47.2 million of projects, \$22.5 million are rehab or associated projects and result in no new areas or facilities so there is no budget impact. Approximately \$21.1 million in projects are expected to be completed in late 2005 and are currently anticipated to have no budget impact until 2006. The balance of the projects, \$3.6 million, relate to a runway extension and a flight approach system in 2005. Both of these projects, will have a minor budget impact.</p>

DEBT SERVICE POLICIES – 2004 OPERATING BUDGET

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.
 - 8) Regarding Special Facilities adherence to Administrative Policy 2701 dealing with Special Facility Financing.
 - 9) In December 2003, the Commission approved a policy to deal with derivative financing products.
- 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.
- C. Debt Limits – Currently the Commission has three forms of indebtedness: Commercial Paper, General Airport Revenue Bonds (Garbs) and General Obligation Revenue Bonds (Gorbs). The Gorb instrument has the most straight forward legal limit. That is, the Commission must receive Legislative approval to authorize and issue this type of debt. Currently the Commission is authorized to issue up to \$55 million of additional Gorb debt. With regards to Commercial Paper, the total authorized limit is currently \$200 million. This will not change unless MAC increases the level or “takes out” one of the two programs (\$125 million and \$75 million). The legal limit for Garbs is based on the Commission's ability to generate sufficient revenues to pass the Additional Bonds test required under the Master Bond Indenture. As long as there are adequate revenues to pass the test, additional debt can be issued.

DEBT SERVICE REQUIREMENT – 2004 OPERATING BUDGET

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, 2004	\$67,111
October 10, 2005	\$65,110
October 10, 2006	\$64,063
October 10, 2007	\$64,440
October 10, 2008	\$64,820

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

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, 2001 Series A, B, C, D and 2003 Series A is:

January 1, 2004	\$90,140
January 1, 2005	\$90,225
January 1, 2006	\$90,389
January 1, 2007	\$90,160
January 1, 2008	\$90,148

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

The table below shows future debt requirements for existing debt on a annual calendar year basis after December 31, 2003 for the next five years as well as a cumulative total for the period 2009-2032. The dollars shown are in thousands.

(\$ = 000)	Notes	General Obligation Bonds (Principal)	General Airport Rev- enue Bonds (Principal)	Total Outstanding Bonds	Total All Interest	Total Principal & Interest
Year(s)	Payable					
2004	60,826	13,160	19,540	32,700	91,671	185,197
2005	-	13,820	20,590	34,410	89,715	124,125
2006	-	13,810	21,905	35,715	87,884	123,599
2007	-	13,185	22,890	36,075	85,984	122,059
2008	-	14,165	24,135	38,300	84,012	122,312
2009-2032	-	<u>275,990</u>	<u>1,230,635</u>	<u>1,506,625</u>	<u>978,941</u>	<u>2,485,566</u>
	60,826	344,130	1,339,695	1,683,825	1,418,207	3,162,858

(The October 10, 2003, listing prior to the above chart will not nor is it 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 – 2004 OPERATING BUDGET

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 (all of which have been defeased), 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. The Commission currently has available for issuance under the existing legislative authorization approximately \$55 million.

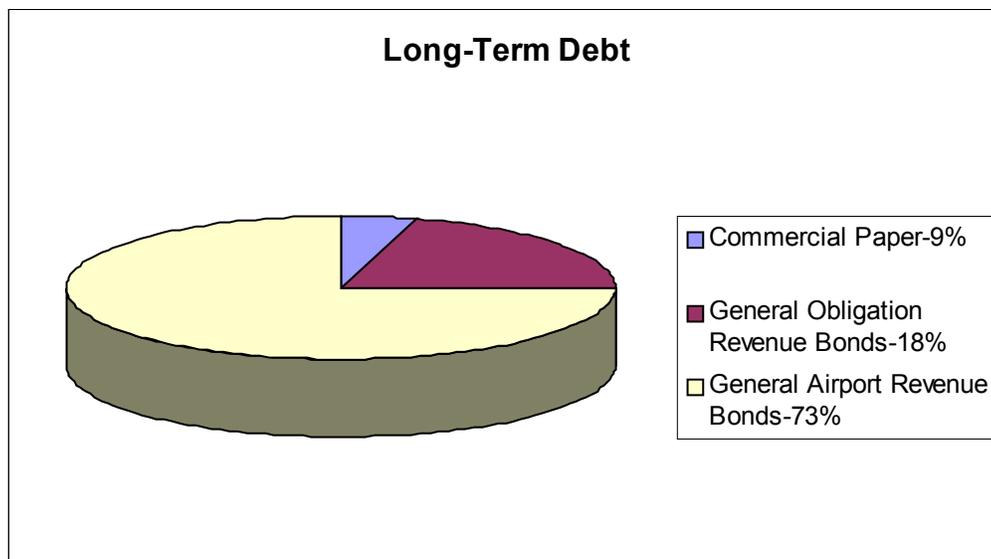
The 1996 Minnesota State Legislature authorized the Commission to issue General Airport Revenue Bonds (GARBs). These bonds would be secured by the pledge of all operating revenues of the Commission. The Commission's authority to issue additional GARBs is subject to an additional bonds debt service coverage 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 2004 on Senior Debt Obligations is 1.41x. With the optional coverage transfer this figure goes to 1.57x.

LONG TERM DEBT – 2004 OPERATING BUDGET

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	
				2004	2003
Notes Payable:					
Series A - 1.10 to 1.25%	*	83,000	2003	\$ 83,000	\$ 25,826
Series B - 1.15 to 1.65%	*	42,000	2003	42,000	35,000
Series D - 1.05 to 1.10%	*	49,000	2004	<u>45,000</u>	<u>-</u>
Total Notes Payable				\$ 170,000	\$ 60,826
General Obligation Revenue Bonds:					
Series 10 - 3.6 to 5.0% (Refund Series 1 & 6)	05/01/93	29,025	2006	\$ 3,750	\$ 6,060
Series 13 - 4.0 to 5.25% (Refund Series 7)	11/01/98	38,750	2015	30,285	32,520
Series 14 - 5.0 to 5.5% (Refund Series 8)	11/01/01	25,690	2011	20,980	23,395
Series 15 - 3.0 to 6.85% (Refund Series 9)	01/01/02	287,825	2022	<u>275,955</u>	<u>282,155</u>
Total General Obligation Revenue Bonds				\$ 330,970	\$ 344,130
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	16,110	21,810
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	122,875	127,140
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	83,145	86,020
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	93,505	96,225
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	62,415	66,395
2003 Series A - 4.5% to 5.25%	06/01/03	102,690	2031	<u>102,690</u>	<u>102,690</u>
Total General Airport Revenue Bonds				\$ 1,320,155	\$1,339,695
TOTAL BONDS OUTSTANDING				\$ 1,821,125	\$1,744,651
* Issue dates for the Notes Payable are various.					



