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BUDGET MESSAGE – 2005 OPERATING BUDGET

December 20, 2004

To The Public:

We are pleased to present the 2005 Metropolitan Airports Commission budget that was adopted by the Commission on December 20, 2004. Total operating revenue for 2005 is projected to be \$207,597,212 and operating expense is \$202,364,928. The fourth quarter of 2004 and the final preparation of the 2005 budget continued to be a very difficult time for all involved in the air transportation system.

When staff began the 2005 budget process last summer, the economic forecast continued to be cautious. There was still concern over when the aviation industry would recover. The Finance Committee, staff, and the airlines worked very hard to put together a budget package for 2005. In addition, staff and the airlines agreed to continue to review the budget throughout 2005 for cost savings as well as identifying areas where a change in policy may be in order. An example of this review process is that 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. Three major airlines (ATA, US Air & United) are in Chapter 11 bankruptcy while most others continue to struggle. There appears to be little recovery in sight for the industry in 2005. 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. In 2005 again based on discussions with the airlines, rates and charges bounced back to the airline agreement calculation amount, with no rate relief. The table below shows the comparison of revenue and expense for the period 2002-2005.

\$ = 000	2002	2003	2004	2004	2005 Final	% Change
	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Budget</u>	<u>Budget</u>	<u>Final 2005 vs 2004 Est.</u>
Operating Revenue	\$170,610	\$181,182	\$194,440	\$ 183,198	\$ 207,597	6.77%
Operating Expense	(84,324)	(96,841)	(101,850)	(97,562)	(107,476)	5.52%
Net Operating Revenue	86,286	84,341	92,590	85,636	100,121	8.13%
Depreciation	(72,871)	(79,399)	(83,000)	(84,722)	(94,889)	14.32%
Subtotal	13,415	4,942	9,590	914	5,232	
2003 Airline Rate Relief	-	(13,000)	-	-	-	
(Additional)						
Net Revenues	\$ 13,415	\$ (8,058)	\$ 9,590	\$ 914	\$ 5,232	

The budget for 2005 started in May of 2004. The Finance Committee approved targets in June. Targets were established in the areas of Operating Revenue, Operating Expense, Operating Income, Debt Service Coverage and Operating Reserve.

BUDGET MESSAGE – 2005 OPERATING BUDGET

FINANCE COMMITTEE

During 2004 the Finance Committee reviewed and/or acted on the following major activities:

- Audits
 - Financial Audit
 - Tenant Audits
 - Internal Procedure Audits
- Bonds/Debt
 - Series 2004 A related to Passenger Facility Charge Application #6 (\$109,950,000)
 - Extended the term for Bond Counsel, Airport Consultant and Financial Consultant through 2005
 - Determined the Underwriting Team for the next 6 years
- Facility Closure Evaluations
 - Grieve Conference Center – Currently monitored closely and generating a small net income
- 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. Established specific risk guidelines to be reviewed when these products are presented.
- 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. The funds for 2003 are still in reserve. A decision will be made in 2005 as to the use of this \$8.9 million.
- 2005 Operating Budget

With regards to the Operating Budget for 2005, the Committee in June established the following general financial targets:

Target: Maintain a coverage ratio of 1.4x on General Obligation Revenue and Senior General Airport Revenue Bonds. (Result = 1.48 x Target Met)

Target: Maintain a 4 month reserve in the Operating Fund. (Result = \$35,825,400 Target met)

Target: Maintain operating revenue so it is equal to or greater than \$208,520,000. (Result=\$207,597,212 Target not met –Because of adjustments for various expense items related to airline rates and charges, and in order to keep the rates and charges impact for 2005 to a minimum this goal was not met-Commission approved this action.)

Target: Manage operating expenses, excluding depreciation, so it is at or below \$106,570,000. (Result=\$107,476,129 Target not met – Because of continued escalation in fuel prices (natural gas \$700,000 over target) and the fact the loading dock (\$1.2 million) was not included in the targets this goal was not met – Commission approved this action.)

Target: Operating income will equal or exceed \$13,910,000. (Result=\$5,232,284 Target not met – Because of the changes in Operating revenue and Operating expense identified above and the fact that the opening date for Runway 17/35 changed resulting in additional depreciation of \$5.8 million this goal was not met – Commission approved this action.)

Staff also committed to continue review of all expenses in order to become more efficient. Major areas anticipated for review in 2005 are:

- Reliever Airports – Philosophy
- HHH Parking Facility
- Concessions Implementation
- 2006 Operating Budget
- Financial, tenant and internal audits

BUDGET MESSAGE – 2005 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 (\$35.8 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 the Debt Service (based upon the required balance) and to a reserve account until the Commission takes action on the use of this amount. 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 – 2005 OPERATING BUDGET

Consolidated Enterprise Fund					
	2003	2004	2005	2006	2007
\$ = 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	374,735	374,385	481,008	423,304	332,072
Operating Fund Revenues					
Airline Rates & Charges	58,874	71,578	82,025	101,893	102,764
Concessions	72,337	84,850	84,242	92,259	96,342
Other Operating Revenues	36,971	38,012	41,330	43,139	44,209
Interest Earnings	6,300	6,085	1,496	1,500	1,525
Other & Self-Liquidating Revenue	7,362	3,154	7,843	7,843	7,843
Construction Fund Revenues					
PFC Funding	63,326	69,789	70,302	72,060	73,861
Federal Grants	35,050	14,744	61,165	29,765	22,680
State Grants	1,400	1,581	1,400	1,400	1,400
Interest Earnings	2,291	2,633	5,266	2,113	723
Bond Proceeds	-	6,936	-	-	-
Commercial Paper Program	-	40,350	27,489	14,171	-
Principal Amount of Bonds	97,762	101,538	182,151	-	-
Federal Letter of Intent (LOI)	11,000	8,000	8,000	7,500	7,000
Transfers In	-	-	27,457	45,892	48,249
Debt Fund Revenues					
Interest Earnings	4,665	6,796	6,500	6,500	6,500
Coverage Account	-	-	-	-	-
Bond Proceeds	8,993	7,824	7,500	15,000	7,500
Self-Liquidating Payments	25,297	27,197	26,250	26,250	26,250
Transfers In (PFCs and Garb Require.)	<u>89,160</u>	<u>92,592</u>	<u>95,572</u>	<u>97,775</u>	<u>97,503</u>
Total All Receipts	895,523	958,044	1,216,996	988,364	876,421
<u>Uses All Funds</u>					
Operating Fund Expenses					
Personnel	(48,273)	(50,000)	(53,991)	(55,919)	(57,846)
Administration	(844)	(1,100)	(1,253)	(1,261)	(1,312)
Professional Services	(2,821)	(4,050)	(3,602)	(3,609)	(3,753)
Utilities	(11,779)	(12,300)	(13,599)	(14,362)	(15,048)
Operating Services	(13,928)	(13,300)	(12,140)	(12,543)	(12,989)
Maintenance	(16,453)	(17,700)	(19,204)	(20,586)	(21,409)
Other/Insurance	(2,743)	(3,400)	(3,687)	(3,825)	(3,961)
Equipment Purchases	(1,033)	(1,833)	(12,047)	(8,000)	(8,000)
Transfers Out - Reserved Cash	(8,906)	(23,092)	(27,457)	(45,892)	(48,249)
Transfers Out - Debt	(72,264)	(70,309)	(68,320)	(69,303)	(63,935)
Other Operating Expenses	-	-	-	(6,000)	(12,000)
Construction Fund Expenses					
Capital Project Costs	(140,047)	(120,533)	(299,076)	(237,125)	(126,687)
Bond Anticipation Notes/Comm. Paper	(63,122)	(7,000)	(96,313)	-	(16,535)
Debt Service Reserve	(16,896)	(22,283)	(27,252)	(28,472)	(33,568)
Capitalized Interest	-	(1,844)	(24,849)	-	-
Issuance Expenses	(2,697)	-	-	-	-
Debt Fund Expenses					
Bond Principal & Interest Payments	<u>(118,912)</u>	<u>(125,075)</u>	<u>(129,842)</u>	<u>(146,400)</u>	<u>(144,848)</u>
Total All Costs	(520,718)	(473,819)	(792,632)	(653,297)	(570,140)
Working Capital Changes and Transfers	<u>(420)</u>	<u>(3,217)</u>	<u>(1,060)</u>	<u>(2,995)</u>	<u>(3,902)</u>
Net Balance All Funds	374,385	481,008	423,304	332,072	302,379
1 Includes Operating Fund, Construction Fund and Debt Service Fund.					

BUDGET MESSAGE – 2005 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 2003 Actual, 2004 Estimate, 2004 Budget and 2005 Budget revenue and expenses. (It does not include non-operating items such as interest income, other & self-liquidating revenue equipment purchases or transfers.)

\$ = 000		2004 Estimate vs. 2005 Budget				
		2003 <u>Actual</u>	2004 <u>Budget</u>	2004 <u>Estimate</u>	2005 <u>Budget</u>	Comparison <u>Dollars</u> <u>Percentage</u>
OPERATING REVENUE						
Airline Rates and Charges	\$	71,874	\$ 71,578	\$ 71,578	\$ 82,025	\$ 10,447 14.6%
Concessions		72,337	75,648	84,850	83,468	(1,382) -1.6%
Other		36,971	35,972	38,012	42,104	4,092 10.8%
Airline Rate Relief		(13,000)	-	-	-	-
Total Operating Revenue		168,182	183,198	194,440	207,597	13,157 6.8%
OPERATING EXPENSE						
Personnel		48,273	47,792	50,000	53,991	3,991 8.0%
Administrative Expenses		844	1,002	1,100	1,253	153 13.9%
Professional Services		2,821	3,655	4,050	3,602	(448) -11.1%
Utilities		11,779	11,747	12,300	13,599	1,299 10.6%
Operating Services		13,928	12,309	13,300	12,160	(1,140) -8.6%
Maintenance		16,453	17,482	17,700	19,184	1,484 8.4%
Other		2,743	3,575	3,400	3,687	287 8.4%
Total Operating Expenses		96,841	97,562	101,850	107,476	5,626 5.5%
Depreciation		79,399	84,722	83,000	94,889	11,889 14.3%
Total Expenses		176,240	182,284	184,850	202,365	17,515 9.5%
Net Revenues*	\$	(8,058)	\$ 914	\$ 9,590	\$ 5,232	\$ (4,358)

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

Operating Revenues are projected to increase \$13.2 million or 6.8% to \$207.6 million. Airline rates and charges will bounce back to the Airline Agreement calculation based on the Commission's decision. This results in an increase of \$10.4 million. (See Revenue Assumptions explaining airline rates and charges). Concessions are projected to decrease \$1.4 million. The decrease can be directly attributed to the implementation of the new concessions program. (A number of facilities will be shut down during the year for construction.) (See Revenue Assumptions - Concessions). Other revenue is forecasted to increase \$4.1 million. This increase can be attributed to Sun Country Airlines increasing service, new cargo facilities (Federal Express/UPS), Loading Dock fees and new Reliever Airport rates & charges. (See Revenue Assumptions - Other Revenues).

Operating Expenses are projected to increase \$17.5 million or 9.5%. All areas of the budget except Professional Services (decrease \$.448 million) and Operating Services (down \$1.1 million) are anticipated to increase. Personnel costs are up due to wage increases, MERF pension funding and additional headcount. Utilities are up because of rate increases primarily for Natural Gas and Jet Fuel/Fuel Oil. Maintenance is up due to additional space that needs to be cleaned and maintained in the Terminal and the opening of Runway 17/35 in October 2005. The increase in Other can be attributed to General Insurance. (See Expense Assumptions section for detailed explanations of all expense categories).

BUDGET MESSAGE – 2005 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 2005 total \$242.9 million. Funding for the program will come from funds on hand, federal and state grants, passenger facility charges, Federal Letter of Intent, interest income and current bond funds on hand. A summary of the Capital Improvement Program by facility for 2005 compared with 2004 is as follows:

CAPITAL IMPROVEMENT PLAN (CIP) SUMMARY		
(\$ = 000)		
	<u>2004</u>	<u>2005</u>
Minneapolis/St. Paul International Airport		
Field & Runway	\$ 157,300	\$ 97,100
Environmental	18,300	7,425
Landside & Terminals	<u>127,500</u>	<u>109,025</u>
Total Minneapolis/St. Paul International	303,100	213,550
Reliever Airports	<u>3,955</u>	<u>29,400</u>
Total All Airports	\$307,055	\$ 242,950

As stated earlier, the economic conditions and forecasts continue to impact the construction program for 2005. Only essential projects (primarily rehab or repair) and Runway 17/35 construction will move forward in 2005. Approximately \$66 million of total project cost relates to runway 17/35 while \$80 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.

During the 4th Quarter of 2004 a 2020 expansion plan/vision (which is not part of the 2005 Capital Improvement Plan), was presented to the Commission for evaluation. This expansion was presented in three phases with various estimated completion dates between 2007 and 2017. The total cost of this plan ranges from \$750 million to \$800 million including \$136 million already incorporated in the current 2010 Plan. Phase I essentially expands the current Humphrey Terminal to either 18 gates or 22 gates (there are currently 10 gates). Phase II and Phase III deal primarily with expansion of the G (Gold) Concourse. The plan was developed so that each distinct phase can be constructed at the most opportune time (that is the phases do not impact each other). Staff will approach the Commission late 1st quarter or early second quarter 2005 with its analysis and recommendation.

DEBT ACTIVITY – 2003-2006

Commercial Paper

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 \$100 million outstanding. It is anticipated that the outstanding amount will increase to \$125 million by the end of 2005. A portion of this will be paid from 2005 bonds and the remaining balance retired over time.

BUDGET MESSAGE – 2005 OPERATING BUDGET

New Issues

Based on the current Capital Improvement Plan (CIP) presented in late fall 2004, and the current status of Runway 17/35, it appears that in 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. A portion (\$80 million) of the 2005 Series (\$207 million total) will be supported with Passenger Facility Charge (PFC) Revenue. The balance of the 2005 issue is projected to be General Airport Revenue Bonds (\$127 million). This new issue, totaling \$207 million, should complete the majority of the 2010 Plan Debt Funding. The structure of this 2005 Bond Issue is not yet known and will be determined as the Commission approaches the issue date in May. This bond issue does not incorporate any part of the 2020 Plan. 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 continue to have a significant impact on MAC operations in 2005. The first and by far most important one is the continued economic recovery of 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. The 2001 – 2004 time period was extremely difficult with three major carriers (ATA, 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

In 2005, the organization changed its strategic planning process from a one-year focus to a five-year plan. Six five-year strategies were identified and supported by organizational goals. Divisions and departments link their objectives to these strategies and the organizational goals. The ultimate value in this process is an integrated organization moving in the same direction.

Improved use of technology in planning and reporting allows managers to monitor progress toward goals on an ongoing basis. Annual updates to the strategic plan are provided to the Commission, managers, and employees.

MAC's Performance Leadership process is linked to the strategic plan through individual plans, on-going coaching, feedback and performance reviews. Clear expectations, frequent feedback, and performance reviews at all levels drives organizational performance.

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, 2004.

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.

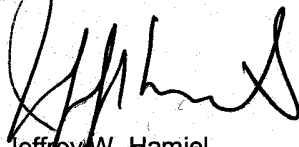
The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

GFOA AWARD – 2005 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 2005 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

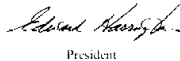

Distinguished Budget Presentation Award

PRESENTED TO

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

For the Fiscal Year Beginning

January 1, 2004


President
Executive Director

OTHER AWARDS – 2005 OPERATING BUDGET

Metropolitan Airports Commission Awards 1993 to Present			
Year	Source of Award	AWARD	Group Judged/Rated
2003	J.D. Power and Associates	Global Airport Passenger Satisfaction Study – MSP ranked 3 rd place internationally for passenger satisfaction	61 worldwide large airports (more than 30 million passengers per year)
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).

OTHER AWARDS – 2005 OPERATING BUDGET

Metropolitan Airports Commission Awards 1993 to Present			
Year	Source of Award	AWARD	Group Judged/Rated
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
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.
2004, 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.

OTHER AWARDS – 2005 OPERATING BUDGET

Metropolitan Airports Commission Awards 1993 to Present			
Year	Source of Award	AWARD	Group Judged/Rated
2001	MNDOT & Concrete Paving Association	Best Project of Type	
2001	MNDOT & Concrete Paving Association	Best Project of Type	
2001, 2000	Wall Street Journal	One of Best Airports in the Country	20 largest airports in U.S.
2004, 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 – 2005 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	

2004 ORGANIZATIONAL GOALS AND OBJECTIVES - PROGRESS REPORT

In 2004, 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.

2004 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.

Goal	Objective	Activities	Results
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"> USVISIT system for inbound travelers is in place and operating. Implementation of the outbound portion of the system has been delayed by TSA until 2006. Staff is preparing a design plan to react to that requirement when that time comes.
		Implement long term "EDS" (Explosive Detection System) installation plan.	<ul style="list-style-type: none"> MAC's application for TSA funding has been deferred because of unavailability of TSA funds and the lowered federal share (75% federal instead of 90% federal). Discussions continuing with airlines regarding most appropriate design and location. Studies are currently underway to evaluate the closed EDS location in the Lindbergh Terminal proposed in the 2020 Vision. EDS installation is part of the Humphrey Terminal expansion and will be implemented with the project.
		Create cargo security program in concert with airlines and TSA guidance.	<ul style="list-style-type: none"> Staff provided input to TSA's Notice of Proposed Rule Making (NRPM) and is awaiting TSA Rule Dissemination to provide guidance in creating MSP specific procedures.
		Test and implement as applicable new security technology to include biometric identification opportunities.	<ul style="list-style-type: none"> Staff has provided input to TSA for their development of biometrics standards and is waiting for subsequent TSA guidance. Several biometrics and technology pilot studies are underway at MSP, to include Registered Traveler.
		Deploy and test newly created General Aviation Security Program throughout the Reliever Airport System.	<ul style="list-style-type: none"> Security plans have been created and deployed to all Reliever Airports.

2004 ORGANIZATIONAL GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Objective	Activities	Results
Provide a Safe and Secure Airport System (continued)	Enhance Airfield Safety Program	Expand training and evaluation of Airport Emergency Plan (AEP) to include focused tabletops.	<ul style="list-style-type: none"> Staff concentrated on incident command system (ICS) scenarios with all AEP "first responders" to ensure effective response and to conform our system with Minnesota and National Incident Management Systems protocols (M.I.M.S./N.I.M.S.)
		Expand runway incursion prevention training program	<ul style="list-style-type: none"> Worked with FAA to meet requirements and expectations on the six Reliever Airports. Implemented Revised ORD#100 (AOA Drivers Ordinance), and mandated AOA drivers training for all airport employees who access the airport operations area.
		Create emergency evacuation plan for Communication Department.	<ul style="list-style-type: none"> A plan has been developed to relocate the Communication Center to a backup facility in the new Fire Station, which is under construction.
		Develop and implement 800 mHz communication plan for public safety departments. Create plan for the rest of the organization (i.e. field maintenance ets.)	<ul style="list-style-type: none"> Public Safety (Police, Fire, Communications) 800 mHz system in place and functioning effectively. Plan has been created and money budgeted to expand the system into non-public safety (maint/Ops) in 2005.
		Create Airport Operations Center (AOC) plan for consolidating 24 hour operations	<ul style="list-style-type: none"> Work put on hold until 2005 due to lack of facility available for an AOC.

2004 ORGANIZATIONAL GOALS AND OBJECTIVES - PROGRESS REPORT

Goal	Objective	Activities	Results
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"> Non-airline revenue exceeded the target by \$11,241,747 or 10.1%. A four-month reserve in the Operating Fund was maintained.
		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, exceed the budget target by 3,712,143 or 3.8%.
		Maintain a coverage ratio of 1.4.	<ul style="list-style-type: none"> AA- Bond Rating was maintained on the Senior General Airport Revenue Bonds.
		Secure funding for airport safety, security and other capital improvement projects.	<ul style="list-style-type: none"> \$22,743,797 in Federal Aid was received in 2004. \$1,580,953 in State Aid was received in 2004.
		Implement new concession contracts awards resulting from the concession RFP process.	<ul style="list-style-type: none"> The new concession contracts were awarded in June 2004. Concept finalization, design work, construction and final contract negotiations are underway. Conversion to the new concessions program will be complete in November 2005.
		Implement revised reliever airport rates and charges structure.	<ul style="list-style-type: none"> A new rate structure for the reliever airports was approved in January 2005.
	Maintain a competitive airline cost structure.	Hold airline costs at \$71,577,878.	<ul style="list-style-type: none"> MAC's airline cost/enplanement is within the lower ½ 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 was in place by April 2004 to fund prioritized projects during 2004. A plan was in place by July 2004 to fund prioritized projects in 2005.
		Develop 2006 - 2011 CIP.	<ul style="list-style-type: none"> Plan was in place by December 31. Reporting requirements were met.

2005 ORGANIZATIONAL GOALS & OBJECTIVES

In 2005, the organization changed its strategic planning process from a one-year focus to a five-year plan. Six five-year strategies were identified and supported by organizational goals. Listed below are the five-year strategies, organizational goals, and 2005 objectives.

2005-2009 Organizational Strategies

3. Ensure a Safe and Secure System of Airports
4. Ensure Long Term Financial Viability
5. Address On-going Development and Increased Maintenance & Operations Needs
6. Match Employee Talent with Changing Business Needs
7. Lead the Aviation Industry in Environmental Stewardship
8. Enhance Customer Service & Expand Consumer Choice

Strategy	Goal	2005 Objectives	Measurable Outcome
Ensure a Safe and Secure System of Airports	Reduce runway incursions and airfield violations.	Complete runway incursion and airfield violation education and training programs.	<ul style="list-style-type: none"> Comprehensive training program for all persons that access the Movement and Safety Areas at MSP in place.
		Implement 800 MHz communication system.	<ul style="list-style-type: none"> All MAC departments that use radio communications will be part of the 800 MHz system by the end of 2005.
	Reduce employee accidents and incidents	Develop an accountability program for employee safety.	<ul style="list-style-type: none"> Department supervisors responsible for the accountability program for employees.
	Reduce airport user accidents and incidents.	Develop database to track and identify primary causes of accidents and incidents.	<ul style="list-style-type: none"> Identify causes and implement action to reduce these accidents.
	Reduce security violations	Improve access point security.	<ul style="list-style-type: none"> Reductions in the number of access points and improved security in place.
Ensure Long Term Financial Viability	Generate revenue necessary to pay operating costs, meet debt service requirements and fund an operational reserve.	Implement Concessions Program	<ul style="list-style-type: none"> Implementation of Concessions Program on schedule in 2005.
		Implement revised Reliever Airports rates and charges.	<ul style="list-style-type: none"> Reliever Airports rates and charges revised and change implemented.
		Implement revised land rental rates at MSP.	<ul style="list-style-type: none"> Based on the preliminary review the ground rental rates should increase on average about 25%.
	Evaluate capital funding alternatives	Identify financing options for proposed airport expansion and development plan.	<ul style="list-style-type: none"> Funding Plan developed for the 2005 CIP and remainder of the 2010 Plan.
		Identify post 2010 financing options and development plan.	<ul style="list-style-type: none"> Funding Plan developed for initial requirement of the 2020 Plan.
	Maintain an industry competitive airline cost structure	Define MAC's competitive airline cost strategy.	<ul style="list-style-type: none"> MAC's airline cost strategy defined.
		Establish cost structure to achieve MAC's strategy.	<ul style="list-style-type: none"> Cost structure achieves MAC's strategy.
	Maintain AA-rating.	Maintain 1.4x debt service ratio.	<ul style="list-style-type: none"> 1.4x debt service ratio maintained
		Maintain four-month cash reserve.	<ul style="list-style-type: none"> Four-month cash reserve maintained in 2005.

2005 ORGANIZATIONAL GOALS & OBJECTIVES

Strategy	Goal	2005 Objectives	Measurable Outcome
Address On-going Development and Increase Maintenance & Operations Needs	Complete 2010 Capital Improvement Plan	Develop annual Capital Improvement Plan.	<ul style="list-style-type: none"> Annual Capital Improvement Plan developed and approved by the Commission.
	Strengthen link between CIP and M&O budget, plans and service levels	Review existing projects for appropriate budgeting levels.	<ul style="list-style-type: none"> Appropriated budget levels set for existing projects.
		Integrate maintenance and operations personnel into planning and design phase of CIP.	<ul style="list-style-type: none"> All design/planning meetings for capital projects have appropriate maintenance and operation staff in attendance and participating in design decisions.
		Begin to develop a multi-year operating plan.	<ul style="list-style-type: none"> Multi-year operating plans developed in a minimum of three operating departments.
	Develop and integrate expanded preventive maintenance programs.	Implement centralized warranty tracking and communication process.	<ul style="list-style-type: none"> Single source for all warranty information that is updated automatically at the completion of capital projects & easily accessible
		Develop and implement preventive maintenance schedule for existing assets.	<ul style="list-style-type: none"> Replacement software for the near obsolete computerized maintenance management software (CMMS).
		Integrate life cycle costs with CIP project development process.	<ul style="list-style-type: none"> Life cycle analyses is incorporated into the decision making process for various construction options.
	Create objective measures for service needs.	Establish and maintain MAC's customer service standards, review for effectiveness.	<ul style="list-style-type: none"> A customer service index for the entire airport community exists to measure and compare progress in all customer service efforts.
Match Employee Talent with Changing Business Needs	Develop succession plan.	Adopt secession plan model for implementation.	<ul style="list-style-type: none"> Succession plan model adopted.
		Plan for anticipated turnover at executive levels and develop recruitment strategies.	<ul style="list-style-type: none"> Executive level succession plan and recruitment strategies identified.
	Develop 3-year workforce strategy	Identify changing business needs for employee talent.	<ul style="list-style-type: none"> Changing business needs for employee talent assessment identified.
		Identify, evaluate and implement alternatives for meeting work demands.	<ul style="list-style-type: none"> Work accomplished through the most efficient means – process improvement, job redesign, use of technology and/or additional headcount.
		Develop 3 year staffing forecast.	<ul style="list-style-type: none"> 3-Year staffing forecast in place.
	Develop and implement recruitment and retention plan.	Identify and make appropriate adjustments for negatively impacted recruitment areas.	<ul style="list-style-type: none"> Policy and programs in place that address negatively impacted areas.
		Maintain competitive benefits package and wage structure.	<ul style="list-style-type: none"> MAC able to attract and retain a high quality professional workforce.
		Reinstate supervisory and leadership training.	<ul style="list-style-type: none"> Supervisory management and leadership development programs implemented.

2005 ORGANIZATIONAL GOALS & OBJECTIVES

Strategy	Goal	2005 Objectives	Measurable Outcome
Lead the Aviation Industry in Environmental Stewardship	Continue Part 150 Program implementation.	Compete 2007 65 DNL Noise Mitigation Program.	<ul style="list-style-type: none"> Develop mitigation priority scheme and provide analytical support for noise mitigation effort in the 2007 65 DNL contour.
	Minimize negative environmental impacts.	Evaluate ways to minimize environmental impacts on air, noise and water.	<ul style="list-style-type: none"> Conduct a baseline assessment of a sample air impact project in accordance with VALE methodology to determine applicability for other projects.
Lead the Aviation Industry in Environmental Stewardship	Continue implementation of environmental management system.	Identify, evaluate and prioritize elements of an EMS.	<ul style="list-style-type: none"> Identify elements of an EMS for MAC through a thorough scooping process.
	Implement MAC-wide tenant environmental compliance plan.	Develop conceptual ECP for MSP.	<ul style="list-style-type: none"> Create outline of ECP elements applicable to MSP tenants. Draft potential program scope, goals, implementation schedule and MAC and tenant requirements.
Enhance Customer Service & Expand Consumer Choice	Clarify and establish customer service standards.	Identify and prioritize service needs and quality standards for MSP and Reliever Airports.	<ul style="list-style-type: none"> Customer service standards identified and measurement implemented in all operational areas.
		Develop Business Partner Index to measure partner satisfaction.	<ul style="list-style-type: none"> Measurement of data to allow partner satisfaction.
	Partner with tenants to ensure integration of customer service standards.	Develop and implement a communication strategy.	<ul style="list-style-type: none"> Customer service standards communication strategy implemented.
		Incorporate customer service standards into lease and contract agreements.	<ul style="list-style-type: none"> Customer service standards incorporated into all leases and contract agreements.
		Create airport-wide customer service index at MSP.	<ul style="list-style-type: none"> Airport-wide customer service index in place.
	Develop and implement concessions marketing plan.	Integrate concessions marketing program with MAC's budgeting process.	<ul style="list-style-type: none"> Effectiveness of program to increase sales and raise awareness of Northstar Crossing.
		Review and revise marketing program to reflect the new concessions infrastructure.	<ul style="list-style-type: none"> Marketing plan revised as new concessions come on-line.
	Promote Customer Options and Services at Reliever Airports.	Identify appropriate infrastructure.	<ul style="list-style-type: none"> A Commission decision on the future development strategy for each of the Reliever Airports.
		Identify marketing strategies.	<ul style="list-style-type: none"> Marketing strategies developed.
	Identify and expand air cargo opportunities.	Develop plan to increase cargo operations at MSP.	<ul style="list-style-type: none"> Plan in place to increase cargo operations at MSP.
	Expand competitive air service options.	Determine political and business community support for expanded air service options.	<ul style="list-style-type: none"> Survey conducted to determine community support for expanded air service options.
		MSP economic impact study completed and distributed to commission and the public.	<ul style="list-style-type: none"> Study completed and distributed.

OPERATING BUDGET SUMMARY AND TARGETS – 2005 OPERATING BUDGET

The 2005 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 which is also MAC's accounting method. 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)	2003	2004	2004**	2005	2004 Est vs. 2005 Budget	
	<u>Actual</u>	<u>Estimate</u>	<u>Budget</u>	<u>Budget</u>	Dollar <u>Change</u>	% <u>Change</u>
REVENUE						
Airline Rates & Charges	\$ 71,874	\$ 71,578	\$ 71,578	\$ 82,025	\$ 10,447	14.60%
Concessions ***	72,337	84,850	75,648	83,468	(1,382)	(1.63%)
Other ***	36,971	38,012	<u>35,972</u>	<u>42,104</u>	4,092	10.76%
Airline Rent Credit	<u>(13,000)</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>	<u>-----</u>	
Operating Revenue	\$168,182	\$194,440	\$183,198	\$207,597	\$ 13,157	6.77%
EXPENSE						
Personnel	\$ 48,273	\$ 50,000	\$ 47,792	\$ 53,991	\$ 3,991	7.98%
Administrative	843	1,100	1,002	1,253	153	13.94%
Professional Services	2,821	4,050	3,655	3,602	(448)	(11.06%)
Utilities	11,779	12,300	11,747	13,599	1,299	10.56%
Operating Services	13,928	13,300	12,309	12,159	(1,140)	(8.57%)
Maintenance	16,453	17,700	17,482	19,184	1,484	8.39%
Other*	<u>2,744</u>	<u>3,400</u>	<u>3,575</u>	<u>3,687</u>	<u>287</u>	8.44%
Total Operating Expense Excluding Depreciation	\$ 96,841	\$ 101,850	\$ 97,562	\$ 107,476	\$ 5,626	5.52%
Gross Depreciation	<u>\$ 79,399</u>	<u>\$ 83,000</u>	<u>\$ 84,722</u>	<u>\$ 94,889</u>	<u>\$ 11,889</u>	14.32%
Total All Expenses	<u>\$176,240</u>	<u>\$184,850</u>	<u>\$182,284</u>	<u>\$202,365</u>	<u>\$ 17,515</u>	9.48%
Operating Income	<u>\$ (8,058)</u>	<u>\$ 9,590</u>	<u>\$ 914</u>	<u>\$ 5,232</u>	<u>\$ (4,358)</u>	(45.44%)

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

**Commission approved 2004 mid-year budget increase: Personnel \$220,905

***Reclassification of revenue accounts in Concessions and Other

OPERATING BUDGET SUMMARY AND TARGETS – 2005 OPERATING BUDGET

Revenue

MAC's total Operating Revenues of \$207.6 million is \$13.2 million or 6.77% above the 2004 estimate of \$194.4 million.

The projected budget for Airline Rates and Charges, which are 39.5% of total Revenue, is \$82.0 million for 2005. Airline Rates and Charges remained flat in the 2002, 2003 and 2004 budgets due to the slow economy and the lack of recovery in the aviation industry. The Commissioners, in 2003, approved a request by the airline industry for an adjustment to their rates due to the economic downturn therefore, the 2003 actual reflects this one time reduction adjustment to the airlines of \$13 million. The 2005 budget incorporates the actual rates and charges formula in the airline agreement resulting in a \$10,447,346 increase.

Concessions, which is 40.2% of total Revenue, is estimated to decrease 1.63% or \$1,381,722 from 2004 Estimate to 2005 Budget. The decrease is due to the construction and remodeling of various tenants as identified in the new contract and lease agreements. In addition, revenue accounts were reclassified in the 2005 Budget between Concessions and Other categories (vending, tag aviation).

Other, comprises 20.37% of the total Revenue and is projected to rise \$4.1 million or 10.76%. The increase is based on the revision of the rates charged for the Humphrey Terminal, increased activity at that facility and lease rental increases, and reclassification of revenue between the Concessions and Other categories.

Expense

MAC's total Operating Expense of \$202 million is \$17.5 or 9.48% above the 2004 Estimate of \$184.9 million. Detailed explanations are provided in the Expense Assumptions section of the budget book.

The expenses for Personnel are projected in 2005 to be increased by 7.98% over the 2004 estimate. This is primarily a result of the wages and benefits for 20 additional FTEs. Also included are wage adjustments for all employees.

Administrative expenses have increased 13.94% due to printing, supplies and travel costs.

The budget for 2005 in the Professional category reflects a decrease in expense from the 2004 estimate. Hiring of additional employees, in some cases, eliminated the need for consultants.

Utilities in 2005 are 10.56% greater than the 2004 estimate primarily due to the increase of heating fuel.

The expenses for Operating Services has decreased \$1.1 million mainly as a result of the new parking management contract and implementation of new payment methods. A reduction in shuttle bus services due to the LRT (light rail transit) also reduced Operating Services expenses.

The Maintenance category indicates an increase of \$1.5 million, which is attributable to imbedded contract costs, snow removal expenses, and the new maintenance consortium with concessionaires to establish a managed loading dock.

Other expenses are increasing 8.44 % primarily due to the rising cost of liability insurance.

Depreciation expense has the largest increase in both percentage (14.32%) and dollars (\$11.9 million). 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.

OPERATING BUDGET SUMMARY AND TARGETS – 2005 OPERATING BUDGET

TARGETS

The targets for the 2005 Operating Budget were approved at the June 21, 2004 Commission meeting. Two of the five targets were met. Each target is discussed separately below.

Target 1: Maintain a coverage ratio of 1.4x on General Obligation Revenue and Senior General Airport Revenue Bonds.

Debt Coverage Ratio	Budget <u>2005</u>	<u>Target</u>	2004 Bond Feasibility Report <u>For 2005</u>
With Transfer	1.65		1.74
Without Transfer	1.48	1.4	1.58

Target 2: Airline Rates and Charges in Operating Fund would maintain a 4-month reserve.

	Budget <u>2005</u>	Target
Operating Fund Reserve	\$35,825,400	\$35,825,400

Target 2 has been met.

Target 3: Manage Operating Revenue so it is equal to or greater than \$208,520,000.

	Estimated <u>2004</u>	Budget <u>2005</u>	Target
Operating Revenue	\$194,440,000	\$207,597,212	\$208,520,000

Operating Revenue did not meet the target amount for the 2005 Budget by \$922,788 or .4%. The Commission, however, did approve this action. See Revenue Assumptions and Budget Message for additional details.

Target 4: Manage operating expenses, excluding depreciation, so it is at or below \$106,570,000.

	Estimated <u>2004</u>	Budget <u>2005</u>	Target
Operating Expense	\$101,850,000	\$107,476,129	\$106,570,000

Operating Expenses did not meet the target amount by \$906,129 or .9%. The Commission, however, did approve this action. See Operating Budget Expense Assumptions and Budget Message for details.

OPERATING BUDGET SUMMARY AND TARGETS – 2005 OPERATING BUDGET

Target 5: Operating Income will equal or exceed \$13,910,000.

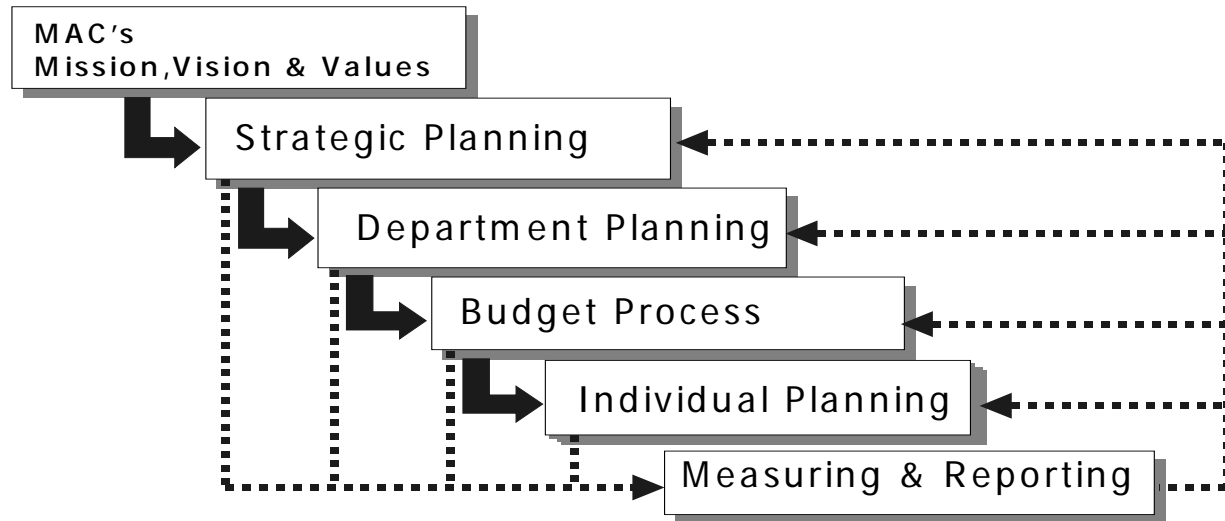
	Estimated <u>2004</u>	Budget <u>2005</u>	Target
Operating Income	\$9,590,000	\$5,232,284	\$13,910,000

Operating Income did not meet the target amount by \$8,677,716 or 62.47%. The major reason for not meeting this target is depreciation associated with the opening of Runway 17/35. In addition, changes that occurred in Operating Revenue and Operating Expense contributed to not meeting this target. The Commission, however, did approve this action. See Budget Message for additional details.

BUDGETING AND AMMENDMENT PROCESS – 2005 OPERATING BUDGET

BUDGETING PROCESS

The budget process is designed to be the third step in MAC's annual planning process. Strategic Planning is driven by MAC's Vision – "Setting Standards of Excellence for Airports", MAC's Mission – "We Provide and Promote Safe, Convenient, Environmentally Sound and Cost Competitive Aviation Services" and MAC's Values – "Integrity, Fiscal Responsibility, Customer Service, Innovation and Excellence, and Commitment to the Community and the Environment". Annually the five-year strategic plan is updated and organizational priorities are established for the next year. Then departments develop and link their objectives to these priorities.



The third step is to develop the budget requests for the resources necessary to complete these objectives. Position requests were evaluated for fiscal impact in terms of revenue generation, cost reduction or cost containment. Departments prioritize requests using the following criteria:

Headcount Additions	
First priority	Necessity to meet legal mandates and regulatory requirements.
Second priority	Ability to maintain a safe and secure airport system.
Third priority	Ability to cover 17/35 opening.
Fourth priority	General business need.
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 2003 and 2004.

The budget process, is prepared on an accrual basis in accordance with GAAP (Generally Accepted Accounting Principles) as this is the same method used for MAC accounting. 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 – 2005 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, Development and Environment Committee provides direction to staff regarding growth and allocation of funds or budget targets. The direction provided by the Finance, Development and Environment 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, Development and Environment 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. 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, Development and Environment Committee, senior staff, and airlines. In addition, a draft budget is sent to the Minnesota State Legislature. The month of October is reserved for presentations to the Finance, Development and Environment Committee and revisions prior to requesting final approval.

The Finance, Development and Environment Committee will receive updates from staff during October and November. The recommendation from the Finance, Development and Environment Committee for final approval is typically requested at the December Commission meeting. Final approval of the 2005 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 – 2005 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
- Total Other

Total Expense

BUDGETING AND AMMENDMENT PROCESS – 2005 OPERATING BUDGET

This calendar gives an overview of the process:

Month	Responsibility	Task
April	Finance, Development and Environment Committee Finance Department Department Management Finance Department	1. Propose budget targets to Finance, Development and Environment Committee. 2. Prepares Service Center historical information. 3. Identifies Budget Specialist 4. Determines templates necessary for budget input.
May	Finance Department	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	10. Presents preliminary budget to Finance, Development and Environment Committee.
July	Finance Department Finance Department and MAC Staff	11. Compiles positions and headcount requests summary. 12. Compiles summary of capital assets requests. 13. Presents budget update to Finance, Development and Environment Committee. 14. Presents budget requests to Executive Director
August	Senior Staff Executive Director Finance Department	15. Approves preliminary position and headcount requests, 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, Development and Environment Committee. 21. Completes revenue forecast.
September	Finance Department MAC Staff Finance Department and Senior Staff Finance Department	22. Compiles presentation information. 23. Distributes Budget Packages to airlines, State Legislature and the Finance, Development and Environment Committee. Present draft budget to Finance, Development and Environment 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	27. Presents budget update to the Finance, Development and Environment Committee. 28. Revise Budget as required.
November	Finance Department	29. Present budget update to Finance, Development and Environment Committee. 30. Revise Budget as required. 31. Presents preliminary notice of rate changes to all tenants.
December	Finance, Development and Environment Committee Full Commission	32. Approves budget for recommendation to Full Commission. 33. Approves Budget. 34. Notice of any changes in rates from preliminary information to all tenants.
February	Finance Department	35. Complete Budget Book.

FINANCIAL POLICIES – 2005 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, Development and Environment Committee at four months working capital.

FINANCIAL POLICIES – 2005 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 – 2005 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 as this is the same method used for MAC accounting. Strictly speaking, the accrual basis of accounting is described as follows:

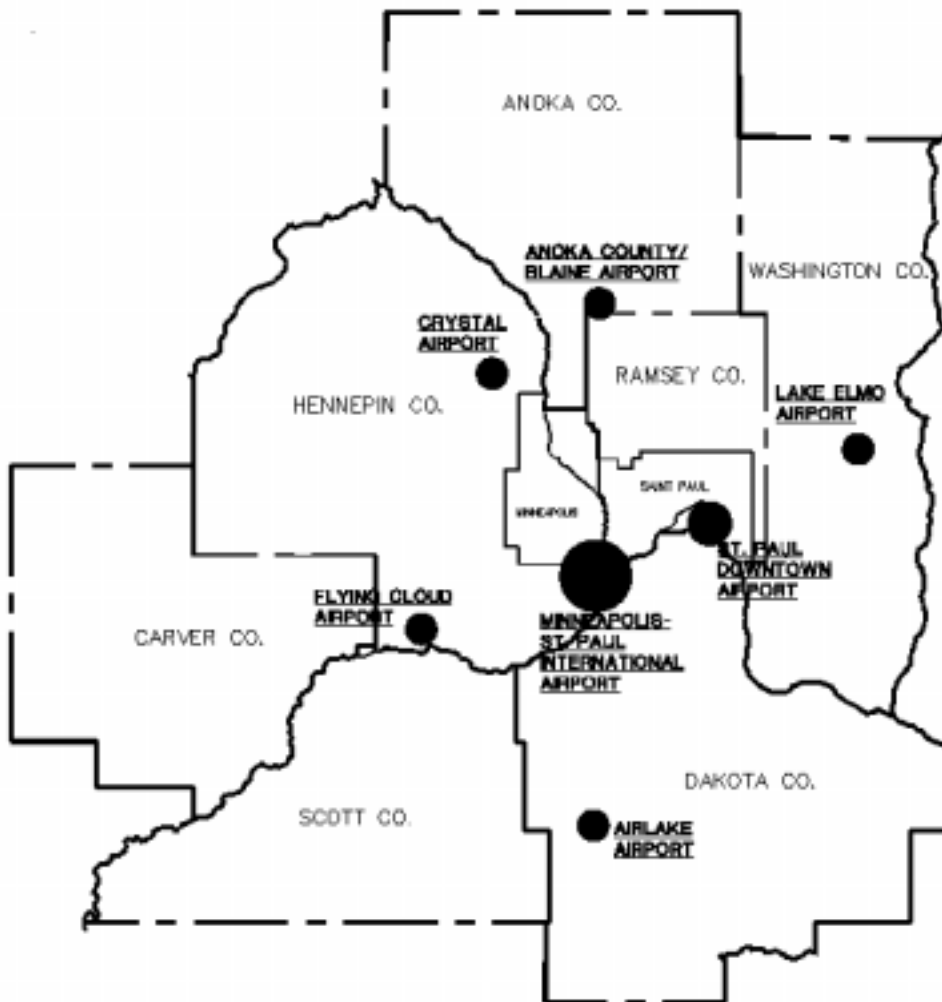
Accrual accounting attempts to record the financial effects on an enterprise of transactions and other events and circumstances that have cash consequences for an enterprise in the periods in which those transactions, events, and circumstances occur rather than only in the periods in which cash is received 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.

BASIS OF BUDGETING – 2005 OPERATING BUDGET

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GENERAL DESCRIPTION – 2005 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 – 2005 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 Tigwell

Commissioners:

District A Tammy McGee

District B Molly Sigel

District C Kari Berman

District D John Williams

District E Sherry Stenerson

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

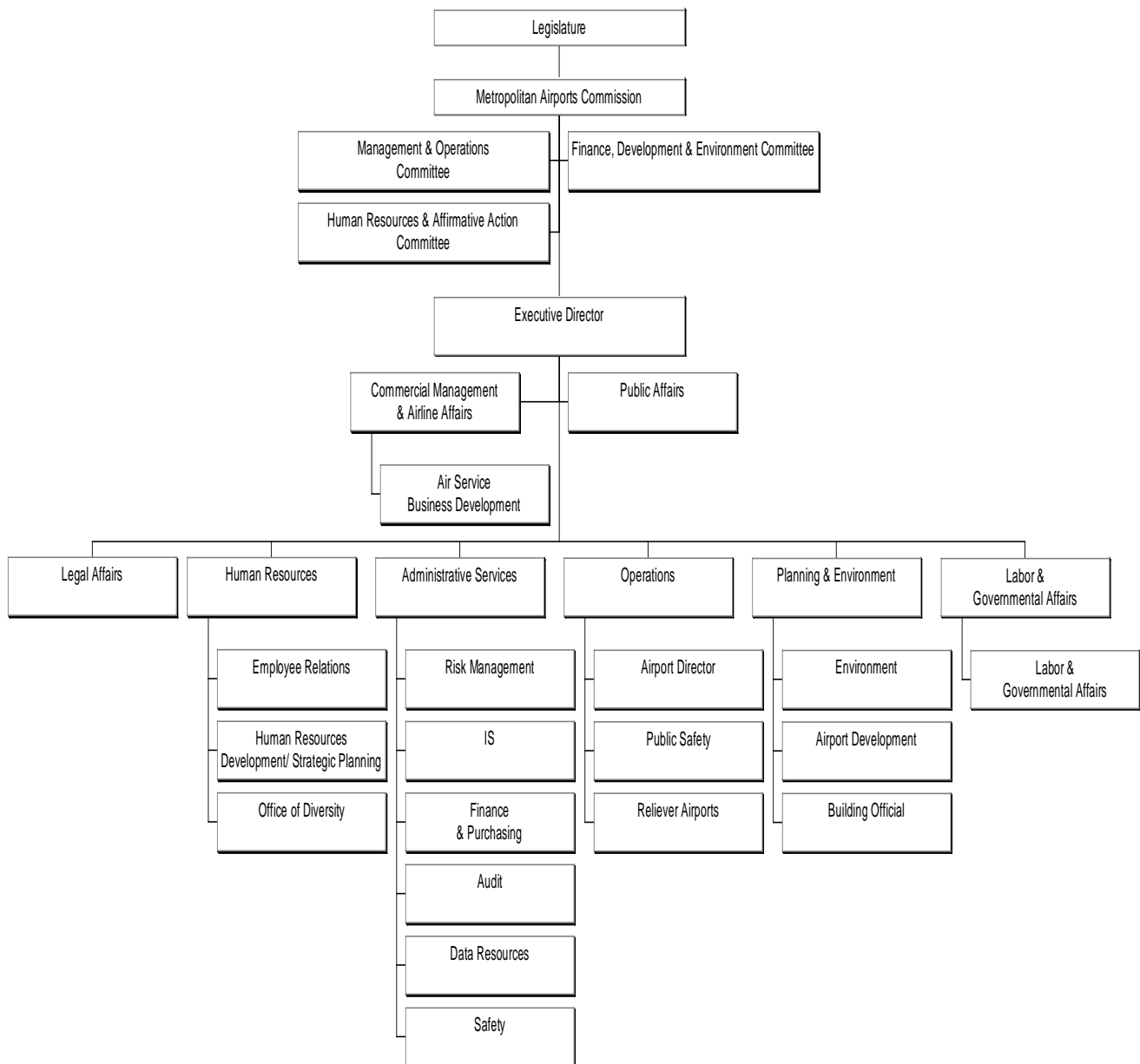
Robert Mars

Executive Director: Jeffrey W. Hamiel

The Commission has set up three standing committees. Two of the committees, Finance, Development & Environment, and Management & Operations meet on a monthly basis. The remaining committee, Human Resources & Affirmative Action, meets the first month of each quarter. 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 – 2005 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 – 2005 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 heads can review functions they manage.

Service Center

Service Centers are the lowest levels of the department budget 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.

DEPARTMENT LIST – 2005 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	76600	Human Resources Development/Strategic
	Development/Strategic Planning	81500	Planning
	Employee Relations	80600	Employee Relations
	Office Of Diversity		Office Of Diversity
Labor & Governmental Affairs	Labor & Governmental Affairs	79500	Labor & Governmental Affairs
Administrative Services	Administrative Services	75600	Administrative Services /Data Resources
	Wellness	76700	Wellness
	Risk Management	76800	Risk Management
	Safety	85400	Safety
	IS	79000	IS
	Finance	78000	Finance
		78200	Purchasing
	Internal Audit	78300	Internal Audit
Legal Affairs	General Counsel	81000	General Counsel
Environment / Planning	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

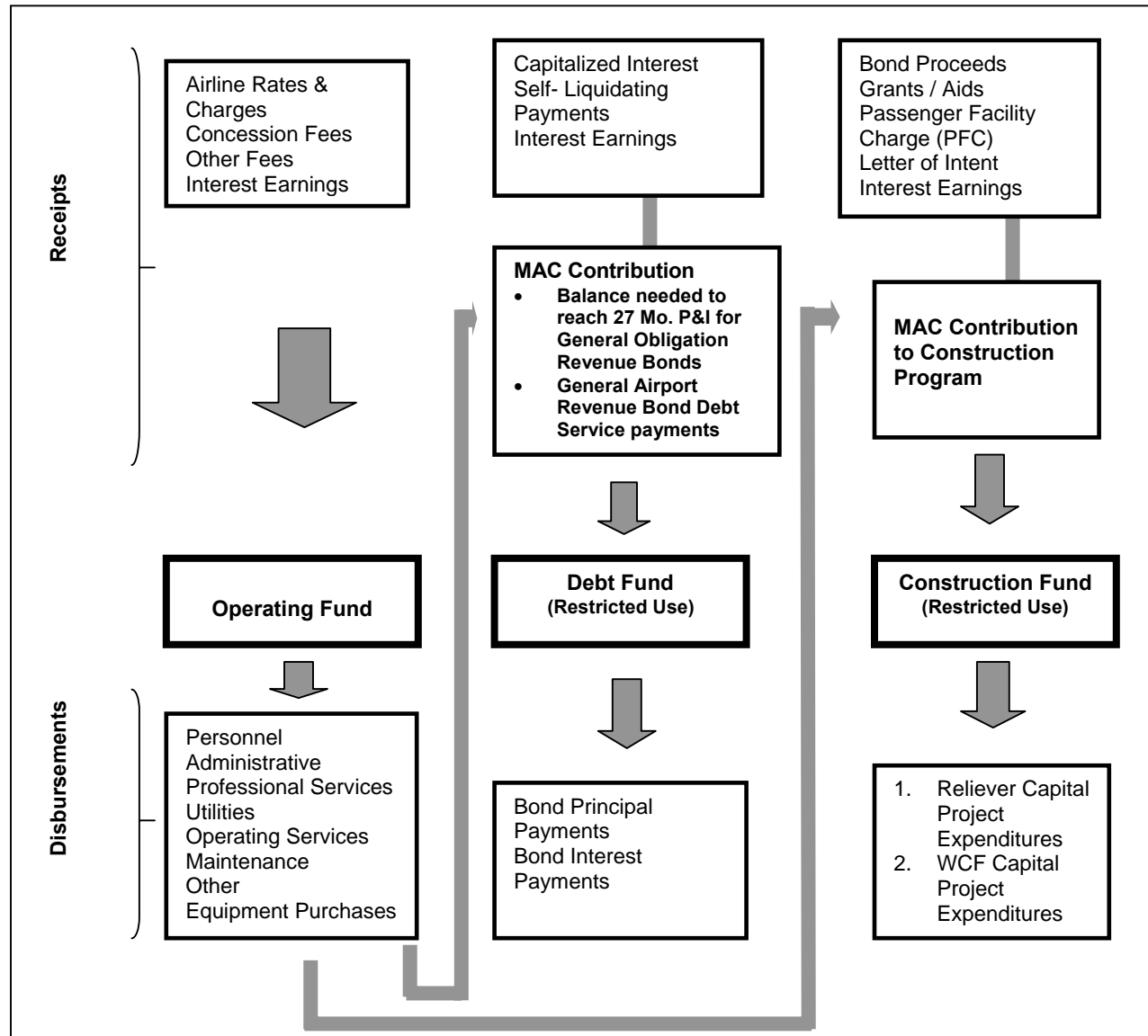
DEPARTMENT LIST – 2005 OPERATING BUDGET

Organizational Structure by Division, Department, and Service Center			
Division	Department	Service Center	
		Number	Name
Operations	Deputy – Operations	75800	Deputy – Operations
		82000	ADO – General
	Airport Directors Office	82050	Conference Center
		82060	Call Center
	Airside Operations	82600	Airside Operations
		83000	Landside – Operations
	Landside Operations	83300	Landside – Parking
		83400	Landside – Administration
	Airline Operation/Facility	85500	Airline Operation/Facilities
		86100	Facilities – Lindbergh Terminal
	Facilities – Lindbergh Terminal	86300	Facilities – Energy Management Center
		88000	Trades – Electricians
	Trades	88100	Trades – Painters
		88200	Trades – Carpenters
		88300	Trades – Plumbers
		88400	Trades – Administration
	Maintenance	89000	Maintenance
	Communications	82700	Communications
	Fire	83600	Fire
	Police	84200	Police
	Reliever Airports	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 – 2005 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 – 2005 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 - 2005 BUDGET

(\$ = 000)

	<u>2003 Actual</u>	<u>2004 Estimated</u>	<u>2005 Budget</u>	<u>2006 Projection</u>	<u>2007 Projection</u>
OPERATING FUND					
1/1 Balance	30,067	32,447	35,825	36,401	38,740
Total Sources of Funds	181,844	203,679	216,936	246,634	252,683
Total Uses of Funds	(179,044)	(197,084)	(215,300)	(241,300)	(248,502)
Transfers & Working	<u>(420)</u>	<u>(3,217)</u>	<u>(1,060)</u>	<u>(2,995)</u>	<u>(3,902)</u>
Capital Changes					
Ending Balance	32,447	35,825	36,401	38,740	39,019
CONSTRUCTION FUND					
1/1 Balance	123,178	111,245	205,156	140,896	48,200
Total Sources of Funds	210,829	245,571	383,230	172,901	153,913
Total Uses of Funds	<u>(222,762)</u>	<u>(151,660)</u>	<u>(447,490)</u>	<u>(265,597)</u>	<u>(176,790)</u>
Ending Balance	111,245	205,156	140,896	48,200	25,323
DEBT SERVICE FUNDS					
1/1 Balance	221,490	230,693	240,027	246,007	245,132
Total Sources of Funds	128,115	134,409	135,822	145,525	137,753
Total Uses of Funds	<u>(118,912)</u>	<u>(125,075)</u>	<u>(129,842)</u>	<u>(146,400)</u>	<u>(144,848)</u>
Ending Balance	230,693	240,027	246,007	245,132	238,037

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 – 2005 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 2003/2004 taxable market value, the maximum amount available for maintenance and operations of the Commission would have been approximately \$14.0 Million.

[illegible]

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.

[illegible]

SOURCES AND USES – 2005 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 in the 2%-3% range for 2003 and 2007. 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 2005 with a \$35,825,000 balance in January. This balance represents the 4 month Operating reserve. 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 \$36.4 million for 2006. The Transfers Out-Reserved Cash figures in the past have been moved to the Construction Fund. At the present time the Commission evaluates this balance annually to determine the most appropriate use. (Examples include increasing the Operating Reserve, Construction Fund, Pension Funding or Post Retirement Funding.)

For 2004, 2006, and 2007 another line item under uses has been added; Other Operating Fund Expenses. This item includes other cash payments and/or transfers made in prior years. These payments may or may not be made. The budgeted figure in 2004 was not required.