LONG TERM DEBT – 2004 OPERATING BUDGET

BOND REFUNDING

No refundings are planned for 2004.

DEBT ACTIVITY – 2003

In July 2003, the Commission issued General Airport Revenue Bonds 2003 Series A. This subordinated debt issue is being funded with Passenger Facility Charge Revenue (PFC) from PFC Application #6. (See Construction Budget Section). The +\$100 million long term bond series was the first of a two part series for Application #6. Rather than move forward with one large long-term issue the Commission decided to split the original proposed financing into 2 issues-one being a long-term fixed rate series in 2003 the other being a variable rate series to be issued in 2004. (See below-New Issues).

NEW ISSUES

Based on the Capital Improvement Plan (CIP) presented in late fall 2003, and the current status of Runway 17/35, it appears that in 2004 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 2004 Series will be supported with Passenger Facility Charge (PFC) Revenue. The two 2005 issues will likely be a regular General Airport Revenue Bond and an issue supported by PFC revenue. PFC 6-2 would fall under the existing application while PFC-7 to be issued in 2005 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 2004-2005:

(\$ = 000)	<u>Gross Bond Proceeds</u>	<u>Net Bond Proceeds</u>	<u>Capitalized Interest/Is- suance Costs</u>
2004 PFC 6-2 Supported	99,952	93,452	6,500
2005 General Airport Revenue Bond Issue	124,815	109,010	15,805
2005 PFC 7	<u>202,105</u>	<u>176,511</u>	<u>25,594</u>
	\$ 426,872	\$ 378,973	\$ 47,899

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

OTHER ISSUES

General Obligation Revenue Bonds

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.

Commercial Paper

The Commission in September 2002 approved an additional \$75 million Commercial Paper Program. This Commercial Paper Issue is in addition to the existing \$125 million issue approved in 2000. The Commission in November 1997 approved a short-term borrowing program. The current program has \$60 million outstanding. However, because of potential property acquisitions associated with Runway 17/35, security requirements, the timing of the Passenger Facility Charge (PFC) debt issue (see New Issues above); and the 2005 GARB issue; there could be a circumstance where funding would not be available. The Commercial Paper program is essentially a short-term gap issue until the two 2005 debt issues are sold.

DEBT SERVICE BUDGET – 2004 OPERATING BUDGET

DEBT SERVICE BUDGET

The Debt Service Budget is shown below.

2004 DEBT SERVICE BUDGET (\$=000)	Actual <u>2002</u>	Estimated <u>2003</u>	Budget <u>2003</u>	Budget <u>2004</u>	Projected <u>2005</u>	Projected <u>2006</u>
January 1 Balance	236,851	238,490	221,435	248,330	251,155	269,349
Source Of Funds:						
Transfer from Operating Fund	66,822	72,306	73,968	72,461	70,845	70,733
Transfer from PFCs 3	-	16,896	17,900	19,162	23,863	34,241
Coverage Account	17,000					
Interest earnings 1	9,646	5,257	6,980	5,400	5,452	5,547
Bond Proceeds 2	(260)	8,993	-	8,500	25,500	-
NWA payments	<u>17,002</u>	<u>25,300</u>	<u>26,155</u>	<u>26,221</u>	<u>26,386</u>	<u>26,589</u>
Total Sources Of Funds	110,210	128,752	125,003	131,744	152,046	137,110
Uses Of Funds						
Principal/Interest payments 2	<u>(108,571)</u>	<u>(118,912)</u>	<u>(123,848)</u>	<u>(128,919)</u>	<u>(133,852)</u>	<u>(148,226)</u>
Ending Balance	238,490	248,330	222,590	251,155	269,349	258,233

1 Interest Rate Assumed 2.0% for the entire period.
 2 Includes Debt Reserve, Capitalized Interest & Issuance Costs.
 3 Used to pay in existing debt which was formerly paid for with operating funds.

DEBT SERVICE BUDGET – 2004 OPERATING BUDGET

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 2004-2006 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.

The Coverage Account represents an extra reserve fund the Commission identified in 2002 in order to maintain 1.4x coverage on Senior Garb debt.

Interest earnings are assumed at 2.0% for 2003 through 2006. In projecting interest income the Commission typically takes a conservative approach.

Bond proceeds are made up of reserves, issuances costs and capitalized interest. 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 (PFC) 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 increase in payments for 2004 represents the debt service on the PFC issue in 2003 while the increase in 2004 includes the second PFC issue. The 2005 and 2006 increases reflect the two bond issues in 2005.

DEBT SERVICE BUDGET – 2004 OPERATING BUDGET

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HISTORICAL REVENUE/EXPENSE COMPARISONS - 2004 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 1993 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 2002. Significant changes occur when comparing the percentage in categories to the total between the years 1993 and 2002. Depreciation represented 29% of the expense budget in 1993 with the 2004 budget projected to be 46.4%. This large increase is due to closing of construction projects. Other Expenses have also increased from .5% in 1993 to 1.6% in 2002. In the past, Reimbursed Expenses were included in this category, however it has been reclassified to Other Revenue. 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 1993 VS 2002						
(\$ = 000)						
	1993		2002		1993-2002 Change \$	Annual % Change
	\$	% of Total	\$	% of Total		
Operating Revenue						
Airline Rates & Charges	\$ 29,115	40.9%	\$ 69,233	40.6%	\$ 40,118	10.1%
Concessions	32,626	45.9%	67,416	39.5%	34,790	8.4%
Other	9,388	13.2%	33,961	19.9%	24,573	15.4%
Total Operating Revenue	\$ 71,129	100.0%	\$ 170,610	100.0%	\$ 99,481	10.2%
Operating Expenses						
Personnel	\$ 22,739	34.2%	\$ 43,074	27.4%	\$ 20,335	7.4%
Administrative Expenses	966	1.5%	880	0.6%	(86)	-1.0%
Professional Services	4,984	7.5%	3,386	2.2%	(1,599)	-4.2%
Utilities	4,974	7.5%	8,882	5.7%	3,908	6.7%
Operating Services	5,809	8.7%	12,147	7.7%	6,338	8.5%
Maintenance	7,406	11.1%	13,501	8.6%	6,095	6.9%
Depreciation	19,258	29.0%	72,871	46.4%	53,613	15.9%
Other	352	0.5%	2,455	1.6%	2,103	24.1%
Total Operating Expenses	\$ 66,488	100.0%	\$ 157,195	100.0%	\$ 90,707	10.0%
Net Revenues	\$ 4,641	a)	\$ 13,415	a)	\$ 8,775	