SOURCES AND USES – 2005 OPERATING BUDGET

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2005 OPERATING BUDGET SUMMARY - 2005 OPERATING BUDGET

						2004 Estimate vs 2005 Budget	
	2003 Actual	2003 Budget	2004* Budget	2004 Estimate	2005 Budget	Dollar Change	% Change
REVENUE							
Airline Rates & Charges	71,873,613	71,577,898	71,577,878	71,578,000	82,025,346	10,447,346	14.60%
Concessions **	72,337,429	69,178,400	75,648,061	84,850,000	83,468,278	(1,381,722)	-1.63%
Other **	36,970,776	33,409,464	35,972,192	38,012,000	42,103,588	4,091,588	10.76%
Airline Rent Credit	(13,000,002)						0.00%
Total Operating Revenue	<u>168,181,816</u>	<u>174,165,762</u>	<u>183,198,131</u>	<u>194,440,000</u>	<u>207,597,212</u>	<u>13,157,212</u>	<u>6.77%</u>
EXPENSE							
Personnel	48,272,620	42,568,349	47,791,511	50,000,000	53,990,776	3,990,776	7.98%
Administrative Expenses	843,895	1,013,554	1,002,449	1,100,000	1,253,302	153,302	13.94%
Professional Services	2,821,276	3,679,931	3,655,492	4,050,000	3,602,134	(447,866)	-11.06%
Utilities	11,779,007	11,273,625	11,747,048	12,300,000	13,599,090	1,299,090	10.56%
Operating Services/Expenses	13,928,062	13,364,422	12,309,006	13,300,000	12,159,606	(1,140,394)	-8.57%
Maintenance	16,452,779	16,716,065	17,482,088	17,700,000	19,184,297	1,484,297	8.39%
Other	2,743,673	3,315,008	3,574,737	3,400,000	3,686,925	286,925	8.44%
Total Operating Expense (Excludes Depreciation)	<u>96,841,312</u>	<u>91,930,954</u>	<u>97,562,330</u>	<u>101,850,000</u>	<u>107,476,129</u>	<u>5,626,129</u>	<u>5.52%</u>
Gross Depreciation	79,398,678	80,804,757	84,721,935	83,000,000	94,888,799	11,888,799	14.32%
Total Operating Expense	<u>176,239,990</u>	<u>172,735,711</u>	<u>182,284,265</u>	<u>184,850,000</u>	<u>202,364,928</u>	<u>17,514,928</u>	<u>9.48%</u>
	<u>(8,058,174)</u>	<u>1,430,051</u>	<u>913,866</u>	<u>9,590,000</u>	<u>5,232,284</u>	<u>(4,357,716)</u>	<u>-45.44%</u>

*Commission approved 2004 midyear budget increase:

Personnel 220,905

** Reclassification of revenue accounts in Concessions and Other.
See revenue assumptions for details.

OPERATING REVENUES - 2005 OPERATING BUDGET

						2004 Estimate vs 2005 Budget	
	2003 Actual	2003 Budget	2004 Budget	2004 Estimate	2005 Budget	Dollar Change	% Change
Airline Rates & Charges							
Landing Fees	39,554,636	37,948,994	35,703,489	35,766,000	44,369,630	8,603,630	24.06%
Ramp Fees	5,146,717	5,366,998	5,095,996	5,096,000	5,155,129	59,129	1.16%
Terminal Rentals - Agreement	24,225,780	25,225,278	27,603,516	27,400,000	29,148,285	1,748,285	6.38%
Terminal Rentals - Other	420,765	420,765	420,765	421,000	420,765	(235)	-0.06%
Terminal Rentals - IAF	2,264,814	2,383,844	2,486,092	2,625,000	2,642,110	17,110	0.65%
Carrousel & Conveyors	260,900	232,019	268,020	270,000	289,427	19,427	7.20%
Total Airline Rates & Charges	71,873,613	71,577,898	71,577,878	71,578,000	82,025,346	10,447,346	14.60%
Concessions **							
Landside							
Parking	41,330,330	38,814,517	44,208,749	51,000,000	52,884,972	1,884,972	3.70%
Auto Rental	14,742,386	13,707,758	13,294,130	14,100,000	12,392,136	(1,707,864)	-12.11%
Ground Transportation Fees	2,127,133	2,723,478	3,293,782	3,500,000	3,472,500	(27,500)	-0.79%
Total Landside	58,199,849	55,245,753	60,796,661	68,600,000	68,749,608	149,608	0.22%
Terminal/Other							
Food & Beverage	4,863,972	4,560,000	5,206,000	6,800,000	5,700,000	(1,100,000)	-16.18%
Merchandise	5,218,668	5,076,600	5,400,000	5,400,000	5,115,000	(285,000)	-5.28%
Terminal Services	2,921,698	3,340,847	2,763,400	2,650,000	2,446,670	(203,330)	-7.67%
Other Concessions	1,133,241	955,200	1,482,000	1,400,000	1,457,000	57,000	4.07%
Total Terminal/Other	14,137,580	13,932,647	14,851,400	16,250,000	14,718,670	(1,531,330)	-9.42%
Total All Concessions	72,337,429	69,178,400	75,648,061	84,850,000	83,468,278	(1,381,722)	-1.63%
Other **							
Building Rentals	15,920,478	15,662,067	16,352,496	15,800,000	16,378,261	578,261	3.66%
Lobby Fees - HHH Terminal	2,919,257	2,812,929	3,054,534	3,312,000	4,245,291	933,291	28.18%
Ground - SW Cargo and Infield	1,995,458	1,597,979	3,130,061	3,300,000	4,563,027	1,263,027	38.27%
Ground - Other	1,467,002	1,830,491	1,011,331	1,600,000	1,679,010	79,010	4.94%
Utilities	2,190,626	1,871,670	1,544,474	1,600,000	1,663,774	63,774	3.99%
Other	8,071,330	7,904,251	8,550,296	9,200,000	10,401,225	1,201,225	13.06%
Reimbursed Expense	4,406,626	1,730,077	2,329,000	3,200,000	3,173,000	(27,000)	-0.84%
Total Other	36,970,776	33,409,464	35,972,192	38,012,000	42,103,588	4,091,588	10.76%
Airline Rent Credit	(13,000,002)						0.00%
Total Operating Revenue	<u>168,181,816</u>	<u>174,165,762</u>	<u>183,198,131</u>	<u>194,440,000</u>	<u>207,597,212</u>	<u>13,157,212</u>	<u>6.77%</u>

** Reclassification of revenue accounts in Concessions and Other.
See revenue assumptions for details.

OPERATING REVENUES - 2005 OPERATING BUDGET

	2005 Budget					2004 Estimate vs 2005 Budget	
	Mpls.- St.Paul	Reliever Airports	2004 Budget	2004 Estimate	2005 Budget	Dollar Change	% Change
Airline Rates & Charges							
Landing Fees	44,369,630		35,703,489	35,766,000	44,369,630	8,603,630	24.06%
Ramp Fees	5,155,129		5,095,996	5,096,000	5,155,129	59,129	1.16%
Terminal Rentals - Agreement	29,148,285		27,603,516	27,400,000	29,148,285	1,748,285	6.38%
Terminal Rentals - Other	420,765		420,765	421,000	420,765	(235)	-0.06%
Terminal Rentals - IAF	2,642,110		2,486,092	2,625,000	2,642,110	17,110	0.65%
Carrouseles & Conveyors	289,427		268,020	270,000	289,427	19,427	7.20%
Total Airline Rates & Charges	82,025,346		71,577,878	71,578,000	82,025,346	10,447,346	14.60%
Concessions **							
Landside							
Parking	52,884,972		44,208,749	51,000,000	52,884,972	1,884,972	3.70%
Auto Rental	12,392,136		13,294,130	14,100,000	12,392,136	(1,707,864)	-12.11%
Ground Transportation Fees	3,472,500		3,293,782	3,500,000	3,472,500	(27,500)	-0.79%
Total Landside	68,749,608		60,796,661	68,600,000	68,749,608	149,608	0.22%
Terminal/Other							
Food & Beverage	5,700,000		5,206,000	6,800,000	5,700,000	(1,100,000)	-16.18%
Merchandise	5,115,000		5,400,000	5,400,000	5,115,000	(285,000)	-5.28%
Terminal Services	2,446,670		2,763,400	2,650,000	2,446,670	(203,330)	-7.67%
Other Concessions	1,457,000		1,482,000	1,400,000	1,457,000	57,000	4.07%
Total Terminal/Other	14,718,670		14,851,400	16,250,000	14,718,670	(1,531,330)	-9.42%
Total All Concessions	83,468,278		75,648,061	84,850,000	83,468,278	(1,381,722)	-1.63%
Other **							
Building Rentals	16,078,342	299,919	16,352,496	15,800,000	16,378,261	578,261	3.66%
Lobby Fees - HHH Terminal	4,245,291		3,054,534	3,312,000	4,245,291	933,291	28.18%
Ground - SW Cargo and Infield	4,563,027		3,130,061	3,300,000	4,563,027	1,263,027	38.27%
Ground - Other	1,679,010		1,011,331	1,600,000	1,679,010	79,010	4.94%
Utilities	1,663,774		1,544,474	1,600,000	1,663,774	63,774	3.99%
Other	6,844,772	3,556,453	8,550,296	9,200,000	10,401,225	1,201,225	13.06%
Reimbursed Expense	3,173,000		2,329,000	3,200,000	3,173,000	(27,000)	-0.84%
Total Other	38,247,216	3,856,372	35,972,192	38,012,000	42,103,588	4,091,588	10.76%
Airline Rent Credit							
Total Operating Revenue	203,740,840	3,856,372	183,198,131	194,440,000	207,597,212	13,157,212	6.77%

** Reclassification of revenue accounts in Concessions and Other.
See revenue assumptions for details.

REVENUE ASSUMPTIONS – 2005 OPERATING BUDGET

Total revenue for 2005 is \$207,597,212 and is a \$13,157,212 or 6.77% increase compared to 2004 estimates. The greatest increase in revenue is due to Airline Rates and Charges (increase of \$10,447,346) and Parking (up \$1,884,972). The detailed explanations for other major changes in revenue are included in this section.

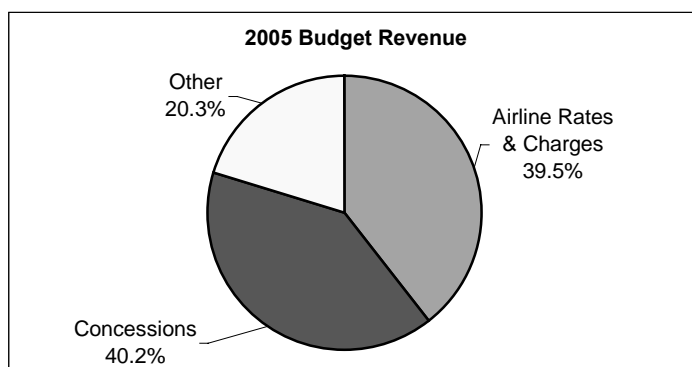
REVENUE CATEGORY						2004 Estimate vs. 2005 Budget	
	2003 <u>Actual</u>	2003 <u>Budget</u>	2004 <u>Budget</u>	2004 <u>Estimate</u>	2005 <u>Budget</u>	Dollar <u>Change</u>	% <u>Change</u>
Airline Rates & Charges	\$ 71,873,613	\$ 71,577,898	\$ 71,577,878	\$ 71,578,000	\$ 82,025,346	\$10,447,346	14.60%
Concessions	72,337,429	69,178,400	75,648,061	84,850,000	83,468,278	(1,381,722)	-1.63%
Other	36,970,776	33,409,464	35,972,192	38,012,000	42,103,588	4,091,588	10.76%
Credit To Airlines	(13,000,002)	-	-	-	-	-	0.00%
	\$168,181,816	\$174,165,762	\$183,198,131	\$194,440,000	\$207,597,212	\$13,157,212	6.77%

The revenue budget is divided into three categories, Airline Rates and Charges, Concessions, and Other. Airline Rates and Charges, which is \$82,025,346 or 39.5% of MAC total revenue for 2005, consists primarily of revenue paid by the airlines as user fees for landing fees, ramp fees, and terminal building rates. Because of the slow economy and the lack of recovery in the aviation industry, airline rates and charges were held constant in 2002, 2003 and 2004. The budget for 2005 incorporates the actual rates and charges formula in the airline agreement resulting in a \$10,447,346 increase.

The Concession category, which is \$83,468,278 or 40.2% of total revenue for 2005, 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 are approved by the Commission while ground transportation fees, and taxicab license fees are authorized according to MAC ordinances. The revenues from auto rental, food, beverage, merchandise and personnel services are based on various lease agreements, which allow the concessionaires to operate MAC facilities. Concessions are projected to decrease in 2005 due to the construction and remodeling of various tenants as identified in the new contract and lease agreements.

Other revenue, which is \$42,103,588 or 20.3% of total revenue, consists of building rental (excluding the airline terminal building space), ground space, utilities, general aviation fees and reliever airport 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:

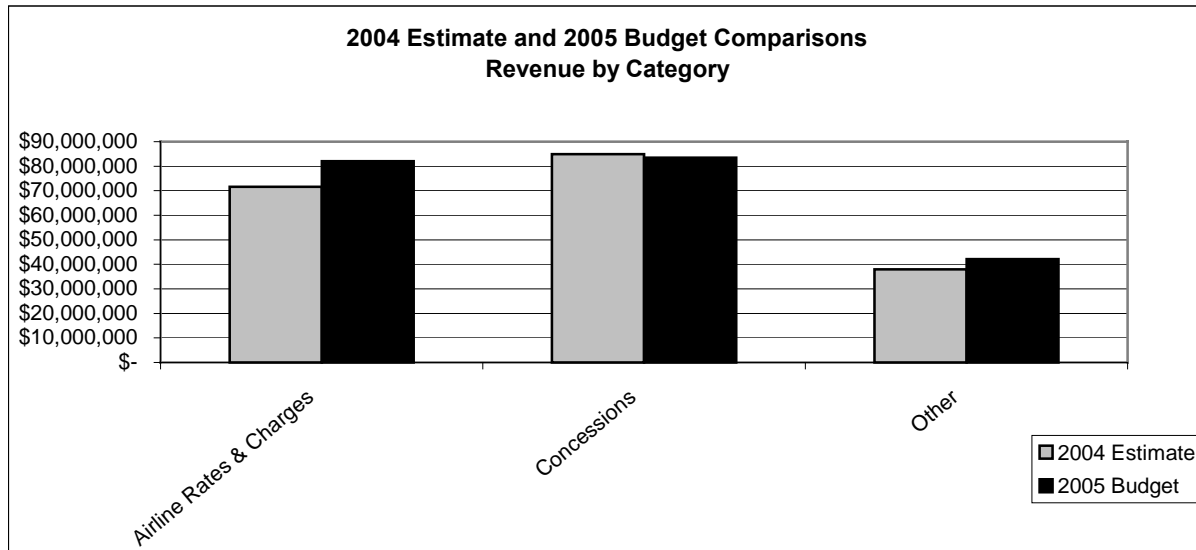
The revenue projections for 2005 are based on the following assumptions and guidelines:

- Revenue will be prepared on an accrual basis
- The revenue projections are based on estimates compiled from the following sources:
 - Lease agreements
 - Contracts

REVENUE ASSUMPTIONS – 2005 OPERATING BUDGET

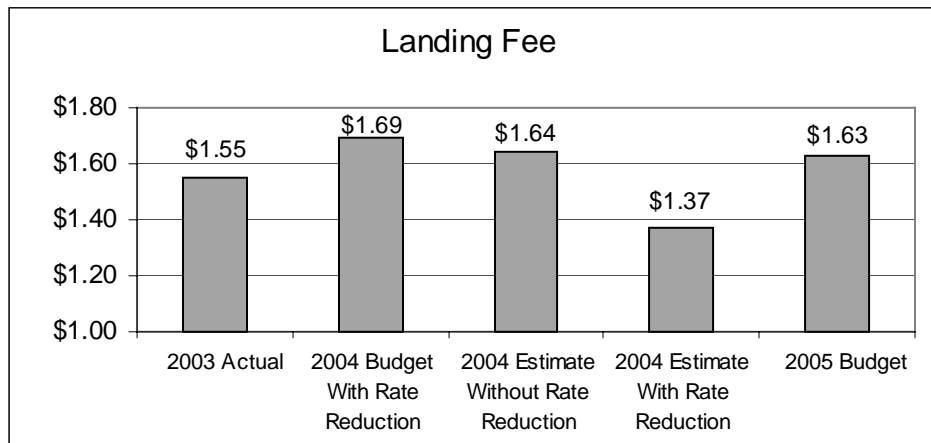
- Projected enplaned passengers and operations activity provided by the airlines and other users of MAC facilities
- Expense projections which determine rates and charges per the airline agreement
- Historical trends
- All tenants will remit the minimum revenue based on their lease agreements unless otherwise specified

The following Revenue chart compares the 2004 estimates and 2005 budget. The explanations for revenue assumptions are based upon this comparison.



Approximately \$82 million, or 40%, of MAC's \$208 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 International Arrival Facility (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 2005 all rates in this category (Landing Fees, Ramp, all Terminal and Carrousels & Conveyors) will be calculated as per the Airline Agreement.

REVENUE ASSUMPTIONS – 2005 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 increase in the fee from 2004 estimated (\$456.14) to 2005 budget (\$461.43) can be attributed to the following:

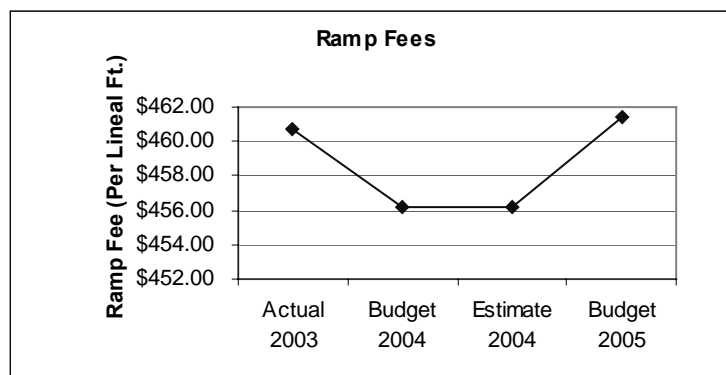
- Maintenance Labor Allocation – Wage adjustment, employee insurance and 9 additional field maintenance employees.
- Equipment & Building Allocation – Additional depreciation associated with new equipment and parts/supplies for an average winter.

The following is a comparison of actual 2003, budgeted 2004, estimated 2004, and budgeted 2005 ramp rates and revenue.

	2003 <u>Actual</u>	2004 <u>Budget</u>	2004 <u>Estimate</u>	2005 <u>Budget</u>
<u>Ramp Fee</u>				
Ramp Fee (Per Lineal Ft.)	\$ 460.68	\$ 456.14	\$ 456.14	\$ 461.43
Ramp Footage	11,172	11,172	11,172	11,172
Revenue	\$5,146,717	\$ 5,095,996	\$5,096,000	\$ 5,295,616

The decrease in the rate from the 2003 Actual to the 2004 Estimate can be attributed to a short term ramp project being fully depreciated in 2003.

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



REVENUE ASSUMPTIONS – 2005 OPERATING BUDGET

TERMINAL AIRLINES – AGREEMENT

Airline building rates are calculated by allocating expense over the total rentable square footage in the Lindbergh Terminal. Airlines are charged for the space they occupy. Unlike landing fees and ramp fees, airline terminal building rates are not based upon a near break even or break even philosophy. Under this calculation, costs are recovered from the airlines in proportion to the rentable space they occupy in the terminal building.

There are 2 primary reasons for the increase in the rates between 2004 estimates and 2005 budget:

- Direct expense for implementation of the loading dock for terminal deliveries in 2005.
- Depreciation/Interest associated with the Lindbergh Terminal Light Rail Transit Station and a full year of operation on the Concourse A-D people mover.

A comparison of actual 2003, budgeted 2004, estimated 2004 and 2005 budget rates follows:

<u>Terminal Rates</u>	2003 <u>Actual</u>	2004 <u>Budget</u>	2004 <u>Estimated</u>	2005 <u>Budget</u>
Exclusive (Per Sq. Ft.)	\$ 39.87	\$ 45.62	\$ 45.00	\$ 48.00
Exclusive Janitored (Per Sq. Ft.)	\$ 45.10	\$ 51.27	\$ 51.00	\$ 53.94
Total Revenue (000)	\$ 24,226	\$ 27,604	\$ 27,400	\$ 29,148

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 2003, budgeted 2004, estimated 2004 and budgeted 2005:

	2003 <u>Actual</u>	2004 <u>Budget</u>	2004 <u>Estimated</u>	2005 <u>Budget</u>
<u>Int'l Arrival Fee (IAF)</u>				
Total Cost	\$2,264,814	\$ 2,486,092	\$2,625,000	\$ 2,642,110
Passengers	518,264	626,560	600,000	625,010
Fee Per Passenger	\$ 4.37	\$ 3.97	\$ 4.25	\$ 4.24

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 2004 estimate (\$270,000) to 2005 budget (\$289,427) is an increase of \$19,427. This increase can be attributed to anticipated costs associated with the age of the system.

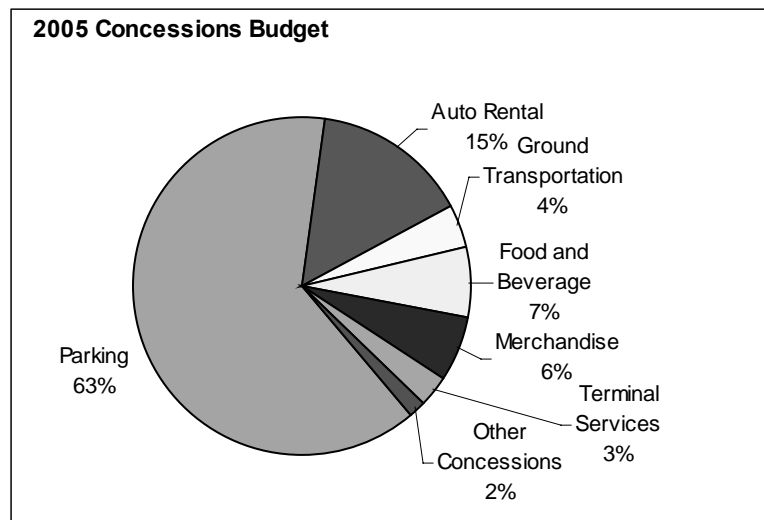
CONCESSIONS

The 2005 Budget for Concessions revenue is projected to decrease \$1,381,722 or 1.63% from the 2004 estimate. Concession revenue consists of the following categories:

REVENUE ASSUMPTIONS – 2005 OPERATING BUDGET

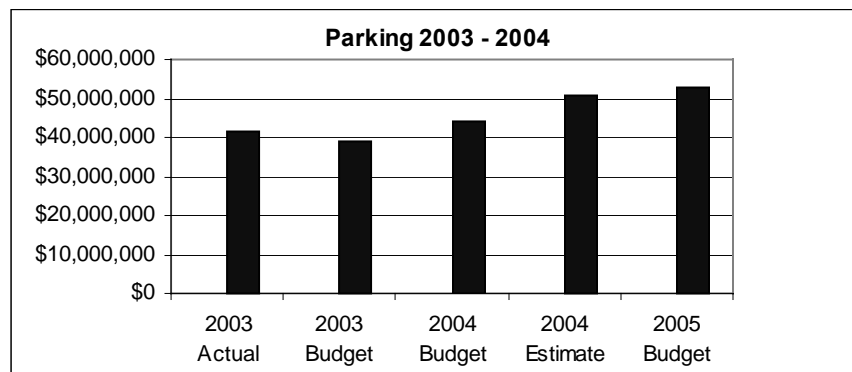
<u>Concessions Category</u>	<u>2003</u>	<u>2003</u>	<u>2004</u>	<u>2004</u>	<u>2005</u>	<u>2004 Estimate vs.</u>	
	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>	<u>Estimate</u>	<u>Budget</u>	<u>Dollar</u>	<u>%</u>
Parking	\$41,330,330	\$38,814,517	\$ 44,208,749	\$ 51,000,000	\$ 52,884,972	\$ 1,884,972	3.70%
Auto Rental	14,742,386	13,707,758	13,294,130	14,100,000	12,392,136	(1,707,864)	-12.11%
Ground Transportation	2,127,133	2,723,478	3,293,782	3,500,000	3,472,500	(27,500)	-.79%
Food and Beverage	4,863,972	4,560,000	5,206,000	6,800,000	5,700,000	(1,100,000)	-16.18%
Merchandise	5,218,668	5,076,600	5,400,000	5,400,000	5,115,000	(285,000)	-5.28%
Terminal Services	2,921,698	3,340,847	2,763,400	2,650,000	2,446,670	(203,330)	-7.67%
Other Concessions	<u>1,133,241</u>	<u>955,200</u>	<u>1,482,000</u>	<u>1,400,000</u>	<u>1,457,000</u>	<u>57,000</u>	4.07%
Total Concessions	\$72,337,429	\$69,178,400	\$ 75,648,061	\$ 84,850,000	\$ 83,468,278	\$ (1,381,722)	-1.63%

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



PARKING

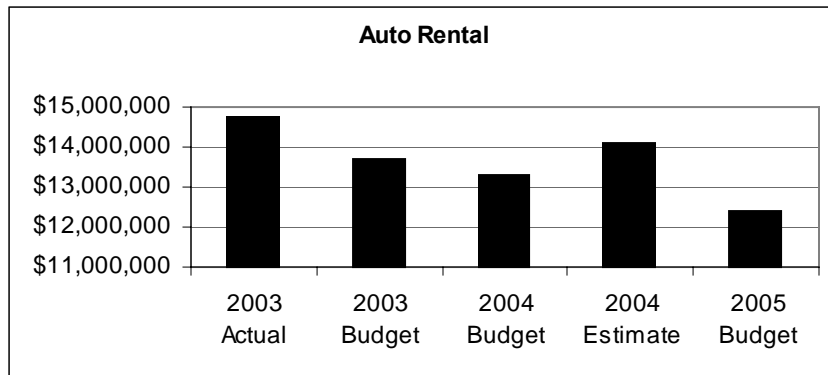
Parking as shown is projected to increase \$1,884,972 or 3.70%. The anticipated increase above can be attributed to an increase in patrons. Parking activity for the period 2003 and 2004 increased at a larger percentage than the increase in passengers. The following bar chart illustrates Parking revenue for the years 2003 Actual to 2005 Budget.



REVENUE ASSUMPTIONS – 2005 OPERATING BUDGET

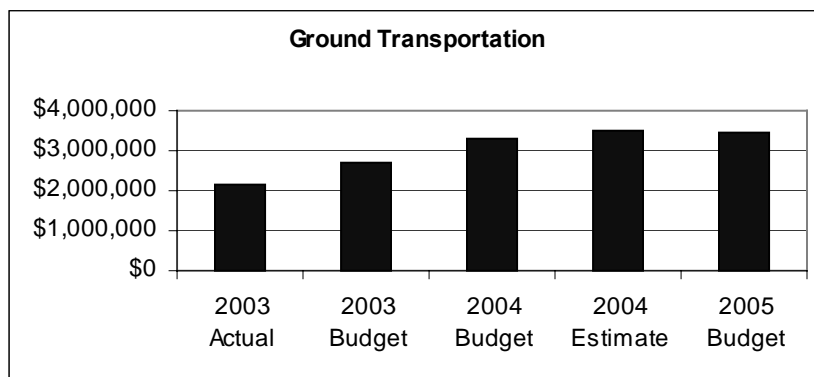
AUTO RENTAL

Auto rental fees are projected to decrease by \$1,707,864 or 12.11% from the 2004 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 2005 budget is based on the minimum guarantees only. The contract for auto rental firms expired in May 2004 with an option year. Based on current conditions in the industry, staff extended the contract for 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 2005 budget and is reflected in the chart below for the 2005 budget.



GROUND TRANSPORTATION FEES

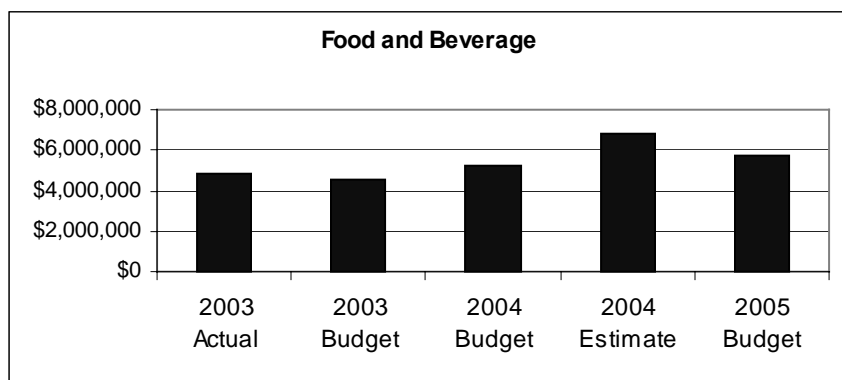
Ground Transportation Fees are projected to decrease \$27,500 or .79% as shown in the chart below. This decrease can be attributed to changes in the Ordinance rates for Commercial vehicles and an updated traffic count study. Types of vehicles in this category include buses, private limos, hotel/motel shuttles and other miscellaneous vehicles.



FOOD/BEVERAGE

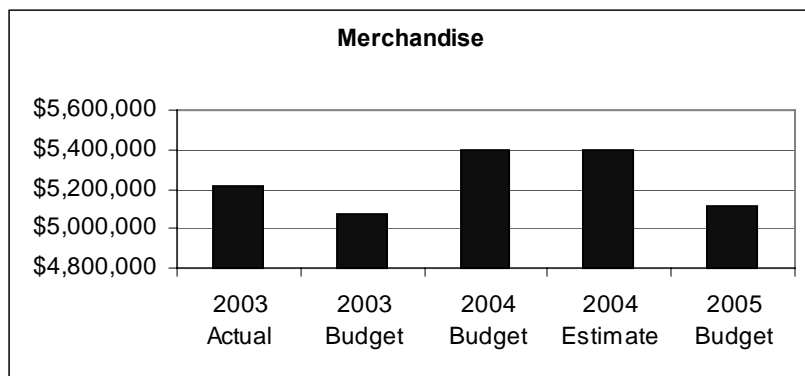
Food and beverage is projected to decrease by \$1,100,000 or 16.18% from the 2004 estimates. A new RFP (Request for Proposal) for food/beverage was approved in 2004. This new agreement when fully implemented will increase revenue significantly. However, 2005 is a transition year for the concessionaires. Most facilities will be closed for a good portion of the year. The full impact of the new agreement will occur in 2006. The following chart compares 2003 Actual to 2005 Budget.

REVENUE ASSUMPTIONS – 2005 OPERATING BUDGET



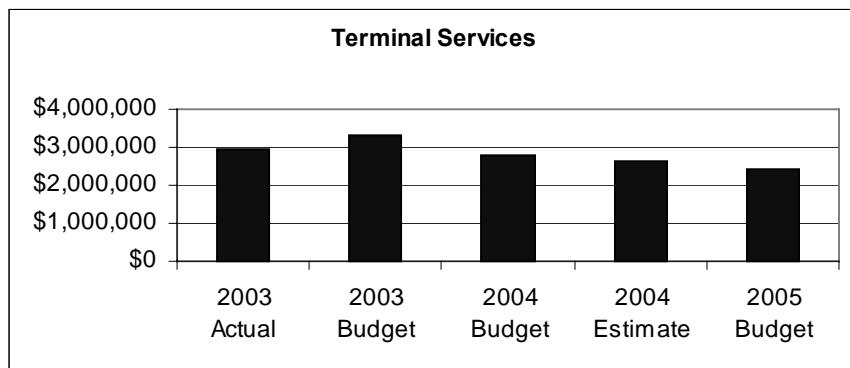
MERCHANDISE

Merchandise and Personal Services are projected to decrease \$285,000 or 5.28% from the 2004 estimate. The same reasons for the increase in Food and Beverage also apply to Merchandise.



TERMINAL SERVICES

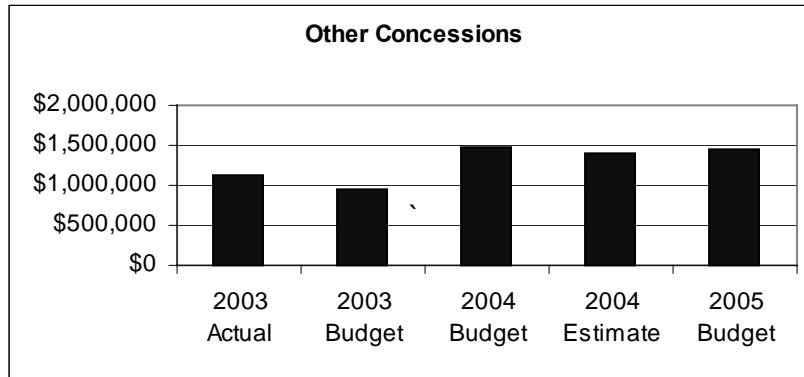
Terminal Services are projected to decrease \$203,330 or 7.67%. Other miscellaneous services (games, vending, barber etc.) are projected to remain the same. A reclassification of revenue line items to Other Concessions also contributes to the variance.



OTHER CONCESSIONS

Other Concessions is projected to increase \$57,000 or 4.07% from the 2004 estimates. This area includes advertising (outdoors), auto services and in-flight catering that is projected to remain about the same. The majority of the increase (\$36,000 for tag aviation) is attributable to reclassification of revenue line items from the Terminal Services category.