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

HISTORICAL REVENUE/EXPENSE COMPARISONS - 2004 OPERATING BUDGET

This first comparison 1993 versus 2002 emphasizes the following results:

1. Changes in revenue are as follows:

- ◆ The largest growth occurred in the Other Revenue category (15.4%), however, Other Revenue represents less than one-fourth of the total revenue. This increase can be attributable to building rentals including the new Federal Express and UPS building/facilities, Hubert H. Humphrey (HHH) terminal common use rates and other fees associated with non-signatory airline landing and ramp fees. In 2002, Reimbursed Expense has been reclassified from the Other Expense category to the Other Revenue category, also accounting for part of the increase. (See Operating Budget Revenue Assumptions).
- ◆ The second largest average annual percentage increase is in the Airline Rates and Charges (10.1%). 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 1993 and 2002 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 8.4% between the years of 1993 and 2002. 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 contribute to the increase. (See Operating Budget Revenue Assumptions).

2. The average annual percentage increase in revenue from 1993 to 2002 (10.2%) is slightly greater than the annual percentage increase in expenses from 1993 to 2002 (10.0%). Over this ten-year period, revenue grew at a slightly higher rate than expenses. In the 2004 budget, the spread between 1993 and 2002 revenue to expense is .2 % (or the difference between 10.2% revenue growth and 10.0% expense growth). This percent is lower than in the past due to the economic conditions of the industry.

3. Expense Changes are as follows:

- ◆ Personnel expenses have increased from 1993 to 2002 by \$20.3 million. This equates to an average annual increase of 7.4%, however, the percentage of total expense for personnel was reduced from 34.2% in 1993 to 27.4% in 2002.
- ◆ Both Administrative costs and Professional Services have decreased (1.0% and 4.2% annualized between 1993 and 2002). This is a direct result of cost cutting measures in these categories due to the events of September 11, 2001 and the economic conditions of the industry. Reductions in travel, printing and postage due to the decrease in expenses related to annual brochures, reports to the public, passenger assistance brochures, duplication documentation available at public meetings, and consultant fees, attribute to the annual percentage decline.
- ◆ Depreciation by contrast, rose at an average rate of 15.9 % or \$53.6 million, resulting in the depreciation percent of total increasing from 29.0% in 1993 to 46.4% in 2002. This change can be attributed to the completion of several new and/or expanded facilities, most recently, the Green Concourse expansion (Concourse A-D), Runway 12R deicing, HHH facility (including parking), various noise projects, parking ramp expansion, and automated people mover.
- ◆ The second largest category increase is Other at 24.1%. General insurance is included in this category and accounts for the largest part of the increase. The insurance market is based upon factors worldwide. Losses under the deductible, litigation costs, history of costs, and inflationary factors have increased the premium. In 2002, Reimbursed Expense has been reclassified from the Other Expense category to the Other Revenue category, also accounting for part of the increase.

HISTORICAL REVENUE/EXPENSE COMPARISONS - 2004 OPERATING BUDGET

B.

HISTORICAL OPERATING REVENUE & EXPENSE SUMMARY 2002 VS 2004								
	Actual 2002		Estimated 2003		Budget 2004		2002-2004 Change	Annual %
	\$	% of Total	\$	% of Total	\$	% of Total		
Operating Revenue								
Airline Rates & Charges	\$ 69,233	40.6%	\$ 71,578	44.2%	\$ 71,578	39.1%	\$ 2,344	1.7%
Concessions	67,416	39.5%	69,640	43.0%	75,648	41.3%	8,232	5.9%
Other	33,961	19.9%	33,680	20.8%	35,972	19.6%	2,011	2.9%
Airline Rent Credit			(13,000)					
Total Operating Revenue	\$ 170,610	100.0%	\$ 161,898	100.0%	\$ 183,198	100.0%	\$ 12,588	3.6%
Operating Expenses								
Personnel	\$ 43,074	27.4%	\$ 45,910	26.4%	\$ 47,571	26.1%	\$ 4,496	5.1%
Administrative Expenses	880	0.6%	1,000	0.6%	1,002	0.6%	122	6.7%
Professional Services	3,386	2.2%	3,600	2.1%	3,655	2.0%	270	3.9%
Utilities	8,882	5.7%	11,225	6.4%	11,747	6.5%	2,865	15.0%
Operating Services	12,147	7.7%	13,000	7.5%	12,309	6.8%	162	0.7%
Maintenance	13,501	8.6%	16,200	9.3%	17,482	9.6%	3,981	13.8%
Other	2,455	1.6%	3,115	1.8%	3,575	2.0%	1,120	20.7%
Total Operating Expenses without Depreciation	\$ 84,324	53.6%	\$ 94,050	54.0%	\$ 97,341	53.5%	\$ 13,017	7.4%
Depreciation	\$ 72,871	46.4%	\$ 80,000	46.0%	\$ 84,722	46.5%	\$ 11,851	7.8%
Total Operating Expenses Including Depreciation	\$ 157,195	100.0%	\$ 174,050	100.0%	\$ 182,063	100.0%	\$ 24,868	7.6%
Net Revenues	\$ 13,415	a)	\$ (12,152)	a)	\$ 1,135	a)	\$ (12,281)	-70.9%

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

The second table illustrates 2002 actual, 2003 estimated and 2004 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, an average of 3.6% annually from actual 2002 to Budget 2004. The greatest increase is in the Concessions category of 5.9%
- ◆ Airline Rates and Charges that include landing fees, ramp fees and terminal building rentals, are increasing slightly at 1.7%. For 2004, because of the slow economy and foreseen lack of recovery in the aviation industry, airline rates and charges will be held constant again as they were in 2002 and 2003. The budget for 2004 is the same as estimated 2003.
- ◆ Concessions are predicted to increase by 5.9% as parking revenue for the 2004 budget is projected to increase by \$4.9 million. The anticipated increase is attributed to a gradual increase in patrons along with a rate increase in short term and long term parking rates. Ground transportation fees due to changes in Ordinance rates for commercial vehicles account for \$593,782 of the projected increase. Food/Beverage and Merchandise are also expected to increase as the current long time lease expires and the new proposal will raise the percentage of dollars MAC receives.
- ◆ Estimated 2003 revenue includes a line item titled "Airline Rent Credit" and reflects a one time reduction adjustment to the airlines of \$13 million. The Commission approved a request by the airline industry for this adjustment due to the conditions of the industry.