REVENUE ASSUMPTIONS – 2005 OPERATING BUDGET

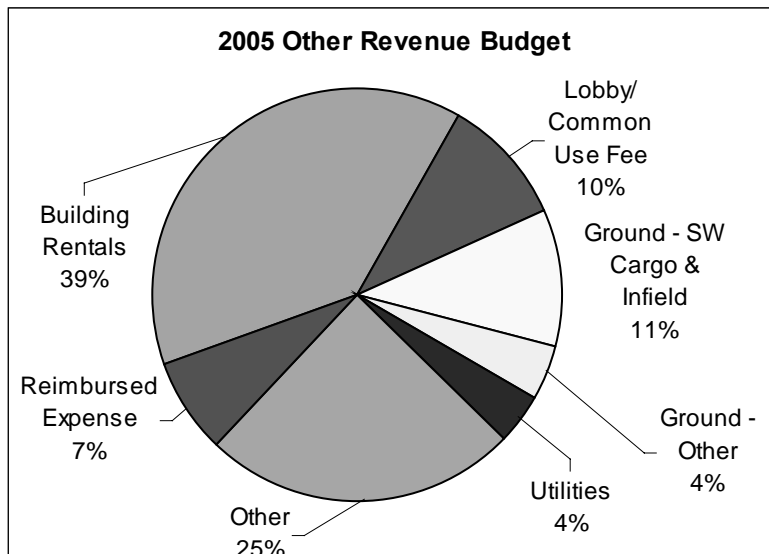


OTHER

In total this category is projected to increase \$4,091,588 or 10.76% from the 2004 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. The Other category contains reclassification of revenue in line items for Ground – SW Cargo and Infield and Other Reimbursed Expense and will not reflect the same dollars in each category as presented in the prior year budget. The total, however, remains the same.

<u>Other Category</u>	<u>2003</u>	<u>2003</u>	<u>2004</u>	<u>2004</u>	<u>2005</u>	<u>2004 Estimate vs.</u>	
	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>	<u>Estimate</u>	<u>Budget</u>	<u>2005 Budget</u>	<u>%</u>
						<u>Dollar</u>	<u>Change</u>
Building Rentals	\$ 15,920,478	\$ 15,662,067	\$ 16,352,496	\$ 15,800,000	\$ 16,378,261	\$ 578,261	3.66%
Lobby/Common Use Fee	2,919,257	2,812,929	3,054,534	3,312,000	4,245,291	933,291	28.18%
Ground - SW Cargo & Infield	1,995,458	1,597,979	3,130,061	3,300,000	4,563,027	1,263,027	38.27%
Ground – Other	1,467,002	1,830,491	1,011,331	1,600,000	1,679,010	79,010	4.94%
Utilities	2,190,626	1,871,670	1,544,474	1,600,000	1,663,774	63,774	3.99%
Other/Reimbursed Exp.	<u>12,477,956</u>	<u>9,634,328</u>	<u>10,879,296</u>	<u>12,400,000</u>	<u>13,574,225</u>	<u>1,174,225</u>	9.47%
Total Other	\$ 36,970,776	\$ 33,409,464	\$ 35,972,192	\$ 38,012,000	\$ 42,103,588	\$ 4,091,588	10.76%

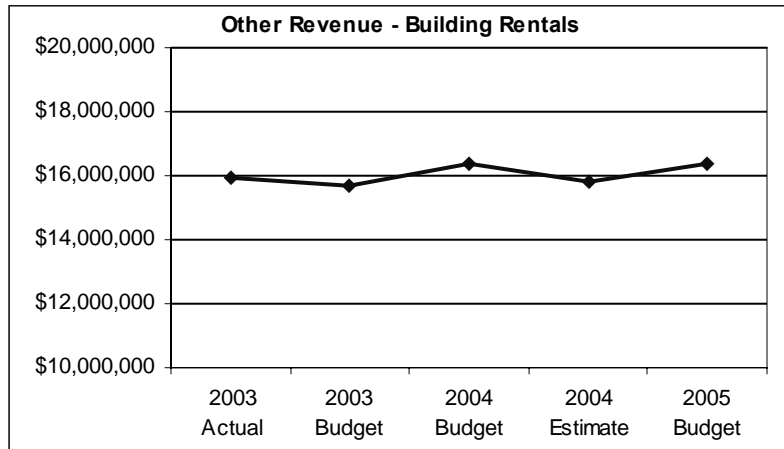
The following pie chart indicates the percent of each revenue source in Other Revenue and compares it to the total Other Revenue:



REVENUE ASSUMPTIONS – 2005 OPERATING BUDGET

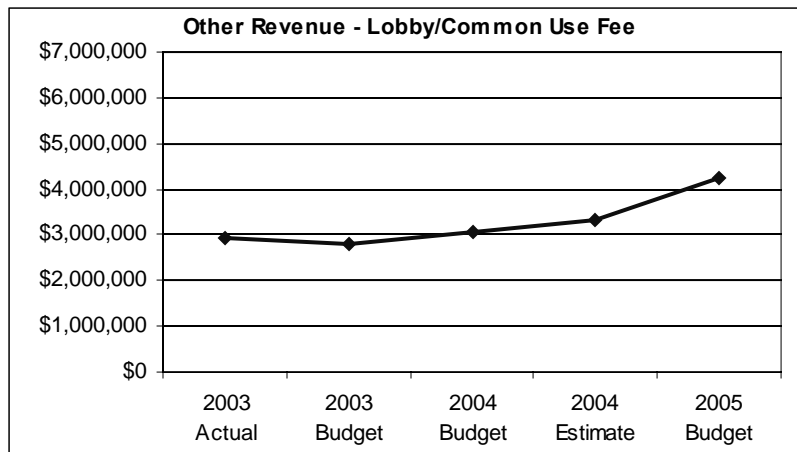
BUILDING RENTALS

Building Rentals are projected to increase \$578,261 or 3.66% from the 2004 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 changes for a number of different facilities including the Reliever Airports.



HHH TERMINAL COMMON USE/LOBBY

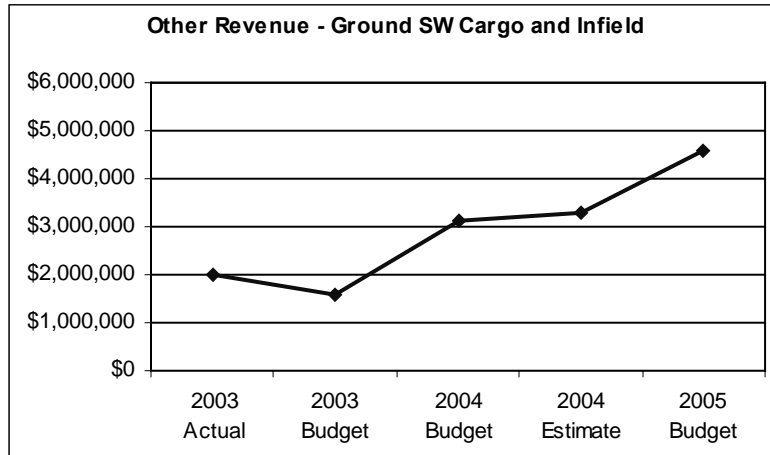
HHH Terminal Common Use is projected to increase \$933,291 or 28.18% from 2004 estimates. Rates and charges for the HHH Terminal are based on the recovery of operating and maintenance costs plus growth in activity. The increased rates along with additional activity through the reemergence of Sun Country Airlines are the factors behind this increase.



GROUND – SW CARGO & INFIELD

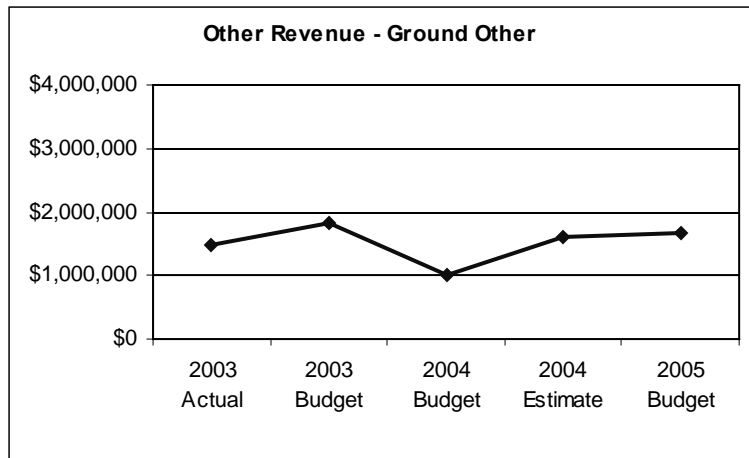
This category is projected to increase \$1,263,027 or 38.27%. During the past few years this area has shown a regular decline in revenue caused by the elimination of facilities to make way for the construction of the new 17/35 runway. Some tenants moved off airport while others saw facilities shrink or be significantly constrained. In late 2003, both the new Federal Express and UPS buildings/facilities were opened, while Mesaba, Sun Country and Champion Air were operational in late 2004. All of these facilities will be open for a full year in 2005.

REVENUE ASSUMPTIONS – 2005 OPERATING BUDGET



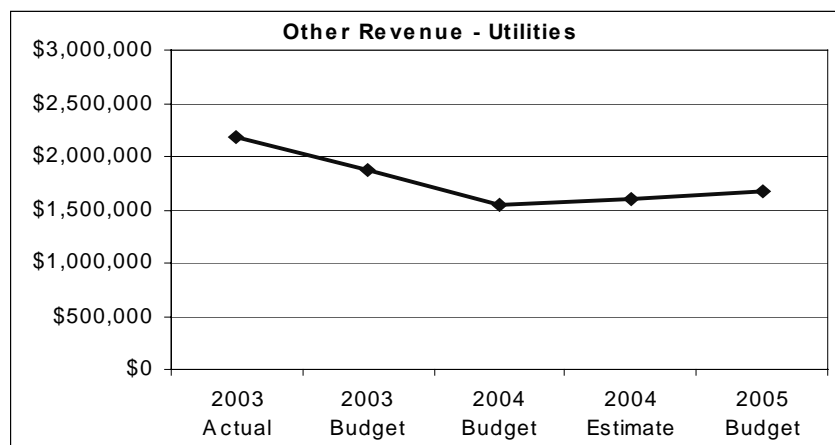
GROUND – OTHER

This area is projected to increase \$79,010 or 4.94% as a result of lease contract charges.



UTILITIES

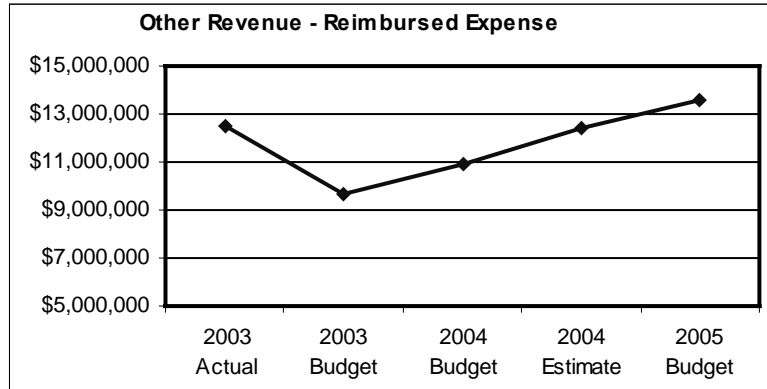
Included in this area is water, sewer, steam (heating) and chilled water (air-conditioning). The increase in this category of \$63,774 or 3.99% is due to a change in rates and historical consumption patterns. In addition, the chilled water meters were malfunctioning and resulted in calibrations that more accurately reflect usage.



REVENUE ASSUMPTIONS – 2005 OPERATING BUDGET

OTHER/REIMBURSED EXPENSE

This area is projected to increase \$1,174,225 or 9.47%. Revenue of \$773,600 for the loading dock accounts for the majority of the increase. Also, included in this category is general aviation landing fees, ramp fees, reliever airport revenue and reimbursed expense. Relievers airport revenue is expected to increase by \$886,656 due to lease contract changes while a decrease is anticipated in reimbursed expense due to the amount of reimbursements received from the FAA (Federal Aviation Administration) and TSA. As the TSA (Transportation Security Administration) 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.



REVENUE ASSUMPTIONS – 2005 OPERATING BUDGET
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OPERATING EXPENSES - 2005 OPERATING BUDGET

						2004 Estimate vs 2005 Budget	
	2003 Actual	2003 Budget	2004* Budget	2004 Estimate	2005 Budget	Dollar Change	% Change
Personnel							
Salaries & Wages	31,477,974	31,075,690	32,969,158	32,800,000	34,812,504	2,012,504	6.14%
Benefits	16,772,446	11,465,309	14,795,003	17,176,000	19,155,272	1,979,272	11.52%
Commissioner PerDiem	22,200	27,350	27,350	24,000	23,000	(1,000)	-4.17%
Total Personnel	48,272,620	42,568,349	47,791,511	50,000,000	53,990,776	3,990,776	7.98%
Administrative Expenses	843,895	1,013,554	1,002,449	1,100,000	1,253,302	153,302	13.94%
Professional Services	2,821,276	3,679,931	3,655,492	4,050,000	3,602,134	(447,866)	-11.06%
Utilities							
Electricity	5,784,522	6,164,000	5,500,000	6,200,000	5,958,399	(241,601)	-3.90%
Heating Fuel	3,145,221	2,187,900	3,690,000	3,525,000	4,861,922	1,336,922	37.93%
Water & Sewer	2,372,417	2,466,517	2,124,999	2,140,000	2,339,210	199,210	9.31%
Telephones	476,846	455,208	432,049	435,000	439,559	4,559	1.05%
Total Utilities	11,779,007	11,273,625	11,747,048	12,300,000	13,599,090	1,299,090	10.56%
Operating Services/Expenses							
Parking Management	6,708,300	6,998,000	5,613,033	6,100,000	5,352,000	(748,000)	-12.26%
Shuttle Bus Services	1,924,864	1,783,500	1,824,635	1,800,000	1,094,781	(705,219)	-39.18%
Service Agreements	1,864,129	1,777,132	1,752,526	1,400,000	1,979,802	579,802	41.41%
Storm Water Monitoring	1,358,525	1,060,500	1,312,318	1,300,000	1,342,592	42,592	3.28%
Other	2,072,244	1,745,290	1,806,493	2,700,000	2,390,431	(309,569)	-11.47%
Total Operating Services/Expenses	13,928,062	13,364,422	12,309,006	13,300,000	12,159,606	(1,140,394)	-8.57%
Maintenance							
Trades	1,078,949	1,187,562	1,167,665	1,140,000	1,325,182	185,182	16.24%
Field	2,635,112	2,605,870	2,684,829	2,130,000	3,512,211	1,382,211	64.89%
Building	4,143,789	4,711,037	5,559,653	5,280,000	5,705,141	425,141	8.05%
Equipment	1,564,005	1,487,988	1,452,051	1,700,000	1,529,453	(170,547)	-10.03%
Cleaning	7,030,925	6,723,608	6,617,890	7,450,000	7,112,310	(337,690)	-4.53%
Total Maintenance	16,452,779	16,716,065	17,482,088	17,700,000	19,184,297	1,484,297	8.39%
Other							
General Insurance	2,034,989	2,638,633	2,911,569	2,400,000	2,920,387	520,387	21.68%
Minor Equipment	204,778	233,656	210,827	350,000	289,884	(60,116)	-17.18%
Other	503,906	442,719	452,341	650,000	476,654	(173,347)	-26.67%
Total Other	2,743,673	3,315,008	3,574,737	3,400,000	3,686,925	286,925	8.44%
Gross Depreciation	79,398,678	80,804,757	84,721,935	83,000,000	94,888,799	11,888,799	14.32%
Total Operating Expenses	<u>176,239,990</u>	<u>172,735,711</u>	<u>182,284,265</u>	<u>184,850,000</u>	<u>202,364,928</u>	<u>17,514,928</u>	<u>9.48%</u>

*Commission approved 2004 midyear budget increase:

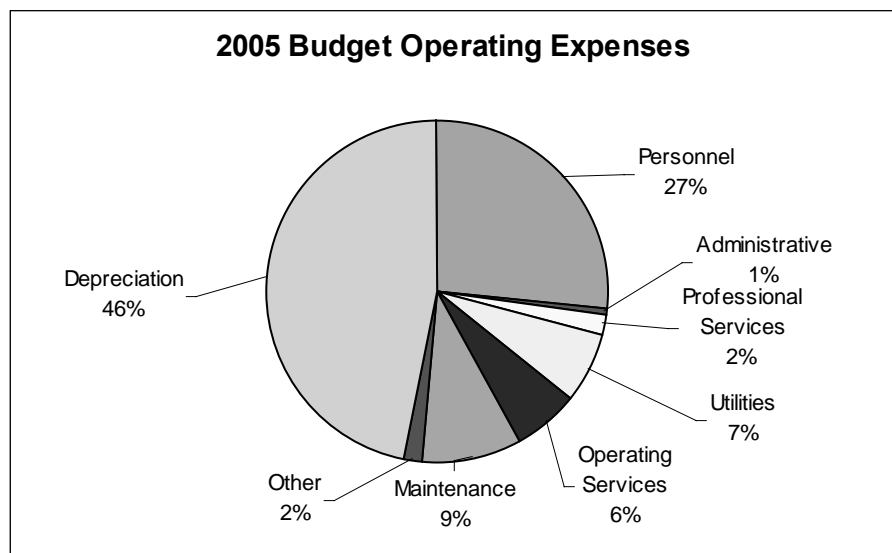
Benefits	49,954
Salaries & Wages	170,951

EXPENSE ASSUMPTIONS – 2005 OPERATING BUDGET

Total Operating Expense for 2005 is \$107,476,129 (excluding depreciation), which is an increase of \$5,626,129 or 5.52% over the 2004 estimate. The explanations prepared below compare 2004 estimate with 2005 budget. Most categories are projected to increase in 2005 with the exception of Professional Services and Operating Services. The largest dollar increase of \$4.0 million is in the Personnel Category and can be attributed to the 10 additional positions approved mid-year 2004 and 20 new requested FTE's included in the 2005 budget along with employee insurance and wage adjustments for all employees. The Maintenance category indicates the second largest dollar increase of \$1.5 million, which is attributable to imbedded contract costs, snow removal expenses and the new maintenance consortium with concessionaires to establish a managed loading dock. The detailed explanation for the major changes is included in this section.

EXPENSE						2004 Estimate Vs. 2005 Budget	
	2003 <u>Actual</u>	2003 <u>Budget</u>	2004 <u>Budget</u>	2004 <u>Estimate</u>	2005 <u>Budget</u>	Dollar <u>Change</u>	% <u>Change</u>
Personnel	48,272,620	42,568,349	47,791,511 *	50,000,000	53,990,776	3,990,776	7.98%
Administrative Expenses	843,895	1,013,554	1,002,449	1,100,000	1,253,302	153,302	13.94%
Professional Services	2,821,276	3,679,931	3,655,492	4,050,000	3,602,134	(447,866)	(11.06%)
Utilities	11,779,007	11,273,625	11,747,048	12,300,000	13,599,090	1,299,090	10.56%
Operating Services	13,928,062	13,364,422	12,309,006	13,300,000	12,159,606	(1,140,394)	(8.57%)
Maintenance	16,452,779	16,716,065	17,482,088	17,700,000	19,184,297	1,484,297	8.39%
Other	<u>2,743,673</u>	<u>3,315,008</u>	<u>3,574,737</u>	<u>3,400,000</u>	<u>3,686,925</u>	<u>286,925</u>	8.44%
Total Operating Expense (Excluding Depreciation)	96,841,312	91,930,954	97,562,330	101,850,000	107,476,129	5,626,129	5.52%
Gross Depreciation	<u>79,398,678</u>	<u>80,804,757</u>	<u>84,721,935</u>	<u>83,000,000</u>	<u>94,888,799</u>	<u>11,888,799</u>	14.32%
Total Operating Expense	176,239,990	172,735,711	182,284,265	184,850,000	202,364,928	17,514,928	9.48%
*Commission approved 2004 mid-year budget increase							

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



Depreciation (46% of total) is the single largest category in the expense budget, followed by Personnel (27% of total). Maintenance is third at 9% of the total budget.

Expense Assumptions and Guidelines

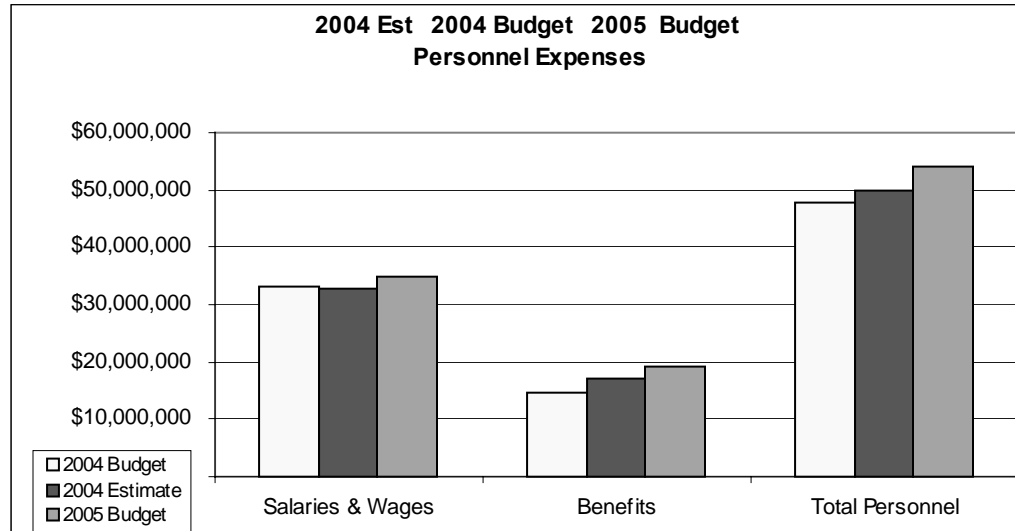
- MAC will continue to maintain all facilities at the standard established with our tenants and traveling public.
- MAC will provide a safe and secure airport.
- 10 positions were added mid-year in 2004 and 20 additional positions have been budgeted in 2005 for a total of 574.5 FTE's. Factors influencing the necessity for the new positions are:
 - Necessity to meet legal mandates and regulatory requirements
 - Ability to operate a safe and secure airport
 - Increase in facilities
 - Police presence at Light Rail for Lindbergh and Humphrey stations
 - Reduction in overtime
 - Replacement of temporary positions
 - Ability to maintain new Runway 17/35
- Only a limited number of interns and temporary employees will be retained in 2005.
- Limited travel will be approved as necessary to ensure personnel is updated on issues, legalities, concerns, and new developments relating to the efficient operation of the airport. 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 2004 and 2005 have been included.
- Discretionary cost increases were considered only if offset by corresponding annual reduction in expenses, an annual increase in revenue or necessary for the ongoing, efficient operation of the airport.

Personnel costs will increase 7.98% or \$3,990,776 over the 2004 estimate. A breakdown of the Personnel Budget is shown below.

Personnel Budget Summary						2004 Estimate	2004 Estimate
						vs. 2005 Budget	vs. 2005 Budget
	<u>2003 Actual</u>	<u>2003 Budget</u>	<u>2004 Budget *</u>	<u>2004 Estimate</u>	<u>2005 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Salaries & Wages	\$ 31,477,974	\$ 31,075,690	\$ 32,969,158	\$ 32,800,000	\$ 34,812,504	\$ 2,012,504	6.14%
Benefits	16,772,446	11,465,309	14,795,003	17,176,000	19,155,272	1,979,272	11.52%
Commissioner Per Diem	<u>22,200</u>	<u>27,350</u>	<u>27,350</u>	<u>24,000</u>	<u>23,000</u>	<u>(1,000)</u>	(4.17%)
Total Personnel	\$ 48,272,620	\$ 42,568,349	\$ 47,791,511	\$ 50,000,000	\$ 53,990,776	\$ 3,990,776	7.98%
* Commission approved 2004 midyear budget increase of \$220,905							

EXPENSE ASSUMPTIONS – 2005 OPERATING BUDGET

The chart below illustrates the budget 2004, estimate 2004 and 2005 budget:



The following information explains the difference between the 2004 estimates and 2005 budgets.

Wages – Regular – Wage increases in the 2005 budget for steps and wage structure adjustments are \$1,736,426. Because of the condition of the economy and the airline industry, MAC initiated a hiring freeze for year-end 2002, 2003 and partial 2004. 10 employees were added mid-year of 2004 with 20 new positions included in the budget for 2005. 30 additional FTE's are included in the 2005 budget and represent \$1,578,552 over the 2004 estimates. This is attributable to the completion of light rail at the Humphrey and Lindbergh terminals requiring additional security; an increase in the operation of the facilities of the airport; the opening of the 17/35 runway and a reduction of contract employees and overtime. As employees retire or leave employment, each position will be evaluated on a case by case basis. The balance of the increase recognizes a vacancy factor of 12 FTE's, other labor contract agreements such as shift differential, equipment premium pay and Labor Union 320 longevity pay. The following table illustrates the 2005 budgeted FTE's:

Full Time Equivalent Position Summary				
	2003 Actual	2004 YTD as of 12/10/04	2004 Budget	2005 Budget
Positions	525.0	535.5	544.5	574.5

Overtime – Regular – This area is proposed to decrease in 2005 by \$289,275 or 19.1% from the 2004 estimates. This is attributed to Service Centers managing their 2005 budgets below 2003 actuals and a direct result of new FTE positions in some areas, noting the following:

- **Fire** – Due to the hiring of fire fighters in the 2005 budget, and with the increase in overtime due to the Federal Labor Standards Act (FLSA), (requiring firefighters who work 24 hour shifts to be compensated in a manner that reflects additional overtime pay), this line has decreased by approximately \$100,000 between the 2004 estimate and the 2005 budgeted amounts. In addition, the department is currently and expected to cover Military Leaves with overtime.

EXPENSE ASSUMPTIONS – 2005 OPERATING BUDGET

- Police – A reduction of \$600,000 is anticipated in Police overtime and can be attributed to the hiring of Police officers in 2004 and 2005. No overtime hours, however, have been budgeted for a change in the national threat level from yellow alert to orange alert (this is estimated to be \$35,000 per occurrence.)
- Maintenance - An increase of \$18,000 is projected in the maintenance budget to reflect a 5-year average. The amount also reflects adjustments per the bargaining unit agreements.

Double-Time – Double-Time is increasing from the 2004 estimated level of \$1,000,000 to \$1,032,952 in 2005 to reflect adjustments per the bargaining unit agreements and is based upon a 5-year average.

Temporary Employees – Temporary employees have decreased \$50,000 budget to budget due to the new positions included in wages and salaries in the 2005 budget. Police, however, increased due to the need for temporary officers to meet federal security mandates requiring the MSP airport to provide a police 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 (Transportation Security Administration) is anticipated and is shown in Revenue-Reimbursed Expense. Temporary painters necessary to keep up with the demands of the FAR Part 139 inspections, in addition to the extra painting for facilities added in the past, LRT stations, etc. and along with an increase to carpenters have also increased Temporary Employees by \$68,010 between budgets.

Benefits – Included in benefits are all employee insurance, retirement plans, severance, pensions, post retirement, workers compensation and other miscellaneous items. This category will increase of 11.52% or \$1,979,272 from 2004 estimates.

Major changes are as follows:

- Employee Insurance
The projected increase over 2004 estimates is \$1,008,040 or 17.3%. Continued increases in the Health Care Industry currently average 15%-20% annually and accounts for \$756,381 in the 2005 budget. The remainder accommodates the 20 additional FTE's. The MAC Benefits Committee is currently reviewing ways in which to hold this cost down.
- Pensions
Pensions are expected to increase in 2005 compared to the 2004 estimates by \$874,425 or 21%. The estimate for 2004 includes additional required funding by the Minneapolis Employees Retirement Fund (MERF). The Commission was notified in January 2004, that there was a shortfall in funding for 2003 and 2004. Both years were fully funded in 2004 resulting in a greater estimate for 2004. Increases for wage adjustments and new employees have been included in the pension calculation for 2005.
- Other
Severance, Workers Comp, Training, Uniforms and other areas are projected to increase \$80,017 or 1.6% from 2004 estimates. The increase is based upon historical averages, additional FTE's requiring uniforms, and limited increases in the training budget for regulatory requirements, seminars, etc.

Administrative

Administrative Expenses are increasing \$153,302 or 13.94%. The changes are occurring in the following general categories:

Supplies – An increase of \$23,720 or 7.1% is projected. The majority of the increase is for canine supplies, and software maintenance.

EXPENSE ASSUMPTIONS – 2005 OPERATING BUDGET

Travel - Travel in the 2005 budget represents a \$92,855 increase or 41.3% from 2004 estimates. Travel becomes necessary to keep informed of the changes in the industry along with networking with peers to enhance the effectiveness of the airport and maintain essential professional growth in the organization. Several service centers including Commissioners, have included travel in the 2005 budget after a two year moratorium.

Printing - Printing costs have increased \$47,847 or 43.5%. The need to cover printing costs associated with badging, forms, brochures, and fingerprinting in the Police Department have increased \$7,000. The updating of airport publications and reliever airports brochure in response to public requests also accounts for \$15,000 of the increase while the printing of the Airside AOA Drivers' Training Materials is a \$40,000 increase.

Other – This area is projected to decrease \$13,139. Reduced 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.

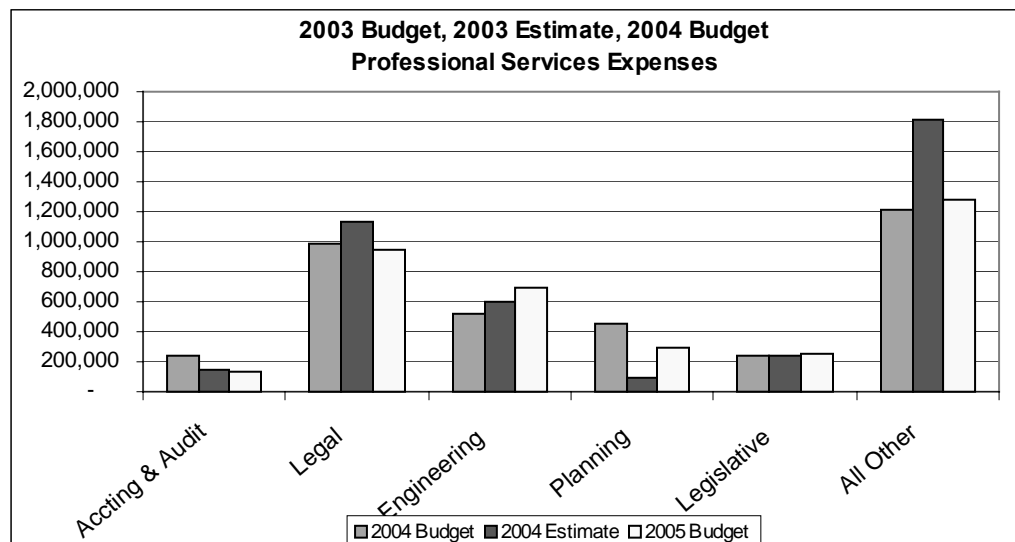
Professional Services

Professional Services have decreased \$447,866 or 11.06%.

The following table indicates the cost associated with the major consulting services for 2005 and is illustrated in the bar chart:

Professional Services Summary

<u>Service</u>	<u>Departments</u>	<u>2003 Actual</u>	<u>2004 Budget</u>	<u>2004 Estimate</u>	<u>2005 Budget</u>
Accounting & Audit	Finance/Internal Audit	207,674	241,779	150,000	130,000
Legal	General Counsel	906,135	980,500	1,140,000	950,619
Engineering	Airport Development/Landside Environment	430,078	523,794	600,000	689,794
Planning	Airport Planning	16,714	350,000	100,000	294,700
Legislative	Labor/Legislative Relations	273,729	242,000	240,000	254,000
All Other		986,946	1,317,419	1,820,000	1,283,021
Total		2,821,276	3,655,492	4,050,000	3,602,134



EXPENSE ASSUMPTIONS – 2005 OPERATING BUDGET

The following combination of changes in Professional Services explains the increase.

Accounting & Auditing - fees have been reduced by \$20,000 from Estimate 2004 to Budget 2005 as a result of additional staff included in the 2005 budget eliminating the services of a consultant.

Legal Fees - are projected to decrease \$192,335 from the 2004 estimate as a result of the additional attorney and staffing up to full complement for 2005, along with the projected activity for 2005.

Engineering - costs are projected to increase \$89,794 in 2005. This can be attributed to the Environmental department regulatory requirements for NPDES stipulation agreement (glycol impacts) including pond study, perimeter well system, and baseline assessment of plug/pump device locations.

Other/Miscellaneous - professional services have decreased \$536,979 for the following reasons:

- Computer Consulting has decreased \$182,500 between budgets, as a direct result of additional staff included in the 2005 budget.
- Public Information Services line items are decreasing \$55,898 from the 2004 estimate to the 2005 budget due to an economic impact study in 2004 that increased the estimate expense. This study was to obtain information regarding the number of jobs the airport generates and its economic impact on the region. Public Information Services also includes increases for public relations needed for the revised concessions areas and the MSP 2010 program with the opening of Runway 17/35. Potential changes to terminal usage will also create a need for additional information services, and the need to continue marketing on-airport parking facilities and automated parking payment options. Also, the recently acquired opportunity to insert public information and marketing promotions in MSP CNN broadcasts will require videography assistance to utilize this media.
- Airside Operations – Increase (\$146,600 between budgets) for the Canada Goose Population Management Program at MSP and STP, the USDA Wildlife Services Contract at MSP and STP and training and consulting services for the MSP White-tailed Deer Chemical Immobilization Program.
- Relievers-Administration - Under the direction of the Commission, the Reliever Airports department will study three areas: airport privatization, airport closure, and alternative revenue opportunities. Outside consultants will be necessary for these studies resulting in an increase of \$63,000 between 2004 and 2005 budgets
- Other/Miscellaneous also included the following items that are in the 2004 estimates however, were not in the 2004 budget and are not included in the 2005 budget:
 - Fuel hydrant spill resulting in consultant fees of \$113,031
 - Lake Elmo Reliever Airport engineering fees of \$149,357 related to ground water issues
 - June 2003 storm damage repairs resulting in \$80,000 expenses
 - Project closing costs associated with old projects that are not moving forward for \$200,000

EXPENSE ASSUMPTIONS – 2005 OPERATING BUDGET

Utilities

The following table compares utility costs for 2004 and 2005.

Utility Summary						
	<u>2003 Actual</u>	<u>2004 Budget</u>	<u>2004 Estimate</u>	<u>2005 Budget</u>	2004 Estimate vs. 2005 Budget	
					<u>\$ Variance</u>	<u>% Variance</u>
Electricity	5,784,522	5,500,000	6,200,000	5,958,399	(241,601)	(3.90%)
Natural Gas	2,990,290	3,600,000	3,300,000	4,508,950	1,208,950	36.64%
Jet Fuel	154,932	90,000	225,000	352,972	127,972	56.9%
Sewer	1,319,228	1,064,999	1,150,000	1,064,999	(85,001)	-7.4%
Water	1,053,189	1,060,000	990,000	1,274,211	284,211	28.7%
Telephones/Cell Phones	<u>476,845</u>	<u>432,049</u>	<u>435,000</u>	<u>439,559</u>	<u>4,559</u>	1.0%
Total Utilities	11,779,007	11,747,048	12,300,000	13,599,090	1,299,090	10.56%

Total Utilities are budgeted to increase \$1,299,090 or 10.56% over 2004 estimates and are explained as follows.

Electricity –The anticipated decrease in electricity of \$241,601 or 3.90% is based upon the forecast provided by the utility company and an outside consultant. MAC continues to pursue alternative energy saving options. The 2004 estimate also includes a back billing from the utility company that is not included in 2005 Budget.

Heating Fuel – The projected budget increase is \$1,208,950 or 36.64% for natural gas. The increase in natural gas can be attributed to projected rate increases. Inventory shortages and demand have caused this increase. In order to alleviate the total effect in 2004, MAC locked in prices for 50% of the natural gas consumed. Due to the continued rise of fuel prices, MAC was not able to lock into fixed pricing in 2005 at the same level of savings as in 2004. However, staff continues working with its energy consultant to evaluate ways in which to slow this increasing trend in gas prices. The additional expense can also be attributed to the transit station.

Jet Fuel – This area is increasing 56.9% or \$127,972. 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 current market conditions.

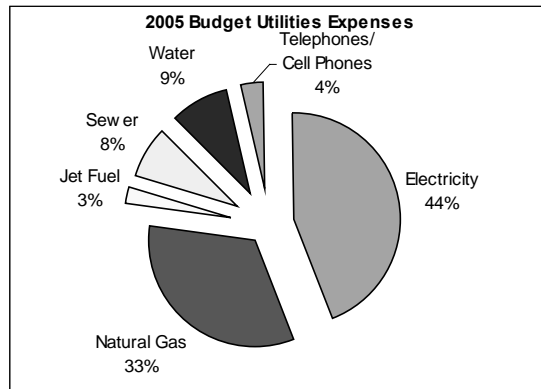
Sewer – The projected decrease of \$85,001 or 7.4 % is based upon an agreement with the City of Minneapolis and on 2003/2004 consumption.

Water – It is projected that Water will increase \$284,211 or 28.7% over the 2004 estimate due to a rate increase and additional consumption.

Telephone/Cell Phones/Internet Service – An increase of \$4,559 is a combination of telephone and cell phones.

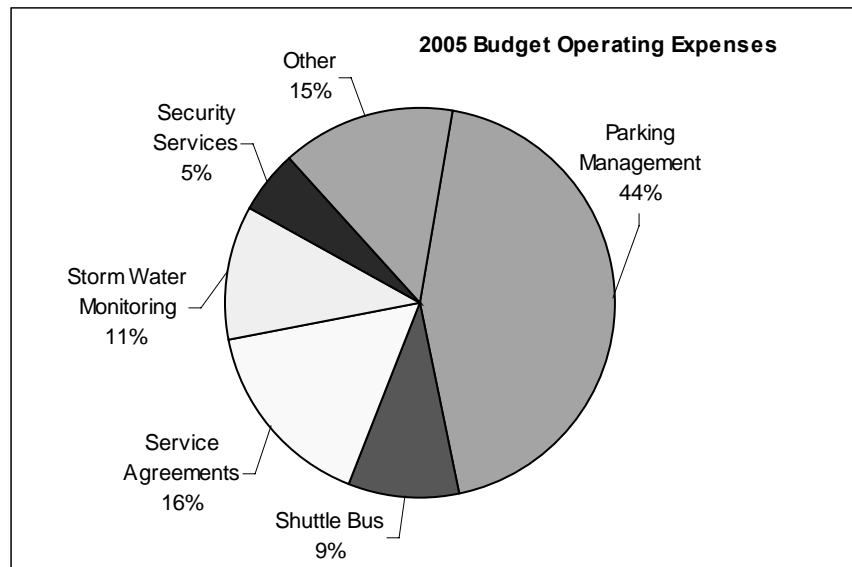
The following pie chart shows the relationship of the various utilities within this category:

EXPENSE ASSUMPTIONS – 2005 OPERATING BUDGET



Operating Services

The following chart illustrates the percentage of each major operating expense item with the Operating Services Budget:



As indicated, the Parking Management composes 44% of the 2005 Operating budget, while Service Agreements and Storm Water Monitoring account for 16% and 11% respectively.

Operating Service expenses are decreasing \$1,140,394 or 8.57%. The significant changes for 2005 are in Parking Management, Shuttle Bus, Service Agreements, Security Services, Storm Water Monitoring and Other which includes the marketing expenses for terminal concessions. The following chart lists the major components in this category.

Operating Services Summary					2004 Estimate vs. 2005 Budget	
	<u>2003 Actual</u>	<u>2004 Budget</u>	<u>2004 Estimate</u>	<u>2005 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Parking Management	6,708,300	5,613,033	6,100,000	5,352,000	(748,000)	(12.26%)
Shuttle Bus	1,924,864	1,824,635	1,800,000	1,094,781	(705,219)	(39.18%)
Service Agreements	1,864,129	1,752,526	1,400,000	1,979,802	579,802	41.41%
Storm Water Monitoring	1,358,525	1,312,318	1,300,000	1,342,592	42,592	3.28%
Security Services	458,038	416,000	500,000	627,580	127,580	25.52%
Other	<u>1,614,206</u>	<u>1,390,494</u>	<u>2,200,000</u>	<u>1,762,851</u>	<u>(437,149)</u>	<u>(19.98%)</u>
Total Operating Services	13,928,062	12,309,006	13,300,000	12,159,606	(1,140,394)	(8.5%)

EXPENSE ASSUMPTIONS – 2005 OPERATING BUDGET

Parking Management – The decrease of \$748,000 or 12.26% can be attributed to new parking payment methods that will reduce labor costs associated with patrons exiting the facilities and the new parking management contract.

Shuttle Bus – This area is decreasing \$705,219 or 39.18% due to Light Rail (LRT). By using the LRT in place of buses, charges are expected to be reduced. Buses will be used during the charter season.

Service Agreements - Service Agreements have increased by \$579,802 in the following areas:

Computers - Computer related agreements increased \$253,028, and encompass hardware, software, network, Internet domain name and disaster recovery contracts.

Radios – The increase of \$198,085 in radios is for the new 800 MHz radio system Phase I plus the maintenance costs for existing radios to be converted to 800 MHz during 2005 along with Aircraft radios. This expense also includes Hennepin County Support, Subscriber Equipment, and Administrative and Service costs for 800MHz legacy equipment.

Other Equipment - The increase in Service Agreements – Other of \$142,937 is due to the addition of In-Fax equipment maintenance on the L.E.D. signage behind the ticket counters and additional equipment throughout MSP campus to maintain. This line item also includes maintenance and support of additional CUTE equipment needed for the Humphrey Terminal gate H9 & H10 expansion as approved by the Commission in August 2004. These gates will become operational in December 2004.

Storm Water Monitoring – This area is budgeted based on the historical average. This results in an increase of \$42,592 or 3.28% over the 2004 estimate.

Security Services – Security Services are increasing \$127,580. This change is the result of the following:

- \$50,000 to provide a study to facilitate the installation of a perimeter surveillance detection system to enhance security on MSP's perimeter fences and gates.
- \$9,000 related for facility improvement primarily the wiring under the badging counter
- \$7,500 funding necessary for signage on perimeter funding due to expansion of SIDA boundaries occurring in January of 2005.
- 4% increase in contract for 2.75 civilian security guard positions

Other – Marketing Expense – The majority of the increase in Other-Operating Services is due to the advertising and promotion of the terminal concessions and services, and is a new 2005 budget line item for \$266,900, as directed by the Commission. In the past this expense was identified and offset by a separate revenue amount. New contacts with the tenants have eliminated the identity of this dollar amount and incorporate marketing in the total.

Other-Miscellaneous – Included in 2004 Estimate is an expense for \$850,000 due to the delay in opening the North Terminal Expansion and is not included in the 2005 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 8.39% or \$1,484,297 over 2004 estimates.

EXPENSE ASSUMPTIONS – 2005 OPERATING BUDGET

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

Maintenance Summary					2004 Estimate vs. 2005 Budget	
	<u>2003 Actual</u>	<u>2004 Budget</u>	<u>2004 Estimate</u>	<u>2005 Budget</u>	<u>\$ Variance</u>	<u>% Variance</u>
Trades	1,078,949	1,167,665	1,140,000	1,325,182	185,182	16.24%
Field	2,635,112	2,684,828	2,130,000	3,512,211	1,382,211	64.89%
Building	4,143,789	5,559,653	5,280,000	5,705,141	425,141	8.05%
Cleaning	7,030,925	6,617,890	7,450,000	7,112,310	(337,690)	(4.53%)
Equipment	<u>1,564,005</u>	<u>1,452,051</u>	<u>1,700,000</u>	<u>1,529,453</u>	<u>(170,547)</u>	<u>(10.03%)</u>
Total Maintenance	16,452,779	17,482,088	17,700,000	19,184,297	1,484,297	8.39%

Trades – The increase in Trades of 16.24% or \$185,182 is related to repairs and supplies. Major areas of increase include, Electricians (\$43,821), Painters (\$18,200), Plumbers (\$31,004) and Carpenters (\$73,902). Many of the increases are directly related to new government requirements, expiration of warranties, the depletion of supply inventories and the maintenance of additional runway, taxiway & feeders in conjunction with 2010 expansion & Runway 17/35.

Field – Snow Removal accounts for \$1,367,081 or 78.6% increase over the 2004 estimate. The winter of 2003-2004 was lighter than originally budgeted for, therefore the estimate was lower than anticipated. The 2005 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. In addition, an adjustment for runway 17/35 winter season treatment has been incorporated along with the snow removal on the Humphrey RON (remote over night) apron (SW cargo), the Mesaba/Sun Country apron and the west cargo apron. Adjustments have also been made to reflect more accurate infield cargo apron snow removal costs.

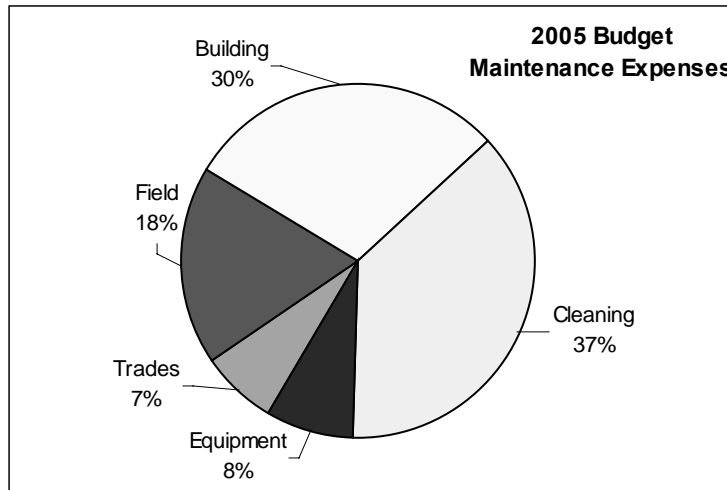
Building – This area is forecasted to increase 8.05% or \$425,141. The bulk of the change \$423,192 or 11.44% increase is in Mechanical areas primarily Automated People Mover, Moving Walks and Escalator expenses. The Automated People Mover running along Concourse A-D will be in service for the full year in 2005.

Cleaning – Cleaning is projected to decrease \$337,690. This includes contractual increases to the cleaning estimates for the new Fire Station, extra cleaning at Lindbergh Terminal throughout July and August and cleaning cost estimates for the new LRT (Lindbergh) Station. The reduction is a result of a new contract along with the 2004 Estimate greater than the 2004 Budget due to a budgeting error.

Equipment – This area is budgeted to decrease \$170,547 or 10.03%. The light winter in the 1st quarter of 2004 resulted in fewer parts and repairs. This will carry over into the 2005 winter season.

The following pie chart illustrates the five components comprising the Maintenance budget:

EXPENSE ASSUMPTIONS – 2005 OPERATING BUDGET



Other

The Other expense category is projected to increase 8.44% or \$286,925. 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 in 2005 by approximately \$520,387 or 21.68%. Part of this increase is related to a lower than anticipated expense in 2004.

Minor Equipment – Minor equipment (items under \$5,000) have decreased 17.18% or \$60,116. Replacement and procurement of equipment has been deferred for the past 3 years resulting in an increase in 2004 estimate. In addition, tasks associated with airport expansion required the need for more tools in 2004.

Gross Depreciation

Gross Depreciation is projected to increase \$11,888,799 or 14.32% from the 2004 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, which takes into account state and federal aid and passenger facility charges, 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 2004 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 2004 and 2005.

<u>MAJOR PROJECTS SCHEDULED FOR CLOSING 2004/2005</u>	<u>GROSS DEPRECIATION</u>
17/35 Runway	\$ 7,041,670
LRT Tunnel/Stations	\$ 3,041,308
Fire Station No. 1 (ARFF)	\$ 201,389

LINE ITEMS BY SUBLEDGER - 2005 OPERATING BUDGET

	Total	Lindbergh Terminal	Lindbergh Int'l Facility	Energy Management Center	Ramp Fees	Field & Runways	Control Tower	Terminal Roads/ Landside	Parking Facilities
<u>Personnel</u>									
Wages									
Regular	31,035,138	656,030	-	943,926	-	-	-	977,373	-
Overtime/Doubletime									
Doubletime - Regular	1,032,952	-	-	30,370	-	-	-	-	-
Overtime - Regular	1,510,725	12,407	-	43,270	-	-	-	-	-
Total Overtime/Doubletime	2,543,676	12,407	-	73,640	-	-	-	-	-
Commissioner PerDiem	23,000	-	-	-	-	-	-	-	-
Temps - Agency	88,016	68,016	-	-	-	-	-	-	-
Temps - Non Agency	1,145,673	6,860	-	-	-	-	-	-	-
Total Wages	34,835,504	743,313	-	1,017,566	-	-	-	977,373	-
Benefits									
Employee Insurance									
Employee Insurance Dental	341,976	7,612	-	10,540	-	-	-	14,054	-
Emphy Insurance Disability	156,063	3,474	-	4,810	-	-	-	6,414	-
Employee Insurance Family	6,197,325	137,954	-	191,013	-	-	-	254,685	-
Employee Insurance Life	131,002	2,650	-	4,126	-	-	-	4,188	-
Total Employee Insurance	6,826,366	151,691	-	210,490	-	-	-	279,340	-
Pension									
Fica (Social Security)Base	1,472,798	39,061	-	61,252	-	-	-	57,078	-
Fica(Social Security)Medic	460,542	9,126	-	14,307	-	-	-	13,670	-
Mpls Emphy Retirement Fund	212,031	-	-	-	-	-	-	-	-
Public Emphy - Police/Fire	709,956	-	-	-	-	-	-	-	-
Public Emphy - Coordinated	1,363,300	36,148	-	56,271	-	-	-	54,049	-
Merf Unfunded Liability	2,753,399	-	-	-	-	-	-	-	-
Total Pension	6,972,027	84,335	-	131,830	-	-	-	124,797	-
Training									
Management Requirement	70,748	-	-	-	-	-	-	-	-
Organizational Requirement	6,725	-	-	-	-	-	-	-	-
Regulatory Requirements	88,098	1,393	-	-	-	-	-	-	-
Local Seminars	74,708	-	-	-	-	-	-	-	-
Total Training	240,279	1,393	-	-	-	-	-	-	-
Post Retirement Benefits	3,751,814	22,229	-	72,249	-	-	-	100,037	-
Workers Compensation	474,285	11,335	-	13,802	-	-	-	23,525	-
Post Emphy Health Plan	151,185	3,912	-	725	-	-	-	6,650	-
Unemployment Tax	42,000	-	-	-	-	-	-	-	-
Uniforms									
Uniforms-Police/Fire Allow	132,250	-	-	-	-	-	-	-	-
Uniforms-Rental	69,331	1,000	-	2,500	-	-	-	5,834	-
Uniforms - Safety Shoes	28,108	300	-	2,100	-	-	-	-	-
Total Uniforms	229,689	1,300	-	4,600	-	-	-	5,834	-
Severance									
Contract Allowance	55,000	1,965	-	-	-	-	-	-	-
Regular Severance	216,000	3,683	-	3,288	-	-	-	2,496	-
Total Severance	271,000	5,648	-	3,288	-	-	-	2,496	-
Paid Absence	11,917	-	-	-	-	-	-	4,709	-
Trade Union Benefits	184,711	-	-	-	-	-	-	-	-
Total Benefits	19,155,272	281,843	-	436,984	-	-	-	547,388	-
<u>Total Personnel</u>	53,990,776	1,025,156	-	1,454,550	-	-	-	1,524,761	-

LINE ITEMS BY SUBLEDGER - 2005 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	147,760	7,000	-	1,200	-	4,085	-	11,307	-
Computer Supplies									
Computer Supplies-General	47,953	10,438	-	500	-	-	-	-	-
Computer Supplies-Software	82,230	-	-	-	-	-	-	-	5,000
Total Computer Supplies	130,183	10,438	-	500	-	-	-	-	5,000
Special Supplies									
Special Supplies-Badging	18,000	-	-	-	-	-	-	-	-
Special Supply-Film/Photo	25,309	-	-	-	-	115	-	-	-
Special Supplies-Other	37,076	-	-	1,186	-	960	-	1,500	-
Total Special Supplies	80,385	-	-	1,186	-	1,075	-	1,500	-
Total Supplies	358,328	17,438	-	2,886	-	5,160	-	12,807	5,000
Travel									
Travel - Lodging	55,342	500	-	-	-	8,000	-	-	-
Travel - Meals	17,417	200	-	-	-	2,200	-	-	-
Travel - Miscellaneous	5,657	-	-	-	-	-	-	-	-
Travel - Transportation									
Travel - Transport/Airfare	159,213	-	-	-	-	8,200	-	20,500	-
Travel - Shuttle/Taxi/Auto	4,769	-	-	-	-	-	-	-	-
Total Travel - Transportation	163,982	-	-	-	-	8,200	-	20,500	-
Registration Fees	33,380	500	-	-	-	3,050	-	-	-
Mileage	42,077	750	-	250	-	-	-	2,869	-
Total Travel	317,855	1,950	-	250	-	21,450	-	23,369	-
Other Administrative Expense									
Local Meetings									
Local Mtgs - On Airport/GO	4,779	500	-	-	-	200	-	407	-
Local Mtgs - Off Airport	16,501	500	-	-	-	-	-	1,200	-
Total Local Meetings	21,280	1,000	-	-	-	200	-	1,607	-
Information Sources									
Memberships/Dues/Pro Assoc	192,158	250	-	-	-	225	-	1,216	-
Other Information Sources	89,491	100	-	-	-	30	-	-	-
Publications/Subscriptions	29,482	100	-	-	-	500	-	-	-
Total Information Sources	311,131	450	-	-	-	755	-	1,216	-
Printing Costs									
Printing-Publications	101,937	-	-	-	-	-	-	-	-
Printing - Color Charts	1,000	-	-	-	-	-	-	-	-
Printing - Forms	27,670	-	-	-	-	-	-	17,856	-
Printing-In House Color	100	-	-	-	-	-	-	-	-
Printing-Stationary/Envel	27,140	-	-	-	-	6,000	-	-	-
Total Printing Costs	157,847	-	-	-	-	6,000	-	17,856	-
Delivery Services	24,907	100	-	50	-	300	-	-	-
Freight Charges	4,550	100	-	50	-	-	-	-	-
Postage	57,404	-	-	-	-	-	-	9,500	-
Total Other Administrative Expense	577,119	1,650	-	100	-	7,255	-	30,179	-
Total Administrative Expenses	1,253,302	21,038	-	3,236	-	33,865	-	66,355	5,000

LINE ITEMS BY SUBLEDGER - 2005 OPERATING BUDGET

	Total	Lindbergh Terminal	Lindbergh Int'l Facility	Energy Management Center	Ramp Fees	Field & Runways	Control Tower	Terminal Roads/ Landside	Parking Facilities
<u>Professional Services</u>									
Accounting/Audit Fees	130,000	-	-	-	-	-	-	-	-
Affirmative Action Fees	4,000	-	-	-	-	-	-	-	-
<u>RFP/Leases</u>									
RFP/Lease Eval Airline-Term	15,000	-	-	-	-	-	-	-	-
RFP/Lease Eval Concessions	75,000	-	-	-	-	-	-	-	-
Total RFP/Leases	90,000	-	-	-	-	-	-	-	-
<u>Computer Services</u>									
<u>General</u>									
ANOMS Consulting	45,000	-	-	-	-	-	-	-	-
Software Consulting	14,000	-	-	-	-	-	-	-	-
Total General	59,000	-	-	-	-	-	-	-	-
<u>Terminal Services</u>									
Terminal Services-Grd Tran	46,000	-	-	-	-	-	-	46,000	-
Terminal Services-Parking	32,000	-	-	-	-	-	-	-	32,000
Terminal Lan	5,000	-	-	-	-	-	-	5,000	-
Total Terminal Services	83,000	-	-	-	-	-	-	51,000	32,000
Total Computer Services	142,000	-	-	-	-	-	-	51,000	32,000
Engineering Fees	689,794	85,000	-	-	-	368,794	-	12,500	-
Graphic Design	35,000	-	-	-	-	-	-	-	-
Labor Relations	15,000	-	-	-	-	-	-	-	-
<u>Legal Fees</u>									
Legal - Environmental	115,000	-	-	-	-	-	-	-	-
Legal - General	630,619	-	-	-	-	-	-	-	5,000
Legal - Federal	65,000	-	-	-	-	-	-	-	-
Legal - Relievers	140,000	-	-	-	-	-	-	-	-
Total Legal Fees	950,619	-	-	-	-	-	-	-	5,000
<u>Legislative</u>									
Legislative - Local	82,000	-	-	-	-	-	-	-	-
Legislative - National	172,000	-	-	-	-	-	-	-	-
Total Legislative	254,000	-	-	-	-	-	-	-	-
Medical Fees	77,200	-	-	-	-	-	-	-	-
<u>Planning</u>	294,700	-	-	-	-	294,700	-	-	-
Pollution/Environmental Fees	7,000	-	-	-	-	3,000	-	-	-
Public Information Services	99,000	-	-	-	-	-	-	-	-
Public Information Services	7,000	-	-	-	-	-	-	-	-
Recruiting _Employment Fees	35,000	-	-	-	-	-	-	-	-
<u>Safety Consultants</u>									
Safety - Training	7,893	300	-	300	-	-	-	-	-
Safety - General	1,000	-	-	-	-	-	-	-	-
Total Safety Consultants	8,893	300	-	300	-	-	-	-	-
Communications Consultant	25,000	-	-	-	-	-	-	-	-
Other/Miscellaneous	737,928	118,000	-	-	-	2,000	-	15,000	-
Total Professional Services	3,602,134	203,300	-	300	-	668,494	-	78,500	37,000
<u>Utilities</u>									
Electricity	5,958,399	3,558,859	-	-	-	543,286	-	341,298	-
<u>Heating Fuel</u>									
Heating - Natural Gas	4,508,950	199,746	-	2,770,300	-	281,809	52,755	41,933	-
Heating - Fuel Oil	352,972	63,751	-	212,489	-	-	-	-	70,594
Total Heating Fuel	4,861,922	263,497	-	2,982,789	-	281,809	52,755	41,933	70,594
Sewer	1,064,999	444,679	-	63,510	-	-	187	3,133	5,105
Water	1,274,211	320,148	-	27,686	-	386	848	7,710	10,637
<u>Telephone</u>									
Telephone - Regular	325,001	4,221	-	-	-	650	-	19	-
Telephone - Internet Service	23,796	-	-	-	-	-	-	-	-
Telephone - Cellular	90,762	4,605	-	3,887	-	12,406	-	3,642	-
Total Telephone	439,559	8,826	-	3,887	-	13,056	-	3,661	-
Total Utilities	13,599,090	4,596,009	-	3,077,872	-	838,537	53,790	397,735	86,336