HISTORICAL REVENUE/EXPENSE COMPARISONS - 2004 OPERATING BUDGET

2. Changes in Expenses are as follows:

- ◆ Increases in Expenses (excluding depreciation) are projected to be 7.4% from Actual 2002 to Budget 2004 and will be summarized below. (See Operating Expense Assumptions).
- ◆ Personnel expenses have increase by 5.1% or \$4.5 million between the years 2002 and 2004 budget. Annual wage and step increases have been included in the 2004 budget for both organized and non-contract employees. Temporary employees are also part of the increase in Personnel. The police department meeting federal security mandates accounts for the majority of the Temporary increase. Also, contributing to the 5.1% increase is employee benefits. Employee health insurance has been increasing 15% nationally, however, due to cost containment measures, the 2004 budget reflects a 7.81% or \$406,000 increase over the 2003 budget. A Post Retirement Health adjustment was recommended as part of the 2002 audit and accounts for \$2.4 million to the Personnel category increase. (See Operating Expense Assumptions). FTE's are at 544.5. This represents an increase of 1 FTE that offsets the cost of professional services.
- ◆ Administrative costs have increased 6.7%. The majority of the increase amount is related to computer supplies and various software upgrades. Travel has increased to reflect Commissioner travel and limited staff participation in national organizations. Reductions are in printing and postage costs as most publications are on the MAC website resulting in fewer copies being mailed.
- ◆ Professional Services have increased 3.9%. Airport planning costs are anticipated to increase due to Part 150 Updates, Airport zoning, and anticipated requirement by MnDot requiring zoning at some of the reliever airports. The increase also includes \$100,000 for an RFP relating to the Concession revenues. (See Operating Expense Assumptions).
- ◆ The category for Utilities indicates a 15.0% increase attributable to the rising costs of utilities along with the completion of additional facilities, Westside Ramp area and Infield area. Heating fuel reflects the largest increase and is based upon projected rate increases. (See Operating Expense Assumptions).
- ◆ Operating Services reflects a .7% increase. The majority of the increase is related to advertising and service agreements. Educating the public of new automated parking features and availability in parking requires the use of additional advertising dollars.
- ◆ Maintenance increases of 13.8% between the 2002 actual data and the 2004 budget, are primarily a result of building expenses. The automated people mover running along Concourse A-D will be in service for the full year of 2004. Moving walks and escalators will be off of warranty for the full year in 2004 with maintenance contract increases. Cleaning contracts also contribute to the increase from actual 2002 to budget 2004.
- ◆ The majority of the 20.7% increase in the Other category reflects MAC's escalating costs for liability insurance. The insurance market is based upon factors worldwide, losses under the deductible, litigation costs, and inflationary factors that have continued to increase.
- ◆ Depreciation expenses show a 7.8% increase due to completion of major projects, both new and renovations. (See Operating Expense Assumptions).

HISTORICAL REVENUE/EXPENSE COMPARISONS - 2004 OPERATING BUDGET

C.

Facility Expansion				
Lindbergh and HHH				
	1994	2003*	Increase	% Increase
Lindbergh & Regional				
Terminal Square Footage	1,585,032	2,645,523	1,060,491	66.9%
Number of Gates (Aircraft Loading Positions)	66	117	51	77.3%
Ramp Lineal Footage	8,874	11,172	2,298	25.9%
Humphrey Terminal				
Square Footage	80,000	388,428	308,428	385.5%
Number of Gates	4	8	4	100.0%
Parking (All Facilities)	11,232	18,996 **	7,764	69.1%
*Actual as of 10/03				
** Includes EconoLot although not currently utilized				

The final chart in this section compares the development and expansion of the major facilities at MSP International between 1994 and 2003. 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 1994 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) Connector; Concourse A,B&C-Lindbergh Terminal; Humphrey Parking Facility; new HHH terminal; Federal Express facilities and UPS facilities; LRT Tunnel/Stations (2004); Green Concourse Automated People Mover; Runway 12R Deicing Pad; and P150 Sound Insulation for multifamily buildings. (See the Construction Budget for impact of the new facilities on the Operating Budget).

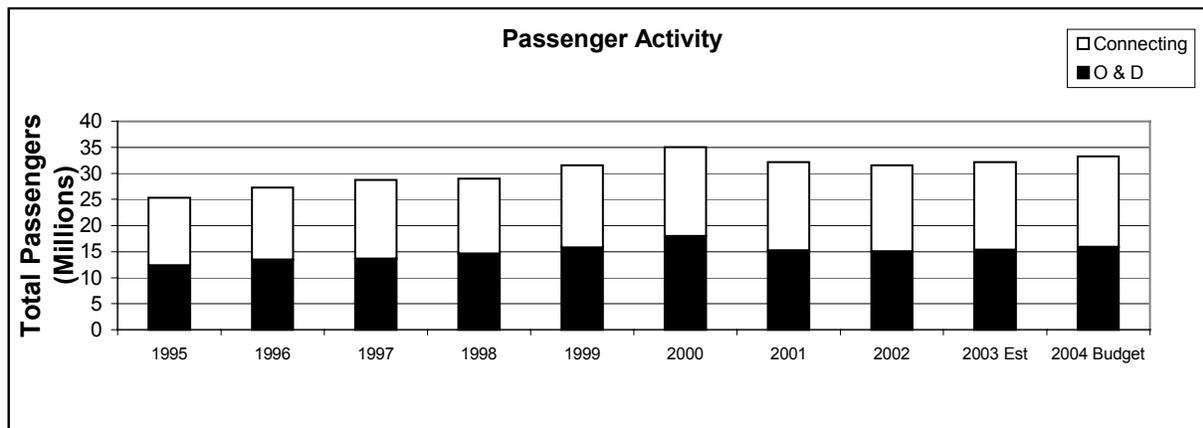
ACTIVITY/OPERATIONS COMPARISONS – 2004 OPERATING BUDGET

ACTIVITY/OPERATIONS STATISTICS

This section contains the historical and forecasted levels of activity for the period 1995 through 2004 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 1995 to 2000. Approximately 50% of passengers were connecting passengers (those transferring directly to another flight) in 1994 and has remained consistent through the 2004 budget. The number of passengers is projected to increase in 2003 with the budget for 2004 showing an increase of 3.05% (based upon airline projections). (O & D = Originating and Destination).