LINE ITEMS BY SUBLEDGER - 2005 OPERATING BUDGET

	Total	Lindbergh Terminal	Lindbergh Int'l Facility	Energy Management Center	Ramp Fees	Field & Runways	Control Tower	Terminal Roads/ Landside	Parking Facilities
<u>Operating Services/Expenses</u>									
Advertising									
Advertising - Employment	55,910	-	-	-	-	-	-	-	-
Advertising - General	62,004	-	-	-	-	-	-	-	950
Advertising - Parking	274,821	-	-	-	-	-	-	-	274,821
Advertising - Relievers	1,000	-	-	-	-	-	-	-	-
Total Advertising	393,735	-	-	-	-	-	-	-	275,771
Environmental Control									
Hazardous Waste	14,200	1,200	-	-	-	-	-	-	-
Pollution Control									
Pollution Ctrl-Booms	15,000	-	-	-	-	-	-	-	-
Pollution Ctrl-Corn Cobs	4,000	-	-	-	-	-	-	-	-
Pollution Ctrl-Supplies	1,000	-	-	-	-	-	-	-	-
Total Pollution Control	20,000	-	-	-	-	-	-	-	-
Industrial Waste Mgmt	17,000	-	-	-	-	15,000	-	-	-
Laboratory Services	1,500	-	-	-	-	-	-	-	-
Solvent Reclamation Service	19,600	-	-	500	-	-	-	-	-
Tire Disposal	1,000	-	-	-	-	-	-	-	-
Other	124,400	-	-	-	-	-	-	-	-
Total Environmental Control	197,700	1,200	-	500	-	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	1,094,781	424,781	-	-	-	-	-	450,000	-
Parking Lots	5,352,000	-	-	-	-	-	-	-	5,352,000
Met Council Fees	108,120	-	-	-	-	108,120	-	-	-
Employee Programs									
Retirement	2,521	-	-	-	-	-	-	-	-
Wellness									
Wellness - Fitness Program	20,900	-	-	-	-	-	-	-	-
Wellness-Health/Wellness	13,596	-	-	-	-	-	-	-	-
Wellness-Other Programs	7,500	-	-	-	-	-	-	-	-
Total Wellness	41,996	-	-	-	-	-	-	-	-
Total Employee Programs	44,517	-	-	-	-	-	-	-	-
Events									
Conference Center	20,000	-	-	-	-	-	-	-	-
Career Days	2,500	-	-	-	-	-	-	-	-
Emergency Response Exercise	12,382	-	-	-	-	5,482	-	-	-
Other Programs/Events	11,485	-	-	-	-	-	-	500	-
Call Back Service	7,550	-	-	-	-	7,550	-	-	-
Total Events	53,917	-	-	-	-	13,032	-	500	-
Other Charges/Fees									
Bank Charges	224,314	-	-	-	-	750	-	-	88,857
Security Services Regular	627,580	-	-	-	-	73,500	-	-	-
Recycling - Sand	40,000	-	-	-	-	40,000	-	-	-
Copy Agreement	138,000	-	-	-	-	-	-	-	-
Mediation Fees	7,000	-	-	-	-	-	-	-	-
Miscellaneous Charges/Fees	522,048	-	-	-	-	3,170	-	137,717	420
Jail Fees	18,000	-	-	-	-	-	-	-	-
Total Other Charges/Fees	1,576,942	-	-	-	-	117,420	-	137,717	89,277
Service Agreements									
Service - Bldg Inspection	20,000	20,000	-	-	-	-	-	-	-
Service - Facilities C.M.M.I.S	30,000	30,000	-	-	-	-	-	-	-
Service-Computers	503,028	-	-	-	-	-	-	-	56,100
Service-Fitness Equipment	8,000	-	-	-	-	-	-	-	-
Service-Grd Trans Equip	105,080	-	-	-	-	-	-	105,080	-
Service-Office Equipment	36,605	2,608	-	-	-	500	-	-	-
Service-Other Equipment	382,937	38,800	700	-	-	650	-	-	-
Service-Parking Equipment	427,781	-	-	-	-	-	-	-	427,781
Service-Telephone Systems	49,768	-	-	-	-	-	-	-	-
Service-Secured Access	158,518	-	-	-	-	158,518	-	-	-
Service-Radios	258,085	-	-	-	-	147,090	-	-	-
GISW Management	1,342,592	-	-	-	-	1,342,592	-	-	-
Total Service Agreements	3,322,394	91,408	700	-	-	1,649,350	-	105,080	483,881
<u>Total Operating Services/Expenses</u>	12,159,606	517,389	700	500	-	1,902,922	-	708,797	6,200,928

LINE ITEMS BY SUBLEDGER - 2005 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	48,182	17,500	-	1,246	-	-	-	-	-
General Plumbing Supplies	43,147	18,540	-	-	-	-	-	-	-
Irrigation Supplies	10,539	875	-	-	-	-	-	3,180	-
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	141,384	49,651	-	2,126	-	4,000	-	3,180	-
Trades - Electricians									
Repairs									
Electrical _ Exterior	46,900	-	-	-	-	-	-	-	-
Generator Maint. Contract	140,000	105,000	-	-	-	-	-	-	-
Electrical - Interior	7,000	-	-	-	-	-	-	-	-
Total Repairs	193,900	105,000	-	-	-	-	-	-	-
Other									
Other - Batteries	3,242	100	-	200	-	50	-	-	-
Other-Field Lights/Sensors	240,000	-	-	-	-	240,000	-	-	-
Other - Gate Supplies	30,000	-	-	-	-	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	534,852	65,100	78	1,700	20,000	263,050	-	150	80,500
Total Trades - Electricians	728,752	170,100	78	1,700	20,000	263,050	-	150	80,500

LINE ITEMS BY SUBLEDGER - 2005 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	525,000	-	-	-	45,000	480,000	-	-	-
Materials - Sodium Formate	134,000	-	-	-	-	134,000	-	-	-
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	5,696	-	-	-	-	-	-	-	-
Total Snow Removal - Materials	869,796	-	-	-	45,000	703,300	-	29,000	11,000
Snow Removal - Equipment									
Equipment - Contract	442,000	-	-	-	-	-	-	-	442,000
Equipment - Snow Haulers	15,000	-	-	-	-	15,000	-	-	-
Equipment - Other	1,287,000	1,200,000	-	-	-	18,000	-	-	-
Equip Rent-No Operator-5.5	5,000	-	-	-	-	-	-	-	-
Equipment-Rent-No Operator	10,000	-	-	-	-	-	-	-	-
Total Snow Removal - Equipment	1,759,000	1,200,000	-	-	-	33,000	-	-	442,000
Snow Removal - Miscellan									
Snow Removal - Meals	26,885	-	-	-	-	26,500	-	-	-
Snow Removal - Plow Blades	95,000	-	-	-	30,250	30,250	-	11,500	11,500
Snow Removal - Runway Brm	228,000	-	-	-	-	228,000	-	-	-
Snow Melters	108,400	-	-	-	17,510	11,330	-	-	73,130
Total Snow Removal - Miscellan	458,285	-	-	-	47,760	296,080	-	11,500	84,630
Summer Maintenance-Surface									
Surface Repair-Aggregate	7,160	-	-	-	-	-	-	-	1,800
Surface Repair-Asphalt	48,890	-	-	-	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	500	-	-	-	250	250	-	-	-
Surface Repair-Hot Sealant	15,000	-	-	-	-	5,000	-	10,000	-
Total Summer Maintenance-Surfac	159,000	-	-	-	10,750	93,550	-	11,000	2,250
Summer Maint-Landscape									
Summer Maintenance-Fencing	19,390	-	-	-	-	4,500	-	-	-
Landscape/Turf-Materials	103,490	-	-	-	-	52,600	-	25,800	-
Summer Maint-Equip Rent No Op	37,650	-	-	-	-	200	-	-	16,250
Total Summer Maint-Landscape	160,530	-	-	-	-	57,300	-	25,800	16,250
Maintenance Field-Other									
Field Maint-Other-Garbage	6,000	-	-	-	-	-	-	-	-
Non Runway Brooms	32,350	-	-	-	3,200	-	-	28,750	400
Field Maint-Other/Emerg	35,000	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	105,600	10,750	-	-	4,950	16,000	10,200	29,300	3,100
Total Maintenance - Field	3,512,211	1,210,750	-	-	108,460	1,199,230	10,200	106,600	559,230
Maintenance Building									
Building-Temp Control									
Temp Control-Contracts	850,964	488,169	-	88,632	-	1,000	-	29,245	83,984
Temp Control-Filters	144,187	90,632	-	892	-	-	280	-	-
Total Building-Temp Control	995,151	578,801	-	89,524	-	1,000	280	29,245	83,984
Building-Mechanical Areas									
Mechanical Areas-APM	2,343,624	1,589,527	-	-	-	-	-	603,278	150,819
Mechanical Areas-Conveyors	445,272	289,427	44,527	-	-	-	-	-	-
Mechanical Areas-Doors	6,000	-	-	-	-	-	-	-	-
Mechanical Areas-Doors/Pub	47,000	43,000	-	-	-	-	-	-	-
Mechanical Areas-Doors/Tug	28,176	28,176	-	-	-	-	-	-	-
Mechanical Areas-Elevators	315,780	310,780	-	-	-	-	-	-	-
Mechanical Areas-Escalator	435,092	435,092	-	-	-	-	-	-	-
Mechanical-Moving Walks	497,248	497,248	-	-	-	-	-	-	-
Mechanical Areas-Other	5,000	-	-	-	-	-	-	-	-
Total Building-Mechanical Areas	4,123,192	3,193,250	44,527	-	-	-	-	603,278	150,819
Building-Other									
Other-Boiler Chemicals	172,500	6,000	-	61,500	-	-	-	-	-
Other-Floors/Repairs	6,878	4,300	-	-	-	-	-	-	-
Other-Jetbridge Repairs	66,000	-	-	-	-	-	-	-	-
Other-Outside Plumb/Sewer	9,630	-	-	-	-	-	-	-	-
Other-Paging System Contract	50,000	50,000	-	-	-	-	-	-	-
Other-Roofing	45,000	35,000	-	-	-	-	-	-	-
Sump/Septic Pumping	20,952	-	-	-	-	-	-	-	-
Other-Supplies	203,198	176,070	-	9,989	-	-	-	-	-
Other-Tools	11,790	5,000	-	3,000	-	-	-	-	-
Total Building-Other	585,948	276,370	-	74,489	-	-	-	-	-
Apt Development Projects	850	-	-	-	-	-	-	-	-
Total Maintenance Building	5,705,141	4,048,421	44,527	164,013	-	1,000	280	632,523	234,803

LINE ITEMS BY SUBLEDGER - 2005 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	5,765,354	4,892,507	-	-	-	-	-	-	-
Cleaning Services-Windows	477,779	393,288	-	-	-	-	-	-	-
Total Cleaning Services	6,243,133	5,285,795	-	-	-	-	-	-	-
Cleaning Supplies									
Cleaning Supplies-Bathroom	436,775	400,025	-	-	-	-	-	-	-
Cleaning Supplies-General	18,270	10,000	-	-	-	-	-	-	-
Total Cleaning Supplies	455,045	410,025	-	-	-	-	-	-	-
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	6,132	-	-	-	-	-	-	-	-
Other Cleaning Expenses	2,000	-	-	-	-	-	-	-	-
Total Maintenance-Cleaning	7,112,310	5,760,884	-	-	-	189,320	559	2,715	13,571
Maintenance-Equipment									
Equipment-Parts									
Parts-Automobiles	104,000	-	-	1,000	-	-	-	-	-
Parts-Boilers Energy Mgmt	66,329	15,000	-	48,000	-	-	-	-	-
Parts-Chiller Energy Mgmt	73,110	8,000	-	58,000	-	-	-	1,050	1,400
Parts-Other Equipment	50,000	50,000	-	-	-	-	-	-	-
Parts-Equipment	510,474	-	-	-	-	-	-	13,400	70,416
Parts-Other Equipment	119,515	11,000	1,200	18,585	-	35,230	-	-	100
Total Equipment-Parts	923,428	84,000	1,200	125,585	-	35,230	-	14,450	71,916
Equipment-Shop									
Shop-Batteries	11,745	-	-	-	-	-	-	-	-
Shop-Cleaners/Degreasers	39,900	-	-	-	-	-	-	-	15,000
Shop-Oil Filters	28,050	-	-	-	-	-	-	-	-
Shop-Other Supplies	74,521	350	-	2,000	-	-	-	-	-
Shop-Tires	48,950	-	-	-	-	-	-	-	-
Shop-Tools	25,894	239	-	-	-	2,000	-	-	-
Total Equipment-Shop	229,060	589	-	2,000	-	2,000	-	-	15,000
Equipment-Gas									
Gas-Diesel	138,464	-	-	-	-	-	-	-	-
Gas-Propane	3,979	1,200	-	-	-	-	-	-	-
Gas-Unleaded	168,298	-	-	1,615	-	2,111	-	2,209	7,707
Total Equipment-Gas	310,741	1,200	-	1,615	-	2,111	-	2,209	7,707
Equipment-Extinguishers									
Extinguishers-Purchase	14,000	-	-	-	-	-	-	-	-
Extinguishers-Repair	2,000	-	-	-	-	-	-	-	-
Extinguishers-Reservice	5,500	-	-	-	-	-	-	-	-
Total Equipment-Extinguishers	21,500	-	-	-	-	-	-	-	-
Equipment-Miscellaneous Exp	44,724	-	-	-	-	-	-	14,244	-
Total Maintenance-Equipment	1,529,453	85,789	1,200	129,200	-	39,341	-	30,903	94,623
Total Maintenance	19,184,297	11,572,809	45,805	297,789	128,460	1,735,941	11,039	779,771	1,000,727

LINE ITEMS BY SUBLEDGER - 2005 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	1,081,650	261,666	-	-	35,188	59,832	-	20,391	73,576
Gen Ins-Property	1,531,471	370,469	-	-	49,823	84,720	-	28,873	104,180
Gen Ins-Crime	14,995	3,629	-	-	489	829	-	282	1,020
Gen Ins-Auto/Equipment	244,252	59,090	-	-	7,946	13,512	-	4,605	16,615
Gen Ins-Other	48,019	11,610	-	-	1,566	2,657	-	907	3,262
Total General Insurance	2,920,387	706,464	-	-	95,012	161,550	-	55,058	198,653
Safety									
Safety-Training Materials	750	-	-	-	-	-	-	-	-
Safety-Supplies	23,275	-	-	3,300	-	-	-	-	-
Safety-Equipment	21,320	-	-	-	-	7,000	-	-	-
Total Safety	45,345	-	-	3,300	-	7,000	-	-	-
Medical Information/Supply	16,905	300	-	487	-	2,000	-	-	-
Rentals									
Rental-Copier	71,471	7,879	-	-	-	4,500	-	10,032	-
Rental-Pagers	27,550	1,100	-	50	-	1,300	-	-	-
Rental-Other Equipment	46,487	25,000	-	-	-	-	-	1,272	-
Total Rentals	145,508	33,979	-	50	-	5,800	-	11,304	-
Licenses/Permits									
Licenses-Autos/Equipment	500	-	-	-	-	-	-	-	-
Licenses-Environmental	4,000	-	-	-	-	-	-	-	-
Licenses-Other	7,123	-	-	870	-	-	-	-	-
Total Licenses/Permits	11,623	-	-	870	-	-	-	-	-
Miscellaneous Expenses									
Misc-Firearm/Equip/Supplies	90,420	-	-	-	-	-	-	-	-
Misc-Emergency Response	42,100	600	-	-	-	-	-	-	-
Misc-Other	94,753	600	-	-	-	1,000	-	-	-
Total Miscellaneous Expenses	227,273	1,200	-	-	-	1,000	-	-	-
Adjustments/Bad Debt	30,000	15,000	-	-	-	15,000	-	-	-
Capital Assets									
Minor Equipment/Assets									
Minor Assets-Tools	85,897	3,250	-	-	-	42,850	-	-	-
Minor Assets-Office Furn	33,448	4,500	-	-	-	-	-	9,998	-
Minor Assets-Computers	110,539	-	-	-	-	-	-	2,000	-
Minor Assets-Radios	40,200	-	-	-	-	-	-	-	-
Minor Assets-Other	19,800	-	-	-	-	-	-	-	-
Total Minor Equipment/Assets	289,884	7,750	-	-	-	42,850	-	11,998	-
Total Capital Assets	289,884	7,750	-	-	-	42,850	-	11,998	-
Total Other	3,686,925	764,693	-	4,707	95,012	235,200	-	78,360	198,653
Gross Depreciation	94,888,799	19,526,368	1,433,473	945,409	1,139,398	21,061,342	-	7,900,653	13,636,943
Grand Total Excluding Depreciation	107,476,129	18,700,393	46,505	4,838,954	223,472	5,414,959	64,829	3,634,279	7,528,644
Grand Total With Depreciation	202,364,928	38,226,761	1,479,978	5,784,363	1,362,870	26,476,301	64,829	11,534,932	21,165,587

LINE ITEMS BY SUBLEDGER - 2005 OPERATING BUDGET

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LINE ITEMS BY SUBLEDGER - 2005 OPERATING BUDGET

	Cargo Area	HHH Terminal	Public Area/ Roads	West Terminal	Hangars & Other Bldgs	Maintenance Employees	Equipment Maintenance	Inventory/ Trades
Personnel								
Wages								
Regular	-	243,158	-	-	-	8,177,355	-	-
Overtime/Doubletime								
Doubletime - Regular	-	-	-	-	-	889,638	-	-
Overtime - Regular	-	-	-	-	-	470,981	-	-
Total Overtime/Doubletime	-	-	-	-	-	1,360,618	-	-
Commissioner PerDiem	-	-	-	-	-	-	-	-
Temps - Agency	-	-	-	-	-	-	-	-
Temps - Non Agency	-	-	-	-	-	499,690	-	-
Total Wages	-	243,158	-	-	-	10,037,663	-	-
Benefits								
Employee Insurance								
Employee Insurance Dental	-	1,171	-	-	-	94,278	-	-
EmPLY Insurance Disability	-	534	-	-	-	43,024	-	-
Employee Insurance Family	-	21,224	-	-	-	1,708,509	-	-
Employee Insurance Life	-	733	-	-	-	32,821	-	-
Total Employee Insurance	-	23,662	-	-	-	1,878,632	-	-
Pension								
Fica (Social Security)Base	-	9,547	-	-	-	527,826	-	-
Fica(Social Security)Medic	-	2,390	-	-	-	123,559	-	-
Mpls EmPLY Retirement Fund	-	-	-	-	-	43,914	-	-
Public EmPLY - Police/Fire	-	-	-	-	-	-	-	-
Public EmPLY - Coordinated	-	9,429	-	-	-	468,302	-	-
Merf Unfunded Liability	-	-	-	-	-	196,830	-	-
Total Pension	-	21,365	-	-	-	1,360,431	-	-
Training								
Management Requirement	-	-	-	-	-	-	-	-
Organizational Requirement	-	3,500	-	-	-	-	-	-
Regulatory Requirements	-	-	-	-	-	27,422	-	-
Local Seminars	-	-	-	-	-	1,550	-	-
Total Training	-	3,500	-	-	-	28,972	-	-
Post Retirement Benefits	-	5,557	-	11,116	-	678,027	-	-
Workers Compensation	-	2,419	-	-	-	135,408	-	-
Post EmPLY Health Plan	-	896	-	-	-	43,101	-	-
Unemployment Tax	-	-	-	-	-	42,000	-	-
Uniforms								
Uniforms-Police/Fire Allow	-	-	-	-	-	-	-	-
Uniforms-Rental	-	-	-	-	-	41,079	-	-
Uniforms - Safety Shoes	-	-	-	-	-	23,092	-	127
Total Uniforms	-	-	-	-	-	64,171	-	127
Severance								
Contract Allowance	-	-	-	-	-	51,070	-	-
Regular Severance	-	2,909	-	-	-	49,628	-	-
Total Severance	-	2,909	-	-	-	100,698	-	-
Paid Absence	-	-	-	-	-	1,708	-	-
Trade Union Benefits	-	-	-	-	-	184,711	-	-
Total Benefits	-	60,308	-	11,116	-	4,517,859	-	127
Total Personnel	-	303,466	-	11,116	-	14,555,523	-	127

LINE ITEMS BY SUBLEDGER - 2005 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	-	500	-	-	-	-	2,100	3,047
Computer Supplies								
Computer Supplies-General	-	250	-	-	-	350	-	1,505
Computer Supplies-Software	-	-	-	-	-	10,000	4,500	400
Total Computer Supplies	-	250	-	-	-	10,350	4,500	1,905
Special Supplies								
Special Supplies-Badging	-	-	-	-	-	-	-	-
Special Supply-Film/Photo	-	-	-	-	-	-	25	1,800
Special Supplies-Other	-	300	-	-	-	1,400	400	952
Total Special Supplies	-	300	-	-	-	1,400	425	2,752
Total Supplies	-	1,050	-	-	-	11,750	7,025	7,704
Travel								
Travel - Lodging	-	-	-	-	-	-	-	1,702
Travel - Meals	-	-	-	-	-	-	-	650
Travel - Miscellaneous	-	3,500	-	-	-	-	-	254
Travel - Transportation								
Travel - Transport/Airfare	-	-	-	-	-	-	-	2,000
Travel - Shuttle/Taxi/Auto	-	-	-	-	-	-	-	720
Total Travel - Transportation	-	-	-	-	-	-	-	2,720
Registration Fees	-	-	-	-	-	-	-	180
Mileage	-	700	-	-	-	-	-	450
Total Travel	-	4,200	-	-	-	-	-	5,956
Other Administrative Expense								
Local Meetings								
Local Mtgs - On Airport/GO	-	-	-	-	-	-	-	-
Local Mtgs - Off Airport	-	-	-	-	-	-	-	-
Total Local Meetings	-	-	-	-	-	-	-	-
Information Sources								
Memberships/Dues/Pro Assoc	-	-	-	-	-	-	-	434
Other Information Sources	-	-	-	-	-	-	-	-
Publications/Subscriptions	-	250	-	-	-	-	-	290
Total Information Sources	-	250	-	-	-	-	-	724
Printing Costs								
Printing-Publications	-	-	-	-	-	-	-	-
Printing - Color Charts	-	-	-	-	-	-	-	-
Printing - Forms	-	-	-	-	-	-	-	-
Printing-In House Color	-	-	-	-	-	-	-	100
Printing-Stationary/Envel	-	-	-	-	-	-	-	-
Total Printing Costs	-	-	-	-	-	-	-	100
Delivery Services	-	-	-	-	-	-	150	320
Freight Charges	-	3,200	-	-	-	-	-	600
Postage	-	-	-	-	-	-	-	-
Total Other Administrative Expense	-	3,450	-	-	-	-	150	1,744
Total Administrative Expenses	-	8,700	-	-	-	11,750	7,175	15,404

LINE ITEMS BY SUBLEDGER - 2005 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	-	-	-	-	-	-	-	-
RFP/Leases								
RFP/Lease Eval Airline-Term	-	-	-	-	-	-	-	-
RFP/Lease Eval Concessions	-	-	-	-	-	-	-	-
Total RFP/Leases	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-
Public Information Services	-	-	-	-	-	-	-	-
Recruiting _Employment Fees	-	-	-	-	-	-	-	-
Safety Consultants								
Safety - Training	-	-	-	-	-	700	-	800
Safety - General	-	-	-	-	-	-	-	-
Total Safety Consultants	-	-	-	-	-	700	-	800
Communications Consultant	-	-	-	-	-	-	-	-
Other/Miscellaneous	-	12,000	15,000	-	-	-	-	16,500
Total Professional Services	-	19,500	27,500	-	-	700	-	17,300
Utilities								
Electricity	33,520	768,253	114,116	-	128,240	-	-	171,090
Heating Fuel								
Heating - Natural Gas	-	370,636	-	-	235,367	-	-	162,322
Heating - Fuel Oil	-	-	-	6,138	-	-	-	-
Total Heating Fuel	-	370,636	-	6,138	235,367	-	-	162,322
Sewer	-	-	408,290	2,682	127,358	-	-	6,746
Water	-	14,175	810,881	46,935	9,396	-	-	18,932
Telephone								
Telephone - Regular	-	-	-	-	-	-	-	1,178
Telephone - Internet Service	-	-	-	-	-	-	-	-
Telephone - Cellular	-	1,214	-	-	-	-	-	13,693
Total Telephone	-	1,214	-	-	-	-	-	14,871
Total Utilities	33,520	1,154,278	1,333,287	55,755	500,361	-	-	373,961

LINE ITEMS BY SUBLEDGER - 2005 OPERATING BUDGET

	Cargo Area	HHH Terminal	Public Area/ Roads	West Terminal	Hangars & Other Bldgs	Maintenance Employees	Equipment Maintenance	Inventory/ Trades
<u>Operating Services/Expenses</u>								
Advertising								
Advertising - Employment	-	-	-	-	-	-	-	-
Advertising - General	-	-	-	-	-	-	-	-
Advertising - Parking	-	-	-	-	-	-	-	-
Advertising - Relievers	-	-	-	-	-	-	-	-
Total Advertising	-	-	-	-	-	-	-	-
Environmental Control								
Hazardous Waste	-	-	-	-	-	-	-	13,000
Pollution Control								
Pollution Ctrl-Booms	-	-	15,000	-	-	-	-	-
Pollution Ctrl-Corn Cobs	-	-	-	-	-	-	-	-
Pollution Ctrl-Supplies	-	-	-	-	-	-	-	-
Total Pollution Control	-	-	15,000	-	-	-	-	-
Industrial Waste Mgmt	-	-	-	-	-	-	-	2,000
Laboratory Services	-	-	-	-	-	-	-	-
Solvent Reclamation Service	-	-	-	-	-	-	12,000	500
Tire Disposal	-	-	-	-	-	-	1,000	-
Other	-	-	-	-	-	-	-	-
Total Environmental Control	-	-	15,000	-	-	-	13,000	15,500
Grd Transportation Services								
AV ID Readers/Controllers	-	-	-	-	-	-	-	-
AV ID Tags	-	-	-	-	-	-	-	-
Total Grd Transportation Services	-	-	-	-	-	-	-	-
Shuttle Services	-	220,000	-	-	-	-	-	-
Parking Lots	-	-	-	-	-	-	-	-
Met Council Fees	-	-	-	-	-	-	-	-
Employee Programs								
Retirement	-	-	-	-	-	-	-	-
Wellness								
Wellness - Fitness Program	-	-	-	-	-	-	-	-
Wellness-Health/Wellness	-	-	-	-	-	-	-	-
Wellness-Other Programs	-	-	-	-	-	-	-	-
Total 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 Regular	-	-	-	-	-	-	-	-
Recycling - Sand	-	-	-	-	-	-	-	-
Copy Agreement	-	-	-	-	-	-	-	-
Mediation Fees	-	-	-	-	-	-	-	-
Miscellaneous Charges/Fees	-	13,500	-	-	-	-	-	1,000
Jail Fees	-	-	-	-	-	-	-	-
Total Other Charges/Fees	-	13,500	-	-	-	-	-	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	-	750	-	-	-	-	-	300
Service-Other Equipment	-	239,000	-	-	-	-	600	7,455
Service-Parking Equipment	-	-	-	-	-	-	-	-
Service-Telephone Systems	-	-	-	-	-	-	-	-
Service-Secured Access	-	-	-	-	-	-	-	-
Service-Radios	-	-	-	-	-	-	2,258	-
GISW Management	-	-	-	-	-	-	-	-
Total Service Agreements	-	239,750	-	-	-	-	2,858	7,755
Total Operating Services/Expenses	-	473,250	15,000	-	-	500	15,858	24,255

LINE ITEMS BY SUBLEDGER - 2005 OPERATING BUDGET

	Cargo Area	HHH Terminal	Public Area/ Roads	West Terminal	Hangars & Other Bldgs	Maintenance Employees	Equipment Maintenance	Inventory/ Trades
Maintenance								
Trades - Painters								
Paint								
Equipment - Paint	-	-	-	-	-	-	-	11,000
Exterior - Paint	-	1,050	-	1,000	-	-	-	6,000
Interior - Paint	-	2,000	-	2,000	-	-	3,000	-
Paint - Other	-	-	1,700	-	-	-	-	4,250
Traffic Paint - Parking	-	-	-	-	-	-	-	-
Reliever Airport - Paint	-	-	-	-	-	-	-	-
Traffic Paint - Roads	-	-	7,000	-	-	-	-	-
Traffic Paint - Runways	-	-	-	-	-	-	-	-
Total Paint	-	3,050	8,700	3,000	-	-	3,000	21,250
Signs								
Other Sign Material/Etc	-	-	-	-	-	15,000	-	-
Regulatory - Signs	-	-	-	-	-	-	-	3,000
Exterior Sign Materials	-	-	-	-	-	-	-	6,000
Interior Sign Materials	-	-	-	-	-	-	-	1,000
Reliever Airport Signs	-	-	-	-	-	-	-	-
Total Signs	-	-	-	-	-	15,000	-	10,000
Supplies								
Brushes ,Supplies	-	-	-	-	-	-	-	5,000
Paint Supplies - Other	-	-	-	-	-	-	-	6,000
Solvents	-	-	-	-	-	-	-	2,000
Equipment Spray	-	-	-	-	-	-	-	8,000
Paint Tools	-	-	-	-	-	-	-	5,000
Total Supplies	-	-	-	-	-	-	-	26,000
Total Trades - Painters	-	3,050	8,700	3,000	-	15,000	3,000	57,250
Trades - Carpenters								
Locks								
Locks - Doors	-	-	-	-	-	-	-	16,600
Locks - Door Tags/ID	-	-	-	-	-	-	-	-
Total Locks	-	-	-	-	-	-	-	16,600
Flags	-	-	-	-	-	-	-	800
Lumber								
Lumber-Cabinets	-	-	-	-	-	-	-	-
Lumber-Other	-	-	-	-	-	-	-	-
Total Lumber	-	-	-	-	-	-	-	-
Other								
Other - Ceilings	-	-	-	-	-	-	-	2,000
Other - Doors	-	-	-	-	-	-	-	500
Other - Floor Coverings	-	-	-	-	-	-	-	-
Other - Hardware	-	-	-	-	-	-	-	10,160
Other - Miscellaneous	-	-	-	-	-	-	-	-
Other - Auto Door Supplis RPL	-	-	-	-	-	-	-	-
Other - Saw Blades	-	-	-	-	-	-	-	-
Other - Screws/Bolts	-	-	-	-	-	-	-	4,220
Other - Seating Replacement	-	1,200	-	-	-	-	-	-
Other - Tools	-	-	-	-	-	-	-	-
Other - Tug Drive Floor Maint.	-	-	-	-	-	-	-	-
Other - Wall Protection	-	-	-	-	-	-	-	2,640
Total Other	-	1,200	-	-	-	-	-	19,520
Total Trades - Carpenters	-	1,200	-	-	-	-	-	36,920

LINE ITEMS BY SUBLEDGER - 2005 OPERATING BUDGET

	Cargo Area	HHH Terminal	Public Area/ Roads	West Terminal	Hangars & Other Bldgs	Maintenance Employees	Equipment Maintenance	Inventory/ Trades
Trades - Plumbers								
Contractor Requirements	-	-	-	-	-	-	-	4,000
Fire Protection System	-	8,280	-	-	-	-	-	1,747
General Plumbing Supplies	-	2,060	-	1,030	-	-	2,755	13,830
Irrigation Supplies	-	2,580	3,080	103	-	-	-	-
Pumps	-	-	-	1,500	-	-	-	-
Underground Utilities	-	-	-	-	-	-	-	-
Water Distribution Systems	-	-	-	-	-	-	-	-
Water Meters	-	-	-	-	-	-	-	4,000
Plumbing - Other	-	-	-	-	-	-	-	-
Total Trades - Plumbers	-	12,920	3,080	2,633	-	-	2,755	23,577
Trades - Electricians								
Repairs								
Electrical _ Exterior	-	-	-	-	-	-	-	31,500
Generator Maint. Contract	-	-	-	-	-	-	-	35,000
Electrical - Interior	-	-	-	-	-	-	-	1,500
Total Repairs	-	-	-	-	-	-	-	68,000
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	-	8,525	5,000	936	-	-	20,679	53,742
Total Trades - Electricians	-	8,525	5,000	936	-	-	20,679	121,742