B.

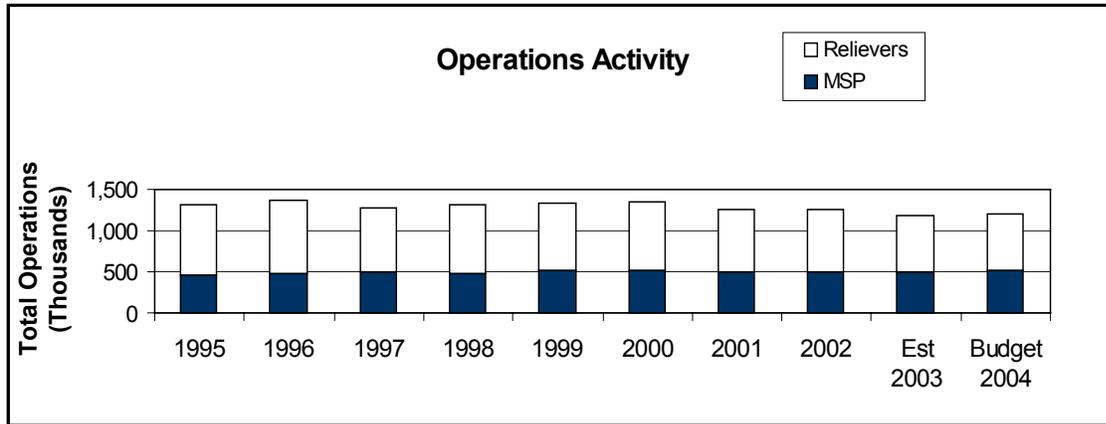
Passenger Type Comparisons 2001 to 2004				
	2001 Actual	2002 Actual	2003 Estimate	2004 Budget
Passenger Type				
Enplaned	7,689,187	7,567,091	7,729,053	7,970,345
Deplaned	7,760,326	7,566,234	7,778,251	8,010,296
Connecting	<u>16,736,973</u>	<u>16,394,435</u>	<u>16,799,580</u>	<u>17,312,362</u>
Total Passengers	<u><u>32,186,486</u></u>	<u><u>31,527,760</u></u>	<u><u>32,306,884</u></u>	<u><u>33,293,003</u></u>

Estimates of passenger activity form an important element in forecasting revenue each year. The second chart represents actual passenger statistics for 2001 and 2002 with estimates for 2003 and budget 2004. 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.

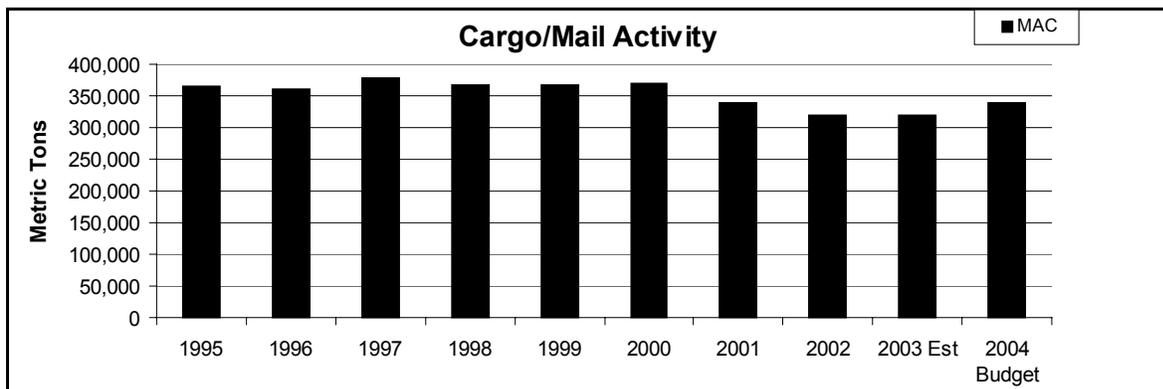
ACTIVITY/OPERATIONS COMPARISONS – 2004 OPERATING BUDGET

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 1995 as shown above. From 2003 estimate to 2004 budget, operations are expected to increase about 2% or approximately 23,737 operations based upon the current trend and projections of a slow economic recovery.

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 11, 2001 events and the economy, along with the Construction of Runway 17/35 requiring the acquisition of a number of freight facilities. This held down cargo traffic while new expanded facilities for Federal Express and UPS are being constructed. These facilities will be open for the full year in 2004 and as a result, a budget increase of 6% is projected.

NATIONAL COMPARISONS – 2004 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 6,610,695 enplanements (departures). MSP is considered a large hub airport.

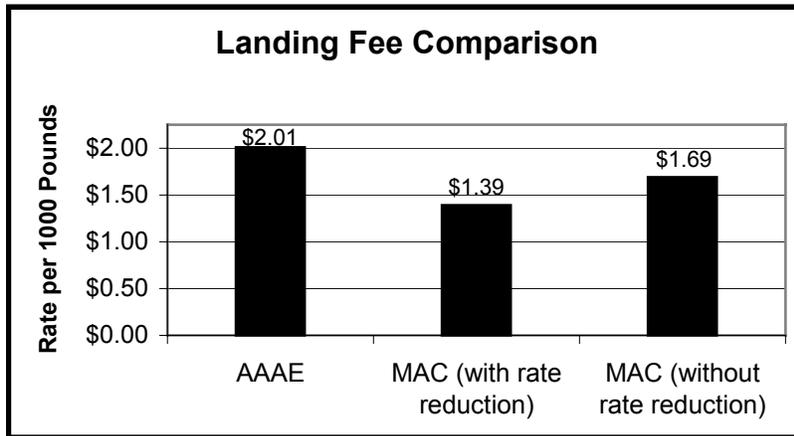
The following two subjects are addressed:

Rates and Concessions
Industry

RATES AND CONCESSIONS

Four comparisons will be reviewed in this section utilizing the national statistics from the most recent survey (2001-2002) and MAC's data from the 2004 budget. The charts reflect reclassification of revenue from the 2003 budget book for more accurate comparisons.

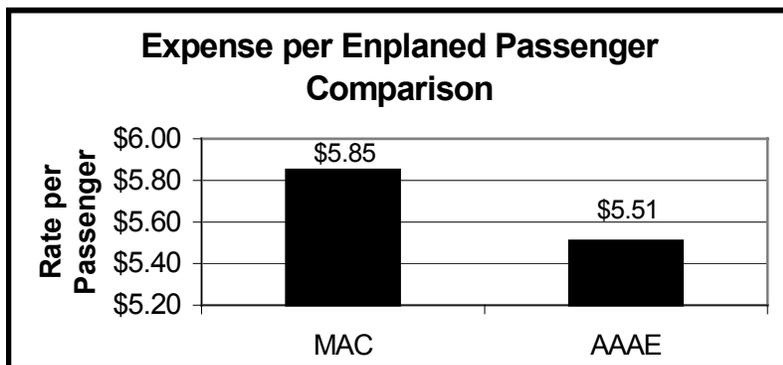
A.



This first graph, Landing Fee Comparison, compares the landing fees of the AAAE survey to the MAC's rates. Two comparisons are indicated for MAC. The landing fee of \$1.39 represents an airline rate reduction necessary to bring airline rates and charges to the same level as the 2003 budget, as adopted by the Commission. The second rate of \$1.69 represents the actual fee with no rate relief. Both of the landing fees are below the national average of \$2.01.

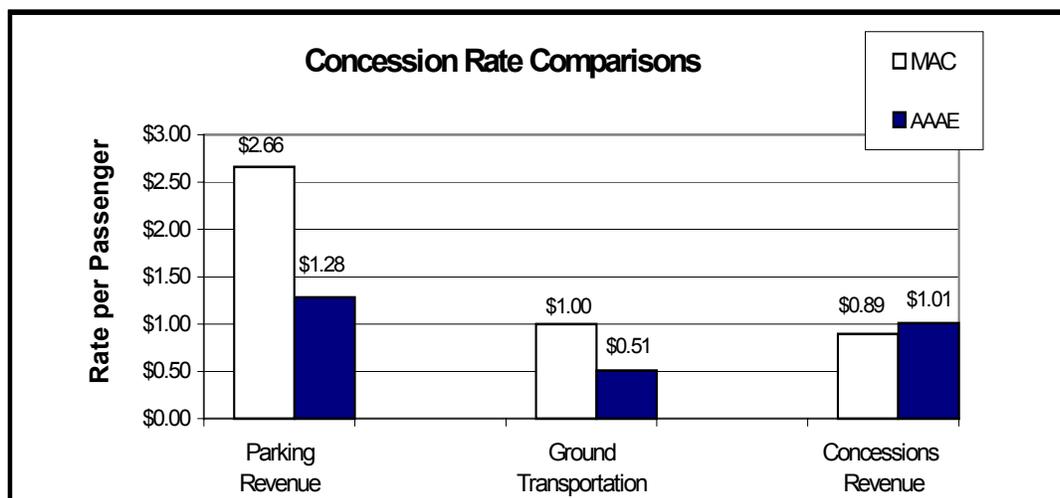
NATIONAL COMPARISONS – 2004 OPERATING BUDGET

B.



The second graph (Expense Comparison) relates MSP's operating expenses (less depreciation) per enplaned passenger to the average as indicated in the AAEE survey. MAC's expense of \$5.85 per passenger is greater than the national average of \$5.51. This is due in part to the time frame of the statistics. AAEE statistics are based upon 2001-2002 survey while MAC's expenses are for the budget of 2004.

C.



The third graph compares passenger revenue from selected concessions. As shown, parking revenue (\$2.66) is higher than the national hub average (\$1.28). This is directly attributable to an increase in parking fees for 2004, an increase in patrons budgeted for 2004, and actively marketing the parking facilities. Ground transportation (\$1.00) is also higher than the survey average of \$.51. Concession revenue includes Food and Beverage, Merchandise, Terminal Services (Advertising-Indoor, Telephones, Games and Vending) and Other Concessions (In-Flite catering, Advertising-Outdoor and Auto Services). Even though it remains at 12 cents lower than the average, Concession Revenue has increased from prior years due to significant expansion and remodeling of the Lindbergh Terminal. Concession revenue will continue to increase in the future, as a new concession agreement will be in place. (See Revenue Assumptions.)

NATIONAL COMPARISONS – 2004 OPERATING BUDGET

D.

Concession Revenues

(in thousands of dollars)

Year	Parking	Rental Car & Ground Transportation	Food & Beverage	General Merchandise	Other	Total
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
2002	36,755	17,001	4,340	4,836	4,485	67,417
2003Est	39,300	16,900	4,600	4,740	4,100	69,640
2004 Budget	44,209	16,588	5,206	5,238	4,407	75,648

2003 figures are estimated
2004 figures are budget

This table presents historical concession revenues from 1998 to 2004.

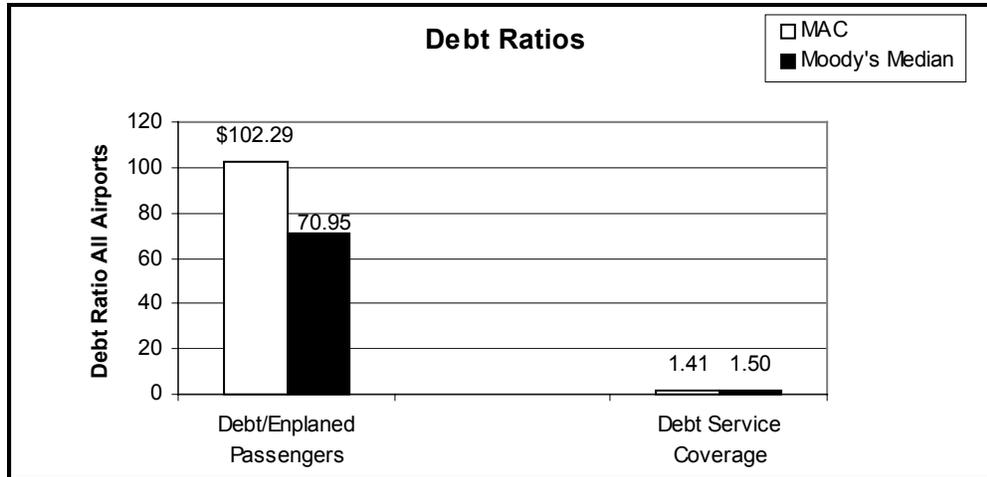
- ◆ Parking revenues are related to the level of originating traffic at MSP. Expanded facilities in 1999 and 2000 account for the increases in those years. 2001 and 2002 indicate a decrease in revenue due to the closing of parking spaces and the decline in passenger air travel related to the economy and events of September 11th 2001. 2003 estimate and 2004 budget are both increasing over 2002. More parking spaces are available, an increase in patrons and an increase in parking fees in November 2004 account for the higher revenue.
- ◆ 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. For the 2004 budget, auto rentals are anticipated to decrease as the budget is based only upon the minimum rental fee each firm pays. Ground transportation, however, is expected to increase due to changes in the rates per adopted ordinances.
- ◆ Food and beverage have been steadily increasing due to the expanded facilities through 2003, as well as increased dwell time in 2002 and 2003. A new contract agreement in 2004 will also provide additional revenue.
- ◆ The 2004 budget for General Merchandise reflects an increase related to projected passenger growth and a new contract agreement in 2004 with greater percentages for MAC.
- ◆ Other revenue consists of advertising both indoor and outdoor, telephones, vending and miscellaneous concession revenue. The decrease in the 2003 estimate is due to the new telephone agreement, while 2004 reflects an increase in revenue due to an increase in the outdoor advertising contract.
- ◆ See Revenue assumptions for further details.