LINE ITEMS BY SUBLEDGER - 2005 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 - Sodium Formate	-	-	-	-	-	-	-	-
Materials-Other Ice Ctrl	-	-	700	-	-	-	-	-
Materials - Salt	-	-	60,000	-	-	-	-	-
Materials - Sand	-	-	-	-	-	-	-	-
Materials - Urea	-	-	-	-	-	-	-	-
Total Snow Removal - Materials	-	-	60,700	-	-	-	-	-
Snow Removal - Equipment								
Equipment - Contract	-	-	-	-	-	-	-	-
Equipment - Snow Haulers	-	-	-	-	-	-	-	-
Equipment - Other	-	-	68,000	-	-	-	-	-
Equip Rent-No Operator-5.5	-	-	-	-	-	-	-	-
Equipment-Rent-No Operator	-	-	-	-	-	-	-	-
Total Snow Removal - Equipment	-	-	68,000	-	-	-	-	-
Snow Removal - Miscellan								
Snow Removal - Meals	-	-	-	-	-	-	-	-
Snow Removal - Plow Blades	-	-	11,500	-	-	-	-	-
Snow Removal - Runway Brm	-	-	-	-	-	-	-	-
Snow Melters	5,400	-	-	-	-	-	1,030	-
Total Snow Removal - Miscellan	5,400	-	11,500	-	-	-	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	-	-	-	-	-	-	-	-
Surface Repair-Hot Sealant	-	-	-	-	-	-	-	-
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	-	-	21,200	-	-	-	-	-
Total Summer Maint-Landscape	-	-	28,800	-	-	-	5,000	-
Maintenance Field-Other								
Field Maint-Other-Garbage	-	-	6,000	-	-	-	-	-
Non Runway Brooms	-	-	-	-	-	-	-	-
Field Maint-Other/Emerg	-	-	5,000	-	-	-	-	-
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	-	-	13,450	-	-	-	14,850	-
Total Maintenance - Field	5,400	-	184,900	-	-	-	20,880	-
Maintenance Building								
Building-Temp Control								
Temp Control-Contracts	-	68,995	-	16,000	10,000	-	-	32,800
Temp Control-Filters	-	48,000	-	385	484	-	-	800
Total Building-Temp Control	-	116,995	-	16,385	10,484	-	-	33,600
Building-Mechanical Areas								
Mechanical Areas-APM	-	-	-	-	-	-	-	-
Mechanical Areas-Conveyors	-	111,318	-	-	-	-	-	-
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	-	115,318	-	-	-	-	-	-
Building-Other								
Other-Boiler Chemicals	-	102,000	-	3,000	-	-	-	-
Other-Floors/Repairs	-	-	-	-	-	-	-	2,578
Other-Jetbridge Repairs	-	66,000	-	-	-	-	-	-
Other-Outside Plumb/Sewer	-	-	-	-	-	-	-	9,630
Other-Paging System Contract	-	-	-	-	-	-	-	-
Other-Roofing	-	-	-	-	-	-	-	-
Sump/Septic Pumping	-	-	-	-	-	-	-	20,952
Other-Supplies	-	-	-	-	-	-	-	3,589
Other-Tools	-	-	-	-	-	-	-	3,290
Total Building-Other	-	168,000	-	3,000	-	-	-	40,039
Apt Development Projects	-	-	-	-	-	-	-	850
Total Maintenance Building	-	400,313	-	19,385	10,484	-	-	74,489

LINE ITEMS BY SUBLEDGER - 2005 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	-	718,255	-	-	-	-	-	-
Cleaning Services-Windows	-	77,551	-	-	-	-	-	-
Total Cleaning Services	-	795,806	-	-	-	-	-	-
Cleaning Supplies								
Cleaning Supplies-Bathroom	-	36,750	-	-	-	-	-	-
Cleaning Supplies-General	-	-	-	-	-	-	2,000	-
Total Cleaning Supplies	-	36,750	-	-	-	-	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	-	875,592	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	-	-	-	-	-	-	-	-
Parts-Equipment	-	-	-	-	-	-	264,750	-
Parts-Other Equipment	-	7,846	-	508	-	-	5,800	3,952
Total Equipment-Parts	100	7,956	-	2,008	3,958	-	326,550	3,952
Equipment-Shop								
Shop-Batteries	-	-	-	-	-	-	9,500	500
Shop-Cleaners/Degreasers	-	-	-	-	-	-	24,000	-
Shop-Oil Filters	-	-	-	-	-	-	23,150	-
Shop-Other Supplies	-	-	-	-	-	-	58,000	3,596
Shop-Tires	-	-	-	-	-	-	32,000	-
Shop-Tools	-	-	-	-	-	-	14,750	4,905
Total Equipment-Shop	-	-	-	-	-	-	161,400	9,001
Equipment-Gas								
Gas-Diesal	-	-	-	-	-	-	107,444	1,222
Gas-Propane	-	-	-	-	-	-	2,000	779
Gas-Unleaded	-	-	-	-	-	-	66,830	17,173
Total Equipment-Gas	-	-	-	-	-	-	176,274	19,174
Equipment-Extinguishers								
Extinguishers-Purchase	-	-	-	-	-	-	-	-
Extinguishers-Repair	-	-	-	-	-	-	-	-
Extinguishers-Reservice	-	-	-	-	-	-	-	-
Total Equipment-Extinguishers	-	-	-	-	-	-	-	-
Equipment-Miscellaneous Exp	-	6,000	-	-	-	-	20,000	-
Total Maintenance-Equipment	100	13,956	-	2,008	3,958	-	684,224	32,127
Total Maintenance	5,500	1,315,556	204,395	36,761	14,442	15,000	733,538	368,066

LINE ITEMS BY SUBLEDGER - 2005 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	-	36,514	20,391	17,661	5,212	-	113,489	6,607
Gen Ins-Property	-	51,703	28,873	25,007	7,378	-	160,694	9,344
Gen Ins-Crime	-	505	282	246	71	-	1,573	91
Gen Ins-Auto/Equipment	-	8,245	4,605	3,988	1,176	-	25,628	1,493
Gen Ins-Other	-	1,620	907	788	227	-	5,033	292
Total General Insurance	-	98,587	55,058	47,690	14,064	-	306,417	17,827
Safety								
Safety-Training Materials	-	-	-	-	-	-	-	-
Safety-Supplies	-	-	5,000	-	-	1,350	-	9,900
Safety-Equipment	-	-	7,000	-	-	4,000	320	1,000
Total Safety	-	-	12,000	-	-	5,350	320	10,900
Medical Information/Supply	-	-	-	-	-	-	-	1,563
Rentals								
Rental-Copier	-	-	-	-	-	-	6,500	12,310
Rental-Pagers	-	-	-	-	-	-	-	3,400
Rental-Other Equipment	-	2,628	-	-	-	-	-	12,737
Total Rentals	-	2,628	-	-	-	-	6,500	28,447
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	-	-	-	-	-	300	2,000	1,000
Total Miscellaneous Expenses	-	-	-	-	-	300	2,000	1,000
Adjustments/Bad Debt	-	-	-	-	-	-	-	-
Capital Assets								
Minor Equipment/Assets								
Minor Assets-Tools	-	-	-	-	-	-	17,950	9,047
Minor Assets-Office Furn	-	-	-	-	-	-	650	-
Minor Assets-Computers	-	-	-	-	-	-	-	3,550
Minor Assets-Radios	-	-	-	-	-	-	10,200	-
Minor Assets-Other	-	-	-	-	-	-	-	-
Total Minor Equipment/Assets	-	-	-	-	-	-	28,800	12,597
Total Capital Assets	-	-	-	-	-	-	28,800	12,597
Total Other	-	101,215	67,108	47,690	14,064	5,650	344,037	74,734
Gross Depreciation	757,893	4,028,217	4,230,158	52,500	533,741	-	2,205,877	1,585,109
Grand Total Excluding Depreciation	39,020	3,375,965	1,647,290	151,322	528,867	14,589,123	1,100,608	873,847
Grand Total With Depreciation	796,913	7,404,182	5,877,448	203,822	1,062,608	14,589,123	3,306,485	2,458,956

LINE ITEMS BY SUBLEDGER - 2005 OPERATING BUDGET

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LINE ITEMS BY SUBLEDGER - 2005 OPERATING BUDGET

	Concourses A-D	Police	Fire	Admin- istration	Building Official	Comm- unication/ Operations	Noise & Environment	Total Reliever Airports
Personnel								
Wages								
Regular	-	5,879,982	2,574,948	7,339,329	317,603	1,522,965	830,684	1,571,786
Overtime/Doubletime								
Doubletime - Regular	-	-	-	-	-	-	-	112,944
Overtime - Regular	-	300,019	387,855	8,622	-	172,442	1,543	113,586
Total Overtime/Doubletime	-	300,019	387,855	8,622	-	172,442	1,543	226,530
Commissioner PerDiem	-	-	-	23,000	-	-	-	-
Temps - Agency	-	-	-	20,000	-	-	-	-
Temps - Non Agency	-	597,116	-	24,120	-	-	9,600	8,287
Total Wages	-	6,777,117	2,962,803	7,415,072	317,603	1,695,406	841,827	1,806,604
Benefits								
Employee Insurance								
Employee Insurance Dental	-	69,683	28,693	73,782	2,342	15,811	7,612	16,396
Emphy Insurance Disability	-	31,800	13,094	33,671	1,069	7,215	3,474	7,482
Employee Insurance Family	-	1,262,811	519,981	1,337,094	42,447	286,520	137,954	297,132
Employee Insurance Life	-	25,439	11,042	32,709	963	6,584	3,571	6,176
Total Employee Insurance	-	1,389,734	572,810	1,477,256	46,821	316,130	152,611	327,187
Pension								
Fica (Social Security)Base	-	77,397	-	451,745	13,321	101,051	49,102	85,418
Fica(Social Security)Medic	-	82,611	43,910	111,834	3,184	23,827	11,685	20,439
Mpls Emphy Retirement Fund	-	46,200	7,599	80,189	-	-	-	34,130
Public Emphy - Police/Fire	-	424,375	285,581	-	-	-	-	-
Public Emphy - Coordinated	-	68,023	-	439,709	12,386	93,756	46,022	79,205
Merf Unfunded Liability	-	157,221	19,602	319,464	1,943,399	-	-	116,883
Total Pension	-	855,828	356,692	1,402,941	1,972,290	218,634	106,809	336,076
Training								
Management Requirement	-	-	4,000	63,500	-	3,248	-	-
Organizational Requirement	-	-	-	3,225	-	-	-	-
Regulatory Requirements	-	-	29,800	15,083	1,114	12,786	500	-
Local Seminars	-	40,400	371	28,801	-	2,786	800	-
Total Training	-	40,400	34,171	110,609	1,114	18,820	1,300	-
Post Retirement Benefits	-	455,724	222,304	511,299	1,339,814	105,595	77,807	150,056
Workers Compensation	-	78,636	37,279	109,465	-	24,331	12,948	25,137
Post Emphy Health Plan	-	11,982	12,270	49,623	1,347	9,155	4,811	6,711
Unemployment Tax	-	-	-	-	-	-	-	-
Uniforms								
Uniforms-Police/Fire Allow	-	97,250	35,000	-	-	-	-	-
Uniforms-Rental	-	-	-	-	-	2,315	-	16,603
Uniforms - Safety Shoes	-	-	-	-	-	-	-	2,489
Total Uniforms	-	97,250	35,000	-	-	2,315	-	19,092
Severance								
Contract Allowance	-	-	-	-	-	-	-	1,965
Regular Severance	-	29,780	33,536	67,154	-	7,147	-	16,379
Total Severance	-	29,780	33,536	67,154	-	7,147	-	18,344
Paid Absence	-	-	-	5,500	-	-	-	-
Trade Union Benefits	-	-	-	-	-	-	-	-
Total Benefits	-	2,959,335	1,304,062	3,733,847	3,361,386	702,127	356,286	882,603
Total Personnel	-	9,736,452	4,266,865	11,148,918	3,678,989	2,397,533	1,198,113	2,689,207

LINE ITEMS BY SUBLEDGER - 2005 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	-	30,000	7,000	56,452	2,500	12,000	5,261	5,308
Computer Supplies								
Computer Supplies-General	-	-	-	15,950	-	16,000	2,960	-
Computer Supplies-Software	-	2,000	1,000	47,020	-	7,100	5,210	-
Total Computer Supplies	-	2,000	1,000	62,970	-	23,100	8,170	-
Special Supplies								
Special Supplies-Badging	-	18,000	-	-	-	-	-	-
Special Supply-Film/Photo	-	10,800	-	10,569	-	2,000	-	-
Special Supplies-Other	-	12,000	-	13,300	3,000	2,078	-	-
Total Special Supplies	-	40,800	-	23,869	3,000	4,078	-	-
Total Supplies	-	72,800	8,000	143,291	5,500	39,178	13,431	5,308
Travel								
Travel - Lodging	-	10,000	-	26,688	-	3,672	2,150	2,630
Travel - Meals	-	3,960	-	8,850	-	387	600	570
Travel - Miscellaneous	-	1,000	-	806	-	97	-	-
Travel - Transportation								
Travel - Transport/Airfare	-	3,000	5,500	111,947	-	3,266	2,350	2,450
Travel - Shuttle/Taxi/Auto	-	1,000	-	2,550	-	99	150	250
Total Travel - Transportation	-	4,000	5,500	114,497	-	3,365	2,500	2,700
Registration Fees	-	5,500	-	19,600	-	1,273	652	2,625
Mileage	-	3,500	700	31,138	300	800	620	-
Total Travel	-	27,960	6,200	201,579	300	9,594	6,522	8,525
Other Administrative Expense								
Local Meetings								
Local Mtgs - On Airport/GO	-	500	-	2,622	-	300	250	-
Local Mtgs - Off Airport	-	2,500	-	9,031	-	270	-	3,000
Total Local Meetings	-	3,000	-	11,653	-	570	250	3,000
Information Sources								
Memberships/Dues/Pro Assoc	-	7,500	400	176,963	510	2,085	500	2,075
Other Information Sources	-	1,000	4,800	59,974	11,238	4,375	7,974	-
Publications/Subscriptions	-	1,250	1,200	22,442	-	2,450	1,000	-
Total Information Sources	-	9,750	6,400	259,379	11,748	8,910	9,474	2,075
Printing Costs								
Printing-Publications	-	5,250	-	37,687	-	40,000	9,000	10,000
Printing - Color Charts	-	-	-	1,000	-	-	-	-
Printing - Forms	-	1,500	1,500	5,314	1,500	-	-	-
Printing-In House Color	-	-	-	-	-	-	-	-
Printing-Stationary/Envel	-	2,500	300	13,480	4,860	-	-	-
Total Printing Costs	-	9,250	1,800	57,481	6,360	40,000	9,000	10,000
Delivery Services	-	300	-	20,137	100	3,050	200	200
Freight Charges	-	100	-	-	-	500	-	-
Postage	-	600	-	47,000	-	-	-	304
Total Other Administrative Expense	-	23,000	8,200	395,650	18,208	53,030	18,924	15,579
Total Administrative Expenses	-	123,760	22,400	740,520	24,008	101,802	38,877	29,412

LINE ITEMS BY SUBLEDGER - 2005 OPERATING BUDGET

	Concourses A-D	Police	Fire	Admin- istration	Building Official	Comm- unication/ Operations	Noise & Environment	Total Reliever Airports
Professional Services								
Accounting/Audit Fees	-	-	-	130,000	-	-	-	-
Affirmative Action Fees	-	-	-	4,000	-	-	-	-
RFP/Leases								
RFP/Lease Eval Airline-Term	-	-	-	15,000	-	-	-	-
RFP/Lease Eval Concessions	-	-	-	75,000	-	-	-	-
Total RFP/Leases	-	-	-	90,000	-	-	-	-
Computer Services								
General								
ANOMS Consulting	-	-	-	-	-	-	45,000	-
Software Consulting	-	-	-	2,500	11,500	-	-	-
Total General	-	-	-	2,500	11,500	-	45,000	-
Terminal Services								
Terminal Services-Grd Tran	-	-	-	-	-	-	-	-
Terminal Services-Parking	-	-	-	-	-	-	-	-
Terminal Lan	-	-	-	-	-	-	-	-
Total Terminal Services	-	-	-	-	-	-	-	-
Total Computer Services	-	-	-	2,500	11,500	-	45,000	-
Engineering Fees	-	-	-	30,000	-	-	40,000	133,500
Graphic Design	-	-	-	30,000	-	-	-	5,000
Labor Relations	-	-	-	15,000	-	-	-	-
Legal Fees								
Legal - Environmental	-	-	-	-	-	-	115,000	-
Legal - General	-	-	-	625,619	-	-	-	-
Legal - Federal	-	-	-	65,000	-	-	-	-
Legal - Relievers	-	-	-	140,000	-	-	-	-
Total Legal Fees	-	-	-	830,619	-	-	115,000	-
Legislative								
Legislative - Local	-	-	-	82,000	-	-	-	-
Legislative - National	-	-	-	172,000	-	-	-	-
Total Legislative	-	-	-	254,000	-	-	-	-
Medical Fees	-	-	9,200	68,000	-	-	-	-
Planning								
Pollution/Environmental Fees	-	-	-	-	-	-	2,500	1,500
Public Information Services	-	-	-	89,000	-	-	-	10,000
Public Information Services	-	-	-	7,000	-	-	-	-
Recruiting _Employment Fees	-	-	-	35,000	-	-	-	-
Safety Consultants								
Safety - Training	-	4,000	993	300	-	-	-	500
Safety - General	-	-	-	1,000	-	-	-	-
Total Safety Consultants	-	4,000	993	1,300	-	-	-	500
Communications Consultant	-	-	-	25,000	-	-	-	-
Other/Miscellaneous	-	5,500	25,500	257,769	-	84,100	49,059	137,500
Total Professional Services	-	9,500	35,693	1,869,188	11,500	84,100	251,559	288,000
Utilities								
Electricity	-	-	37,812	71,426	-	-	5,562	184,937
Heating Fuel								
Heating - Natural Gas	-	-	-	274,144	-	-	-	119,938
Heating - Fuel Oil	-	-	-	-	-	-	-	-
Total Heating Fuel	-	-	-	274,144	-	-	-	119,938
Sewer	-	-	1,122	204	-	-	-	1,983
Water	-	-	1,547	1,004	-	-	-	3,926
Telephone								
Telephone - Regular	-	388	516	153,525	-	93,163	32,390	38,951
Telephone - Internet Service	-	-	-	23,796	-	-	-	-
Telephone - Cellular	-	21,632	3,000	6,699	-	10,123	1,165	8,696
Total Telephone	-	22,020	3,516	184,020	-	103,286	33,555	47,647
Total Utilities	-	22,020	43,997	530,798	-	103,286	39,117	358,431

LINE ITEMS BY SUBLEDGER - 2005 OPERATING BUDGET

	Concourses A-D	Police	Fire	Admin- istration	Building Official	Comm- unication/ Operations	Noise & Environment	Total Reliever Airports
<u>Operating Services/Expenses</u>								
Advertising								
Advertising - Employment	-	-	-	55,910	-	-	-	-
Advertising - General	-	1,359	-	57,660	2,035	-	-	-
Advertising - Parking	-	-	-	-	-	-	-	-
Advertising - Relievers	-	-	-	-	-	-	-	1,000
Total Advertising	-	1,359	-	113,570	2,035	-	-	1,000
Environmental Control								
Hazardous Waste	-	-	-	-	-	-	-	-
Pollution Control								
Pollution Ctrl-Booms	-	-	-	-	-	-	-	-
Pollution Ctrl-Corn Cobs	-	-	4,000	-	-	-	-	-
Pollution Ctrl-Supplies	-	-	-	-	-	-	1,000	-
Total Pollution Control	-	-	4,000	-	-	-	1,000	-
Industrial Waste Mgmt	-	-	-	-	-	-	-	-
Laboratory Services	-	-	-	1,000	-	-	500	-
Solvent Reclamation Service	-	-	-	-	-	-	-	6,600
Tire Disposal	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	124,400
Total Environmental Control	-	-	4,000	1,000	-	-	1,500	131,000
Grd Transportation Services								
AV ID Readers/Controllers	-	-	-	-	-	-	-	-
AV ID Tags	-	-	-	-	-	-	-	-
Total Grd Transportation Services	-	-	-	-	-	-	-	-
Shuttle Services	-	-	-	-	-	-	-	-
Parking Lots	-	-	-	-	-	-	-	-
Met Council Fees	-	-	-	-	-	-	-	-
Employee Programs								
Retirement	-	-	-	2,521	-	-	-	-
Wellness								
Wellness - Fitness Program	-	-	-	20,900	-	-	-	-
Wellness-Health/Wellness	-	-	-	13,596	-	-	-	-
Wellness-Other Programs	-	-	-	7,500	-	-	-	-
Total Wellness	-	-	-	41,996	-	-	-	-
Total Employee Programs	-	-	-	44,517	-	-	-	-
Events								
Conference Center	-	-	-	-	20,000	-	-	-
Career Days	-	2,500	-	-	-	-	-	-
Emergency Response Exercise	-	-	500	4,000	-	1,900	-	-
Other Programs/Events	-	1,285	-	9,000	-	-	-	700
Call Back Service	-	-	-	-	-	-	-	-
Total Events	-	3,785	500	13,000	20,000	1,900	-	700
Other Charges/Fees								
Bank Charges	-	-	-	134,707	-	-	-	-
Security Services Regular	-	554,080	-	-	-	-	-	-
Recycling - Sand	-	-	-	-	-	-	-	-
Copy Agreement	-	-	-	138,000	-	-	-	-
Mediation Fees	-	-	-	7,000	-	-	-	-
Miscellaneous Charges/Fees	-	19,000	-	49,297	266,900	-	-	31,044
Jail Fees	-	18,000	-	-	-	-	-	-
Total Other Charges/Fees	-	591,080	-	329,004	266,900	-	-	31,044
Service Agreements								
Service - Bldg Inspection	-	-	-	-	-	-	-	-
Service - Facilities C.M.M.I.S	-	-	-	-	-	-	-	-
Service-Computers	-	57,958	-	208,362	-	86,806	93,802	-
Service-Fitness Equipment	-	-	3,000	5,000	-	-	-	-
Service-Grd Trans Equip	-	-	-	-	-	-	-	-
Service-Office Equipment	-	16,200	5,000	6,647	2,200	2,400	-	-
Service-Other Equipment	-	66,500	14,000	1,770	3,000	7,500	2,038	924
Service-Parking Equipment	-	-	-	-	-	-	-	-
Service-Telephone Systems	-	-	-	36,532	-	13,236	-	-
Service-Secured Access	-	-	-	-	-	-	-	-
Service-Radios	-	28,073	10,448	43,863	-	5,673	-	20,680
GISW Management	-	-	-	-	-	-	-	-
Total Service Agreements	-	168,731	32,448	302,174	5,200	115,615	95,840	21,604
<u>Total Operating Services/Expenses</u>	-	764,955	36,948	803,265	294,135	117,515	97,340	185,349

Maintenance

[illegible]

LINE ITEMS BY SUBLEDGER - 2005 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	-	-	1,246	2,863	-	-	-	15,300
General Plumbing Supplies	3,490	-	721	721	-	-	-	-
Irrigation Supplies	-	-	-	721	-	-	-	-
Pumps	-	-	-	-	-	-	-	-
Underground Utilities	-	-	-	-	-	-	-	-
Water Distribution Systems	-	-	-	-	-	-	-	-
Water Meters	-	-	-	-	-	-	-	-
Plumbing - Other	-	-	-	-	-	-	-	12,400
Total Trades - Plumbers	3,490	-	1,967	4,305	-	-	-	27,700
Trades - Electricians								
Repairs								
Electrical _ Exterior	-	-	-	-	-	-	-	15,400
Generator Maint. Contract	-	-	-	-	-	-	-	-
Electrical - Interior	-	-	-	-	-	-	-	5,500
Total Repairs	-	-	-	-	-	-	-	20,900
Other								
Other - Batteries	-	-	218	174	-	-	-	-
Other-Field Lights/Sensors	-	-	-	-	-	-	-	-
Other - Gate Supplies	-	-	-	-	-	-	-	15,000
Other - General Supplies	-	-	-	-	-	-	-	-
Other - Miscellaneous	-	-	-	-	-	-	-	-
Other - Motor	-	-	-	-	-	-	-	-
Other - Secured Access Sys	-	-	-	-	-	-	-	-
Other - Tools	-	-	-	-	-	-	-	-
Total Other	-	-	218	174	-	-	-	15,000
Total Trades - Electricians	-	-	218	174	-	-	-	35,900

LINE ITEMS BY SUBLEDGER - 2005 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 - Sodium Formate	-	-	-	-	-	-	-	-
Materials-Other Ice Ctrl	-	-	-	-	-	-	-	-
Materials - Salt	-	-	-	-	-	-	-	1,000
Materials - Sand	-	-	-	-	-	-	-	14,100
Materials - Urea	-	-	-	-	-	-	-	5,696
Total Snow Removal - Materials	-	-	-	-	-	-	-	20,796
Snow Removal - Equipment								
Equipment - Contract	-	-	-	-	-	-	-	-
Equipment - Snow Haulers	-	-	-	-	-	-	-	-
Equipment - Other	-	-	-	-	-	-	-	1,000
Equip Rent-No Operator-5.5	-	-	-	-	-	-	-	5,000
Equipment-Rent-No Operator	-	-	-	-	-	-	-	10,000
Total Snow Removal - Equipment	-	-	-	-	-	-	-	16,000
Snow Removal - Miscellan								
Snow Removal - Meals	-	-	-	-	-	-	-	385
Snow Removal - Plow Blades	-	-	-	-	-	-	-	-
Snow Removal - Runway Brm	-	-	-	-	-	-	-	-
Snow Melters	-	-	-	-	-	-	-	-
Total Snow Removal - Miscellan	-	-	-	-	-	-	-	385
Summer Maintenance-Surface								
Surface Repair-Aggregate	-	-	-	-	-	-	-	5,160
Surface Repair-Asphalt	-	-	-	-	-	-	-	21,690
Surface Repair-Cement	-	-	-	-	-	-	-	2,150
Surface Repair-Other	-	-	-	-	-	-	-	-
Surface Rubber Removal	-	-	-	-	-	-	-	10,000
Surface Repair-Saw Blades	-	-	-	-	-	-	-	-
Surface Repair-Hot Sealant	-	-	-	-	-	-	-	-
Total Summer Maintenance-Surfac	-	-	-	-	-	-	-	39,000
Summer Maint-Landscape								
Summer Maintenance-Fencing	-	500	-	-	-	-	-	9,390
Landscape/Turf-Materials	-	-	-	-	-	-	-	17,490
Summer Maint-Equip Rent No Op	-	-	-	-	-	-	-	-
Total Summer Maint-Landscape	-	500	-	-	-	-	-	26,880
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	-	-	-	-	-	106,061
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	-	-	-	-	-	-	-	5,000
Total Building-Mechanical Areas	-	-	-	-	-	-	-	16,000
Building-Other								
Other-Boiler Chemicals	-	-	-	-	-	-	-	-
Other-Floors/Repairs	-	-	-	-	-	-	-	-
Other-Jetbridge Repairs	-	-	-	-	-	-	-	-
Other-Outside Plumb/Sewer	-	-	-	-	-	-	-	-
Other-Paging System Contract	-	-	-	-	-	-	-	-
Other-Roofing	-	-	-	-	-	-	-	10,000
Sump/Septic Pumping	-	-	-	-	-	-	-	-
Other-Supplies	-	-	3,000	-	-	-	-	10,550
Other-Tools	-	-	-	-	-	-	-	500
Total Building-Other	-	-	3,000	-	-	-	-	21,050
Apt Development Projects	-	-	-	-	-	-	-	-
Total Maintenance Building	-	-	4,750	15,350	-	-	6,158	48,645

LINE ITEMS BY SUBLEDGER - 2005 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	-	-	-	-	125,000	-	-	29,592
Cleaning Services-Windows	-	-	-	-	-	-	-	6,940
Total Cleaning Services	-	-	-	-	125,000	-	-	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	-	-	1,000	-	1,200	-	-	3,932
Other Cleaning Expenses	-	-	2,000	-	-	-	-	-
Total Maintenance-Cleaning	5,785	-	5,131	2,771	126,200	-	-	94,307
Maintenance-Equipment								
Equipment-Parts								
Parts-Automobiles	-	41,000	2,500	-	-	3,500	-	-
Parts-Boilers Energy Mgmt	-	-	-	-	-	-	-	1,771
Parts-Chiller Energy Mgmt	-	-	-	550	-	-	-	-
Parts-Other Equipment	-	-	-	-	-	-	-	-
Parts-Equipment	-	26,750	50,000	258	-	3,900	-	81,000
Parts-Other Equipment	-	35,000	-	-	-	-	-	294
Total Equipment-Parts	-	102,750	52,500	808	-	7,400	-	83,065
Equipment-Shop								
Shop-Batteries	-	-	-	-	-	-	-	1,745
Shop-Cleaners/Degreasers	-	-	-	-	-	-	-	900
Shop-Oil Filters	-	-	-	-	-	-	-	4,900
Shop-Other Supplies	-	-	-	-	-	-	-	10,575
Shop-Tires	-	-	12,000	-	-	-	-	4,950
Shop-Tools	-	-	-	-	-	-	-	4,000
Total Equipment-Shop	-	-	12,000	-	-	-	-	27,070
Equipment-Gas								
Gas-Diesal	-	-	6,115	-	-	-	-	23,683
Gas-Propane	-	-	-	-	-	-	-	-
Gas-Unleaded	-	35,747	4,625	5,538	-	6,544	1,023	17,176
Total Equipment-Gas	-	35,747	10,740	5,538	-	6,544	1,023	40,859
Equipment-Extinguishers								
Extinguishers-Purchase	-	-	14,000	-	-	-	-	-
Extinguishers-Repair	-	-	2,000	-	-	-	-	-
Extinguishers-Reservice	-	-	5,500	-	-	-	-	-
Total Equipment-Extinguishers	-	-	21,500	-	-	-	-	-
Equipment-Miscellaneous Exp	-	-	-	980	-	-	-	3,500
Total Maintenance-Equipment	-	138,497	96,740	7,326	-	13,944	1,023	154,494
Total Maintenance	11,275	138,997	108,806	29,926	126,200	13,944	7,181	482,369

LINE ITEMS BY SUBLEDGER - 2005 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	-	128,973	92,875	58,555	-	5,212	3,812	141,696
Gen Ins-Property	-	182,578	131,507	82,912	-	7,378	5,397	200,635
Gen Ins-Crime	-	1,787	1,289	813	-	71	52	1,966
Gen Ins-Auto/Equipment	-	29,118	20,974	13,223	-	1,176	861	31,997
Gen Ins-Other	-	5,724	4,126	2,603	-	227	173	6,297
Total General Insurance	-	348,180	250,771	158,106	-	14,064	10,295	382,591
Safety								
Safety-Training Materials	-	750	-	-	-	-	-	-
Safety-Supplies	-	1,700	825	200	-	-	-	1,000
Safety-Equipment	-	-	-	2,000	-	-	-	-
Total Safety	-	2,450	825	2,200	-	-	-	1,000
Medical Information/Supply	-	8,000	3,400	100	-	155	-	900
Rentals								
Rental-Copier	-	-	4,000	17,250	-	9,000	-	-
Rental-Pagers	-	4,000	4,400	9,800	-	2,550	-	950
Rental-Other Equipment	-	-	650	4,200	-	-	-	-
Total Rentals	-	4,000	9,050	31,250	-	11,550	-	950
Licenses/Permits								
Licenses-Autos/Equipment	-	-	-	500	-	-	-	-
Licenses-Environmental	-	-	-	-	-	-	4,000	-
Licenses-Other	-	-	-	-	775	-	-	3,028
Total Licenses/Permits	-	-	-	500	775	-	4,000	3,028
Miscellaneous Expenses								
Misc-Firearm/Equip/Supplies	-	34,920	35,500	-	-	20,000	-	-
Misc-Emergency Response	-	2,500	39,000	-	-	-	-	-
Misc-Other	-	53,031	18,500	10,822	-	7,000	500	-
Total Miscellaneous Expenses	-	90,451	93,000	10,822	-	27,000	500	-
Adjustments/Bad Debt	-	-	-	-	-	-	-	-
Capital Assets								
Minor Equipment/Assets								
Minor Assets-Tools	-	-	7,200	3,000	-	2,600	-	-
Minor Assets-Office Furn	-	5,500	5,000	6,800	-	1,000	-	-
Minor Assets-Computers	-	-	26,900	34,531	-	26,658	16,900	-
Minor Assets-Radios	-	-	25,000	-	-	2,000	-	3,000
Minor Assets-Other	-	-	19,800	-	-	-	-	-
Total Minor Equipment/Assets	-	5,500	83,900	44,331	-	32,258	16,900	3,000
Total Capital Assets	-	5,500	83,900	44,331	-	32,258	16,900	3,000
Total Other	-	458,581	440,946	247,309	775	85,027	31,695	391,469
Gross Depreciation	-	238,309	546,354	1,292,160	-	206,982	8,632,126	4,935,787
Grand Total Excluding Depreciation	11,275	11,254,266	4,955,655	15,369,924	4,135,607	2,903,207	1,663,882	4,424,236
Grand Total With Depreciation	11,275	11,492,575	5,502,009	16,662,084	4,135,607	3,110,189	10,296,008	9,360,023

LINE ITEMS BY SUBLEDGER - 2005 OPERATING BUDGET

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CAPITAL EQUIPMENT SUMMARY - 2005 OPERATING BUDGET

Annually MAC completes its capital equipment requests for new and replacement equipment. All equipment requests for 2002 were deferred until 2003 along with only essential pieces of equipment considered in the 2003 and 2004 budgets based upon cash flow and organizational requirements. The same criteria were in place for the 2005 budget. The increase of \$10,214,105 is attributable to equipment deferred from the prior years and has now become necessary in 2005 along with an increase in facilities including the 17/35 runway. All technology related capital equipment was also reviewed by the Information Services (IS) department.