NATIONAL COMPARISONS – 2004 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 2002 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 budget 2004 information.

A.

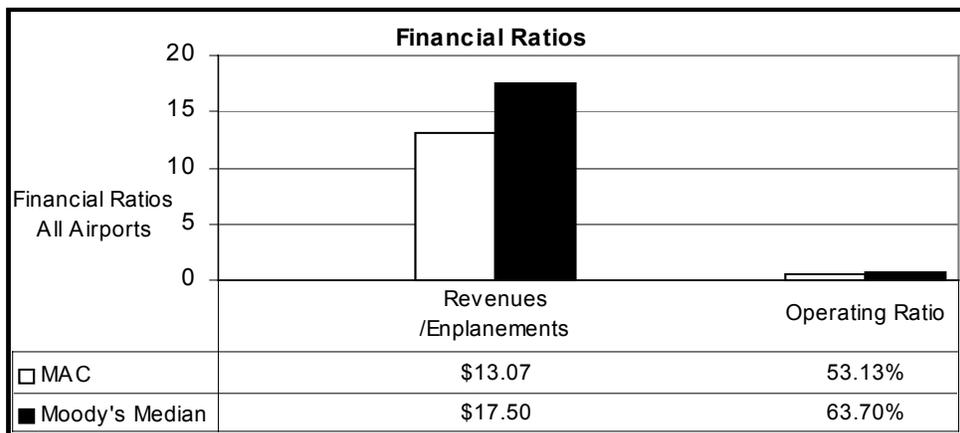


Debt per enplaned passenger is calculated by dividing total outstanding debt by the number of enplaned passengers. MAC's ratio of debt/enplaned passenger is above the industry average because of the current construction program. (See Debt Service Section).

Debt service coverage demonstrates the current ability to repay debt. MAC's coverage ratio as shown, is at 1.41x for 2004. With the optional coverage account established by the Commission, this ratio would be 1.50. Debt service coverage 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 events, along with many of the projects in the construction program being "in progress," attributes to this slightly lower ratio. (See also Debt Service Section).

NATIONAL COMPARISONS – 2004 OPERATING BUDGET

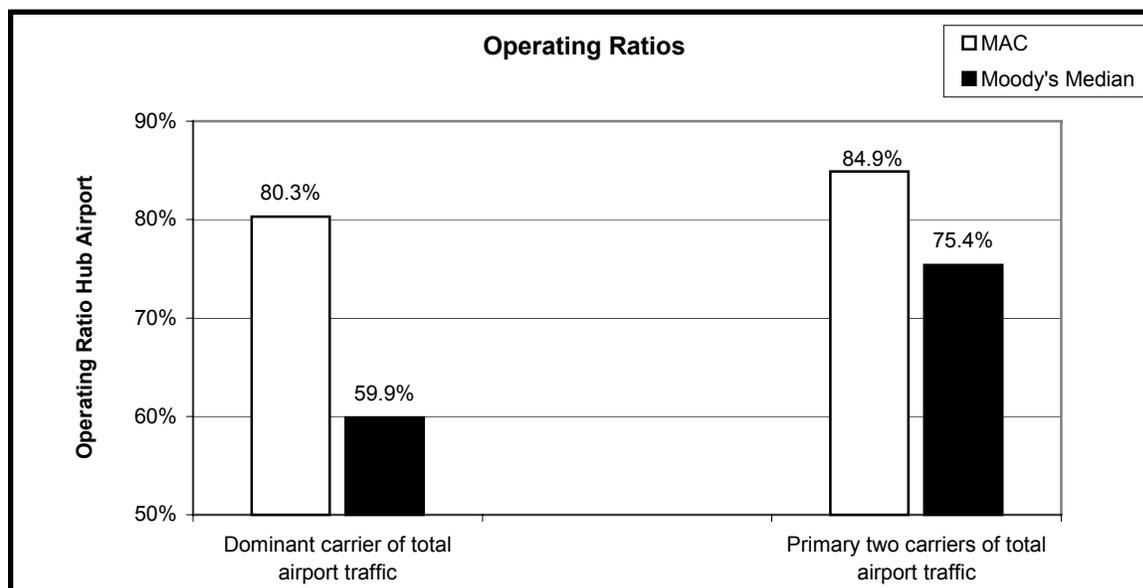
B.



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 \$4.43/enplanement. Moody's outlook was published for the year 2002. MAC's revenue is based upon the 2004 budget dollar amounts. MAC total revenue for 2004, consists primarily of revenue paid by the airlines as user fees for landing fees, ramp fees, and terminal building rates. For 2004, because of the continued sluggish economy and the foreseen lack of any recovery in the aviation industry, airline rates and charges will be held constant again as they were in 2002 and 2003. With an improving economy and completion of concessions along with updated Moody's reports, this ratio difference is expected to become closer. (See Revenue Assumptions.)
- ◆ 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 80.3% compared to the industry median of 59.9%. The second largest carrier is American which serves 4.6% of total airport traffic.

OTHER INFORMATIONAL STATISTICS – 2004 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 U.S. Census Bureau.

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
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%
2001E	285,318	4,985	3,025	1.1%	60.7%
2002E	288,369	5,020	3,055	1.1%	60.9%
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 E=Estimated

The first table presents the population for the nation, the State and the MSA (Metropolitan Statistical Area). The MSA was the 15th largest metropolitan area in the nation, and grew faster than the State and the nation during the 1970 to 2000 time period. More than 75 percent of Minnesota's population growth between 1990 and 2000 took place within the eleven Minnesota counties of the MSA. According to the Greater Minneapolis Chamber of Commerce, the Twin Cities is the 8th fastest growing area in the United States and fastest growing area in the Midwest. Most of the historical population growth is attributed to births outnumbering deaths.

OTHER INFORMATIONAL STATISTICS – 2004 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***	5.8%	4.4%	4.0%

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 5/09/03

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 and 2002. 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 2004 budget.

OTHER INFORMATIONAL STATISTICS – 2004 OPERATING BUDGET

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.

2002 RANKING OF U.S. AIRPORTS					
(For the 12 months ending December 31, 2002)					
Total Passengers*			Total Cargo		
(in millions)			(freight and mail, in thousands of metric tons)		
Rank	Airport	Passengers	Rank	Airport	Cargo
1	Atlanta	76.9	1	Memphis	3,390.3
2	Chicago-O'Hare	66.5	*		
3	Los Angeles	56.2	14	Ontario	496.4
4	Dallas/Ft. Worth	52.8	15	Boston	390.7
5	Denver	35.7	16	Dayton	390.3
6	Phoenix	35.5	17	Seattle-Tacoma	374.1
7	Las Vegas	35.0	18	Honolulu	373.4
8	Houston	33.9	19	Cincinnati	353.2
9	Minneapolis-St. Paul	32.6	20	Houston	340.1
10	Detroit	32.4	21	Denver	332.9
11	San Francisco	31.4	22	Dulles-Washington	324.9
12	Miami	30.1	23	Minneapolis-St. Paul	320.1
13	New York-Newark	29.0	24	Phoenix	310.1
14	New York-Kennedy	28.9	25	Toledo	292.8

Source: Airports Council International website 5/1/03
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 10th in 2001, while 2002 statistics indicate MSP has moved up one position, to 9th place.

When ranked with total cargo, MSP placed 23rd in the U.S. This is a 3 position decrease from the prior year where MSP was ranked at 20th. Part of the decrease is attributable to the removal of cargo facilities to make way for the construction of the new runway 17/35. The cargo volume is expected to increase upon completion of new expanded cargo facilities for the major cargo carriers, Federal Express and UPS. 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.

OTHER INFORMATIONAL STATISTICS – 2004 OPERATING BUDGET

B.

DOMESTIC SCHEDULED PASSENGER JET SERVICE MINNEAPOLIS-ST. PAUL INTERNATIONAL AIRPORT (for the second week of March, 2003)					
	1996	2001	2003	Change	
				1996-2001	2001-2003
U.S. cities served*					
Total Jet	74	82	99	+8	+17
Large Jet	73	77	80	+4	+3
Regional Jet	2	19	41	+17	+22
Turboprop	45	31	30	-14	-1
Average weekly departures**					
Total Jet	2,756	3,362	3,644	+606	+282
Large Jet	2,721	3,023	2,996	+302	-27
Regional Jet	35	339	648	+17	+22
Turboprop	997	794	538	-203	-256
Source: John F. Brown Co., Official Airline Guide					
Notes: *number of cities served by at least 5 departures per week.					
**Number of scheduled flight departures per week to all U.S. cities					
Data for 2004 was obtained from the May 03 Debt Service Publication					

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.

MAJOR INTERNATIONAL PASSENGER MARKETS MINNEAPOLIS-ST. PAUL INTERNATIONAL AIRPORT for the 12 months ended June 30, 2002 (gateway passengers, in thousands*)									
International Market Area	1996	1997	1998	1999**	2000	2001	2002	AAG % Change	
								1996-2001	2001-2002
Canada	389	460	522	468	559	578	515	8.2%	-10.9%
Europe (excludes UK)	184	188	199	240	296	274	230	8.3	-16.0
United Kingdom	87	82	82	74	83	78	70	-2.3	-9.4
Mexico	99	114	134	149	110	140	99	7.0	-29.2
Japan	14	87	197	127	158	175	133	64.9	-23.9
Other	14	17	20	27	28	30	16	n.c.	-46.5
Total	787	948	1,154	1,085	1,234	1,275	1,063	10.10%	-16.6%
Source: DOT, Schedule T-100									
*Includes both O&D and connecting passengers departing from MSP on scheduled and non-scheduled international flights									
** Period in which the Northwest strike occurred									
AAG =Average annual compound growth; nc = not calculated									

Between 1996 through 2001, MSP experienced a substantial increase in volume of international passenger traffic to and from four world areas, namely, Canada, Europe (excluding U.K.), Mexico, and Japan. In 2002, international passenger traffic declined nearly 17 percent as a result of the terrorist attacks on September 11, 2001. Traffic to Canada represented about 48 percent of all enplanements on international scheduled flights at MSP. While other international markets were smaller in volume than the Canadian market, passenger flows to Europe, Mexico, and Japan showed significant increases over the 1996-2001 time period.

GLOSSARY – 2004 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

CAD – Computer Aided Design

CSAC – Customer Service Action Council

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 Service 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.

GLOSSARY – 2004 OPERATING BUDGET

Debt Redemption Fund (Sinking Fund) – A special account whose monies are set aside to retire debt. (See Debt Service 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 – The cost (expenses including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. That is, operating and capital expenses are paid from revenues generated by users.

EVIDS – Electrical Visual Information Display System

Exclusive Use – Space rented to a specific airline.

Exclusive Use–Janitored – With this space the Commission furnishes janitorial cleaning.

FAA – Federal Aviation Administration

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.

GIS – Geographic Information System

GISW – Glycol impacted storm water management

GLOSSARY – 2004 OPERATING BUDGET

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 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.

M & O Committee - Management and Operations Committee composed of Commissioners meeting on a monthly basis.

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.

MnDot – Minnesota Department of Transportation

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.

GLOSSARY – 2004 OPERATING BUDGET

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.

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.

RFP – Request for Proposal

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 recorded in "Other Revenue".)

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

STP – St. Paul Reliever Airport

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.

GLOSSARY – 2004 OPERATING BUDGET

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.)

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).

TSA – Transportation Security Administration

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.

GLOSSARY – 2004 OPERATING BUDGET

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