All equipment purchases for 2005 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.
- PFC's funding will be used for eligible capital equipment.

2005 CAPITAL EQUIPMENT SUMMARY

	2004 Budget	2005 Budget	\$ Variance	% Variance
Total Equipment	\$1,833,100	\$12,047,205	\$10,214,105	557.2%

ADMINISTRATION DIVISION

Information Services

Equipment	Individual Price	Qty	Trade in Value	Total
800 MHz Radio Upgrade - Phase II The Phase II Upgrade continues the process of converting all MAC radio systems to the 800 MHz System. This phase provides radio purchase and installation for Field Maintenance, Trades, Relievers and Airside Operations. Also included are spares and radios to rent to construction companies operating on the airfield. (Contractors will be unable to purchase the radios because they are only sold to public entities).	\$981,600	1		\$981,600
Backup server for MAC website This server would act as an exact copy of the MAC website so that if the primary equipment fails, this secondary equipment would continue to make the website available to the public. The MAC website includes official publications of the Commission as well as information for the traveling public.	\$7,000	1		\$7,000
E-mail software upgrade (Microsoft Exchange) The current version of Exchange is over 5 years old and is due to be replaced both for added functionality and the end of its useful life.	\$45,000	1		\$45,000

CAPITAL EQUIPMENT SUMMARY - 2005 OPERATING BUDGET
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ADMINISTRATION DIVISION**Information Services**

Equipment	Individual Price	Qty	Trade in Value	Total
SONET network spares The SONET network is used for the Facility Monitoring System as well as some security applications. These spares provide the capability to replace any one of the modules in use within one hour, which is the level of service required for a critical network.	\$20,719	1		\$20,719
User management software This software allows the IS Department Help Desk to manage user access to various computer-based resources (files and computer applications). It also assists with troubleshooting without the need for an IS staff person to go to the location where the problem is located. The average cost of a Help Desk call is \$17.00. If an IS staff person has to go to a user location, the average cost is \$75.00 per hour. The MAC IS department is handling about 80 calls per month. If 1/4 of the calls can be changed from visits to phone resolution, the savings will be \$18,000 per year. The cost of the software will be realized within one year.	\$10,000	1		\$10,000
Information Services Total:				\$1,064,319

CAPITAL EQUIPMENT SUMMARY - 2005 OPERATING BUDGET

OPERATIONS DIVISION

Airside Operations

Equipment	Individual Price	Qty	Trade in Value	Total
Replacement Vehicle for Ops44	\$40,352	1	\$4,580	\$35,772

This vehicle will replace the existing Ops44. Based on projected use, the vehicle will exceed 155,000 miles by the end of 2004 and will have reached its useful life. Maintenance records within the past 18 months indicate that non-scheduled repairs have been more than twice the number of scheduled ones.

This vehicle is critical to maintaining regulatory requirements and is used daily in FAR Part 139 compliance activities such as, inspections, wildlife management, snow and ice control and emergency response.

Airside Operations Total: **\$35,772**

Energy Management Center

Equipment	Individual Price	Qty	Trade in Value	Total
4-wheel drive truck, lift gate, A/C, radio	\$27,000	1	\$0	\$27,000

EMC is utilizing a borrowed truck from Facilities, which can be (and often is) recalled anytime. EMC currently has a truck with approximately 80,000 miles on it. EMC has no designated vehicle for supervision, typically resulting in a wait period to borrow one of the crew's vehicles. This makes them unable to respond to needed areas, and in the past has often resulted in the crew having to take the shuttle bus. In an emergency we may not be able to respond as needed. Our personal vehicles have been used, but are not compatible for Airside Operations. Much of our equipment is only accessible from the airside.

Energy Management Center Total: **\$27,000**

CAPITAL EQUIPMENT SUMMARY - 2005 OPERATING BUDGET

OPERATIONS DIVISION

Facilities Management

Equipment	Individual Price	Qty	Trade in Value	Total
Automatic Door Lock System	\$70,000	1	\$0	\$70,000

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 & 2003, implementation of the system into all hub/telecommunications rooms was started. 2004 saw implementation into electrical vaults (completion of 2003's work) and any new hub rooms. 2004 also saw the start of mechanical rooms at the terminals. 2005's priority will be a continuation of all mechanical rooms.

Facilities Management Total: **\$70,000**

Fire

Equipment	Individual Price	Qty	Trade in Value	Total
Replacement 1500 Gallon ARFF Vehicle	\$750,000	1		\$750,000

The existing ARFF truck was purchased in 1986 with an expected life span of 15 years. Based on the average time it takes to manufacture ARFF vehicles, a replacement vehicle would more than likely not be in service here at MSP until late 2005 or 2006. This would make the vehicle over 19 years old. It is important to have front line ARFF vehicles that will be ready to respond without concerns of mechanical issues. Mechanical issues have increased in number and severity over the past few years on this vehicle. Our airport must maintain adequate protection in order to provide for the safety of the traveling public and airport tenants.

Structural Pumper	\$350,000	1		\$350,000
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MAC does not own a structural pumper for service at MSP but has purchased them for the cities of St. Paul and Blaine (for providing fire protection at the Downtown St Paul and Anoka County Airports). MSP has relied on the USAF to provide a pumper for protecting the Military bases and all of MSP. The Fire Department needs a primary pumper designed to meet our specific needs at MSP. The USAF vehicle would become our second pumper which would provide us with a more appropriate level of fire-fighting capability based on the structures we currently protect. The pumpers also play a critical role in ARFF operations with the ability to provide a rapid water supply and additional hose lines for fire attack operations.

Fire Total: **\$1,100,000**

CAPITAL EQUIPMENT SUMMARY - 2005 OPERATING BUDGET

OPERATIONS DIVISION

Landside-Operations

Equipment	Individual Price	Qty	Trade in Value	Total
Software Dev. for Comm. Veh. Mgmt. Emp. Parking Software development for commercial vehicle operations and employee parking. The current commercial vehicle management (CVM) software is on a DOS platform which needs to be replaced in order to ensure continued reliability and support. Landside staff administers and enforces both taxi and commercial vehicle ordinances. There are 1,680 AVI tags issued to commercial vehicle operators that allow them to serve the public in the designated commercial lanes at the airport. There are 162 commercial vehicle operator accounts that are billed monthly for per trip fees generating \$1.3 million annually. There are 577 taxicab permits that are issued to 385 owners of taxicabs. These taxicabs are associated with 47 companies and driven by 763 drivers that are licensed by the MAC. The taxicab permits generate \$1.4 million annually. Managing commercial vehicles at the airport includes tracking and processing required insurance and vehicle inspections, monitoring operator behavior, receiving and investigating customer compliments and complaints, and accounting for monthly billings and payments. Employee parking serves 5,273 airport tenant employees. Monthly invoices for over 1000 accounts represents \$1.7 million annual revenue. Both commercial vehicle and employee parking software requires ongoing support. Having a single provider of software is a practical solution.	\$3,000,000	1		\$3,000,000

Landside-Operations Total: **\$3,000,000**

CAPITAL EQUIPMENT SUMMARY - 2005 OPERATING BUDGET

OPERATIONS DIVISION

Landside-Parking

Equipment	Individual Price	Qty	Trade in Value	Total
Mitel PBX Equipment Replacement of the PMB Nortel Key System with an extension of the MAC Mitel PBX System, using Mitel phones would reduce monthly telephone costs by eliminating the Centrex Line costs. MAC would also save money on phone expenses because phones in the PMB would also receive the same local and long-distance rates afforded to MAC. The PMB would have it's own long-distance billing code so these phone charges could be separated from the rest of MAC's long-distance charges.	\$26,914	1		\$26,914
Parking/Comm Veh Surveillance Camera System Add. Landside and Risk Management are monitoring the incidents of gate arm "malfunctions" resulting in damage to our customers' vehicles. Much of this activity occurs in the parking ramps without our direct observation. We have identified several locations where we should record and observe our customers' activities. This recorded observation will not only better protect the MAC from unwarranted lawsuits, but will improve our ability to repair damaged gates more quickly and proactively address poor driving behaviors.	\$155,400	1		\$155,400
Update parking management PC MAC owns and supports all of the PCs and software used by the parking management contractor in the PMB and PMO. The current equipment in these areas is several years old. If the upgrades are not completed, the latest version of custom software that Landside uses to operate parking facilities (such as PACS) may not run on the older equipment. MAC IS will have to spend additional time to allow for the new versions to run on the old equipment. Failure to upgrade will result in higher support costs or software will no longer run on the older equipment.	\$27,175	1		\$27,175

Landside-Parking Total: **\$209,489**

CAPITAL EQUIPMENT SUMMARY - 2005 OPERATING BUDGET
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OPERATIONS DIVISION

Maintenance - Field

Equipment	Individual Price	Qty	Trade in Value	Total
Airfield liquid deicer Equipment request associated with the opening of runway 17-35 and necessary in order to meet airline expectations of runway availability during snow and ice events.	\$229,000	2		\$458,000
Airfield sander Equipment request associated with the opening of runway 17-35 and necessary to meet airline expectations of runway availability during snow and ice events.	\$161,000	2		\$322,000
Airfield snow blower Equipment request associated with the opening of runway 17-35 and necessary in order to meet airline expectations for runway availability during snow and ice events.	\$481,000	2		\$962,000
Edge light plow With the opening of runway 17-35 there will be over 3,500 elevated runway and taxiway light fixtures on the field. Snow removal around those lights is currently accomplished with manual labor. A new product is available that allows a single person to conduct removal from around the lights. The product was demonstrated on site this past winter. Manhours expended on cleaning around the lights of one runway was reduced to 16 hours from 120 hours.	\$38,000	1		\$38,000
Landscape mower The 2010 plan has resulted in a significant increase in MAC owned turf and landscape areas. This equipment will be assigned for those landside tasks, and for specific airside areas.	\$35,000	3		\$105,000
Mower deck attachment Routine replacement of maintenance equipment. FAR Part 139 mandates the maintenance of runway/taxiway safety areas and clear zones. Attachments to existing tractor equipment are used for these airside tasks.	\$5,000	5		\$25,000
Multi-function snow plow (plow/broom/blower) Combination snow plow, runway broom and snow blower operated by a single person. Equipment request associated with the opening of runway 17-35 and necessary in order to meet airline expectations for runway availability during snow and ice events.	\$850,000	2		\$1,700,000
Road plow The unit being replaced is a 1990 model currently used as a spare and for parts. The unit is fully amortized and has reached the end of its useful life.	\$190,000	1	\$25,000	\$165,000

CAPITAL EQUIPMENT SUMMARY - 2005 OPERATING BUDGET

OPERATIONS DIVISION

Maintenance - Field

Equipment	Individual Price	Qty	Trade in Value	Total
Road sweeper Road sweepers are used to collect debris from the airfield and from public roadways. The vehicles are used around the clock on all three shifts and accumulate significant hours. Two of the existing three sweepers have experienced significant down-time and have become cost prohibitive to repair. They have been fully amortized and have reached the end of their useful life.	\$163,000	2	\$10,000	\$316,000
Roll-off flat bed trailer A hydraulic trailer procured in 1985 is used to transport the paving machine, milling machine and other pieces of heavy equipment. Wear and rust have rendered the current equipment unsafe and in need of replacement.	\$35,000	1		\$35,000
Small sweeper The equipment is used for debris removal in both airside and landside areas. The sweepers are used airside where the larger sweepers can not traverse, such as under jet bridges and against the building. They are used landside up against the terminal and in parking ramps. They operate on all three shifts and accumulate significant hours. The equipment being replaced has reached the end of its amortized, useful life.	\$65,000	2	\$8,000	\$122,000
Steam cleaner Equipment used for routine maintenance of concrete surfaces in front of the terminals and in the parking ramps. Equipment would allow for simultaneous cleaning operations at the Lindbergh and Humphrey terminals.	\$10,000	1		\$10,000
Surface scrubber/sweeper Equipment used for routine maintenance/cleaning of parking ramp surfaces and will allow simultaneous cleaning at both Lindbergh and Humphrey parking ramps. At an average of \$8.75/space/day in revenue, a closed level results in the potential loss of \$3,850/day in the Lindbergh ramp and \$4,800/day in the Humphrey.	\$120,000	1		\$120,000
Trailer Mowers and other equipment are transported from the Maintenance Building to the job site via trailer. Additional equipment will require an additional trailer.	\$12,000	2		\$24,000
Wheel-loader fork lift Attachment for front-end wheel loader that will allow for rapid deployment and/or repositioning of jersey barriers for airport security purposes, and will increase lifting capacity for routine maintenance tasks.	\$9,750	1		\$9,750

Maintenance - Field Total: **\$4,411,750**

CAPITAL EQUIPMENT SUMMARY - 2005 OPERATING BUDGET
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OPERATIONS DIVISION

Police

Equipment	Individual Price	Qty	Trade in Value	Total
Document Imaging Software Document imaging software for the badging office. This software organizes scanned, authorized signer letters which we are required to check against all new applications and badge renewals. We currently do this by hand, which is time consuming and flawed with errors. This software would electronically search and verify applicants signer against the database. This will be the first step towards electronic storage of badge applications. Cost includes \$1500 for a module which would automatically connect scans from a copier to the LaserFiche software.	\$11,500	1		\$11,500
EOD Magazine The purchase of an additional explosive storage magazine will allow our EOD canine teams to enhance the type and quality of their training. The TSA has provided a number of explosive aids, but only their aids may be stored in their magazine. For us to acquire additional aids, we will be required to purchase an additional storage magazine. These additional training aids will help us enhance the canine training by allowing us to mix explosive odors to mimic authentic explosive devices.	\$7,000	1		\$7,000
Replacement Investigative Squad Car One replacement vehicle for the Special Investigative Division (SID) will be needed. One of the SID vehicles is a 1997 Grand Prix with over 112, 000 miles currently. The vehicles assigned to the SID need to be mechanically sound and dependable due to the type of work that the detectives perform. This vehicle has reached the end of its useful life and needs to be replaced in 2005.	\$15,000	1		\$15,000
Replacement Marked Squad Cars Projected mileage for three marked squads indicates replacement in 2005 is required. Excessive mileage on squad cars traditionally results in excessive maintenance costs, increased down time for repairs and decreased overall reliability. MAC maintenance has reviewed the mileage and repair data for three vehicles and supports replacement in 2005. Deferring replacement of these squads in 2005 will create a scenario of six squads with excessively high mileage going into 2006. Should the nation move to threat level orange, mileage increases at an alarming rate as we increase patrol activities on airport roadways. The excessive mileage increases will equate to rapidly escalating repair costs and negate any cost saving efforts through deferring replacements.	\$22,000	3		\$66,000

CAPITAL EQUIPMENT SUMMARY - 2005 OPERATING BUDGET

OPERATIONS DIVISION

Police

Equipment	Individual Price	Qty	Trade in Value	Total
Report Dictation Package	\$6,500	1		\$6,500

Included will be a computer, software package and four (4) transcribe stations for a digital dictation system that will enable the police department to move to a paperless reporting system. This is a standard practice for many police agencies. Officers are spending a combined total of 2,160 hours per year, at an average of \$55,296 plus benefits, learning data entry procedures and entering reports. It is also an unwise use of their time, as we are under a federal security directive to provide increased patrols and a highly visible law enforcement presence. This package would enable officers to input reports by utilizing a phone with the software/computer capturing it as a .wav file. Reports that would require a hard copy would then be transcribed.

CAPITAL EQUIPMENT SUMMARY - 2005 OPERATING BUDGET

OPERATIONS DIVISION

Police

Equipment	Individual Price	Qty	Trade in Value	Total
Secured Area Access Control System Conversion Proj The initial Secured Area Access Control System (SAACS) at MSP was installed over 12 years ago in 1991-1992. The access control components of this system are based on mag stripe ID cards and mag stripe card and PIN card readers. This access media and access control reader hardware has remained in application past its usefulness as a viable form of security technology, to secure a large International airport like MSP. Current technology has already surpassed mag stripe technology by skipping over a generation of technology. Proximity technology, cards and readers, succeeded mag stripe technology which has now been succeeded by Smarte Card technology. With recent changes in federal regulations that affect MSP, along with the ever increasing threats to commercial aviation, we must respond with the most appropriate security applications using the most current proven technology available to us. We currently use software (Lenel) that communicates with the 12 year old field hardware equipment from a different company (Apollo). These two pieces work together to make the system function, but the companies interests are moving in different directions and may not support this system in the future. This also limits the capabilities of both systems and may create a nonfunctional, difficult to maintain, system that is becoming costly to maintain. As the components of these systems age, maintenance and replacement cost exceed the cost of purchasing new, more effective technology. MSP has already researched the different options available to us and has determined that the most cost effective option that will benefit MSP is to select one of the two current companies, Lenel or Apollo and integrate both the field hardware and the software into one company's product. In order for this conversion to be properly executed a technological upgrade of the access control readers and access media type must be included. This is also the most cost effective way to install the system. The new system, employing Smarte Card technology, allows the use of stored template information on the access media for current and future applications of biometrics. MSP is currently testing an already proven biometrics technology using hand geometry readers. This technology has been in application at San Francisco International Airport with over 180 readers and 30,000 enrolled employees, with a high degree of reliable success. Smarte Card technology will increase reliability and reduce general maintenance, thus reducing overall costs associated with the system. Mag stripe cards wear out from frequent use and are often replaced before expiration. Mag stripe readers also wear from use, causing frequent replacement of read heads and key pads.	\$1,659,165	1		\$1,659,165

CAPITAL EQUIPMENT SUMMARY - 2005 OPERATING BUDGET

OPERATIONS DIVISION

Police

Equipment	Individual Price	Qty	Trade in Value	Total
Space Saving, High-density Storage System	\$15,000	1		\$15,000

As criminal cases increase, we accumulate more and more evidence. Storage space has become a problem. Space saving, high-density storage systems are available that will double the storage capacity in the same amount of floor space that we currently have. These systems are modular and can be reconfigured to our changing needs. The shelving units are mobile and require only one movable aisle. Wall units consisting of rotary storage units with pullout bins for larger items, drawer and door units for a wide range of media and other smaller sized items can be custom sized to fit our particular space. The efficiency afforded by these units provides both cost and time savings by allowing staff to store and retrieve property faster and therefore process many more items in a shorter amount of time. Proper organization within a property room is vital for auditing purposes and to the integrity of the entire inventory/evidence system.

Police Total: **\$1,780,165**

Relievers - Crystal

Equipment	Individual Price	Qty	Trade in Value	Total
Hydraulic Automoble Lift	\$13,000	1		\$13,000

Existing equipment and automobiles are now being used for longer periods of time than in the past. Due to this fact, routine maintenance and repairs are occurring more often. The hydraulic lift will allow the mechanic to be more efficient and keep up with additional automobile repairs.

Relievers - Crystal Total: **\$13,000**

Relievers - Lake Elmo

Equipment	Individual Price	Qty	Trade in Value	Total
Toro 580 D Industrial Riding Lawn Mower	\$85,000	1	\$3,000	\$82,000

The current mower is nine years old. This type of mower is scheduled to be replaced every eight years. Also, Lake Elmo Airport has been reduced to a one employee airport. A larger Toro type mower and cutting deck is required to meet the workload.

Relievers - Lake Elmo Total: **\$82,000**

CAPITAL EQUIPMENT SUMMARY - 2005 OPERATING BUDGET

OPERATIONS DIVISION

Relievers - St. Paul

Equipment	Individual Price	Qty	Trade in Value	Total
Ford 450 Utility Truck Replacement vehicle for the East Reliever mechanic. The current vehicle is 13 years old. The service box, hoist and body are in need of extensive repairs. This type of vehicle is scheduled to be replaced every ten years. This vehicle is fully amortized and has reached the end of its useful life.	\$85,000	1	\$10,000	\$75,000
Relievers - St. Paul Total:				\$75,000

Trades - Carpenters

Equipment	Individual Price	Qty	Trade in Value	Total
1 Ton 4X4 pick-up A one-ton, 4X4 pick-up with a towing package, MAC field radio and radio for communications with tower, lift gate, tool boxes on side will be used to replace borrowed truck from Field Maintenance. The vehicle that is currently being used is fully amortized and has reached the end of its useful life. This would give the carpentry staff a second vehicle in which to tow the escalate trailer safely.	\$23,000	1	\$0	\$23,000
Genie GR12 lift New Genie GR12 vertical mast, self propelled lift has a maximum working height of 17'9", non marking tires, a 500 lbs. lift capacity, and includes a gated deck extension. This lift would be stored on Concourse C, which would be its primary use area.	\$11,210	1	\$0	\$11,210
Trades - Carpenters Total:				\$34,210

Trades - Electricians

Equipment	Individual Price	Qty	Trade in Value	Total
1 Ton field "cube" van This vehicle is necessary for working on runway/taxiway & feeder lights out on the airfield. Van is equipped with a built-in generator, air compressor, and all of the needed tools & equipment, shelving, etc. in order to complete timely repairs onsite.	\$115,000	1	\$5,000	\$110,000
3/4 Ton pick-up This 4 wheel drive vehicle with a power tailgate is needed to get Electricians to all locations throughout MSP and the Reliever Airports. Truck needs to be equipped with built-in tool boxes.	\$26,000	1	\$2,500	\$23,500
Trades - Electricians Total:				\$133,500

CAPITAL EQUIPMENT SUMMARY - 2005 OPERATING BUDGET
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OPERATIONS DIVISION**Trades - Painters**

Equipment	Individual Price	Qty	Trade in Value	Total
Line Driver & Pump	\$11,000	1	\$0	\$11,000

Needed to replace outdated equipment that is worn out.
Current equipment does not allow proper line-stripping
necessary for all of the new ramps & roadways.

Trades - Painters Total: **\$11,000**

Capital Asset Grand Total: **\$12,047,205**

PERSONNEL SUMMARY – 2005 OPERATING BUDGET

ORGANIZATIONAL PERSONNEL

This section provides information on:

- Actual and Budgeted Full Time Equivalent (FTE) Employees
- Full Time Equivalent Employees by Service Center
- Full Time Equivalent Employees by Classification

Actual and Budgeted Full Time Equivalent (FTE) Employees

MAC's budget for 2005 includes 574.5 FTE positions. These positions are necessary to meet legal and regulatory requirements, to service expanded facilities (e.g., runway 17/35), and to maintain a safe and secure airport system. MAC will manage the total FTE's at 574.5 for 2005. The detailed explanation of FTE's is included in the Expense Assumption section of the budget book.

The 2004 MAC budget included 544.5 positions at the onset of the year. 10 positions were added mid-year to manage expenses related to overtime, temporary positions, and professional fees.

MAC has had an authorized headcount of 593.5 (since 2002) and has elected to postpone staffing at that level. In addition, as employees retire or leave employment, each vacated position is evaluated by organizational requirements before it is filled, reassigned or discontinued to ensure effective and efficient staffing levels.

FTE Positions	2002 Total	2003 Total	2004 Total	2005 Total
Budgeted	567	543.5	544.5	574.5
Authorized	593.5	593.5	593.5	593.5

PERSONNEL SUMMARY BY DIVISION – 2005 OPERATING BUDGET

Full Time Equivalent By Service Center within Division

Service Center	as of 12/11/02		as of 12/10/03		as of 12/10/04	
	2001 Actual	2002 Actual	2003 Actual	2004 Budget	2004 Actual	2005 Budget
Executive						
75000 Executive	2	2	2	2	2	2
75100 Commissioner	1	1	1	1	1	1
76000 Public Affairs	3	3	2	3	2	2 (1)
76100 Air Service-Business Development	2.5	2.5	1.5	1.5 **	1.5	1.5
80000 Commercial Mgmt & Airline Affairs	9	9	10	10	11	12 2004 1 FTE, 2005 1 FTE
Total Executive	17.5	17.5	16.5	17.5	17.5	18.5
Human Resources						
75700 Human Resources	3	1	1	1.5	1.5	1.5
76600 Human Resource Development/Services	3.5	3.5	3	3.5	3	4 (1)
81500 Employee Relations	6	6	5	6.5	5.5	5.5 (1)
80600 Office Of Diversity	3	3	4	3 **	3	3
Total Human Resources	15.5	13.5	13	14.5	13	14
Legislative and Labor						
79500 Legislative and Labor Relations	4.5	3.5	3	3.5	3	3.5
Total Legislative and Labor Relations	4.5	3.5	3	3.5	3	3.5
Administrative Services						
75600 Administrative Services	4	4	4	4	4	4
76800 Risk Management	1	1	1	1	1	2 2005 1 FTE
85400 Safety	2	2	2	2	2	2
79000 IS	16	16	15	16	17	19 (1), 2004 2 FTES
78000 Finance	15	15	14	15	15	15
78200 Purchasing	6	6	6	6.5	7	7 (1)
78300 Internal Audit	2	2	2	2	3	3 2004 1 FTE
Total Administrative Services	46	46	44	46.5	49	52
General Counsel						
81000 General Counsel	7	7	7	8	8	8
Total General Counsel	7	7	7	8	8	8
Environment/Development						
75500 Planning	2	2	2	2	2	2
85000 Environment -General	2	2	2	2	2	2
85100 Environment-Environmental	3	3	3	3	2	3
85300 Environment-Aviation Noise Program	7	7	6	6	6	6
77000 Airport Development	18	17	16	18	17	18
77100 Building Official	2	2	2	2	2	2
Total Environment/Development	34	33	31	33	31	33

PERSONNEL SUMMARY BY DIVISION – 2005 OPERATING BUDGET

Full Time Equivalent By Service Center within Division

Service Center	2001 Actual	2002 Actual	2003 Actual	2004 Budget	2004 Actual	2005 Budget
Operations						
75800 Operations	2	2	2	2	2	2
82000 Airport Directors Office	5	4	3	3 **	5	5 (1)
82050 Conference Center	5.5	4.5	2	2 **	2	2
82060 Call Center	0	0	1.5	1.5	3	3 (1)
82600 Airside Operations	12	12	12	12	12	12
82700 Communications	14	14	11	14	14	15 2004 1 FTE
83400 Landside Operations	26.5	22.5	23	22.5	22	22 (1)
83600 Fire	45	46	46	46	42	49 2005 3 FTES
84200 Police	94	110	106	108.5	106.5	117.5 2004 5 FTES, 2005 4 FTES
85500 Airline Operations/Facilities	2	2	2	2	2	2
86100 Facilities - Lindbergh Terminal	14	14	13	14	9.5	9.5 (1)
86300 Energy Management Center	17	17	17	17	16	18 (1)
88000 Electricians	15	17	16	17 **	17	17 (2), 2005 2 FTES
88100 Painter	7	7	7	7	7	7
88200 Carpenter	8	7	8	7	8	8 (1)
88300 Plumber	5	5	6	5	6	6 (1)
88400 Trades-Administration						2 (2)
89000 Maintenance	113	111	111	112	114	121 2005 9 FTES
90000 Reliever Admin	8	8	8	8	8	8
90200 Reliever - St. Paul	6	6	7	7	7	7
90300 Reliever - Lake Elmo	2	2	1	2	1	1 (1)
90400 Reliever - Air Lake	2	2	1	2 **	1	1.5 (1)
90500 Reliever - Flying Cloud	3	3	3	3	3	3
90600 Reliever - Crystal	4	4	3	4	3	4
90700 Reliever - Anoka	3	3	3	3	3	3
Total Operations	413	423	412.5	421.5	414	445.5
Total Personnel	537.5	543.5	527	544.5	535.5	574.5

2004 Budget

** FTE transfers between service centers

2005 Budget

(1) FTE transfers between service centers

(2) New Service Center-Trades Administration reduced electricians count

PERSONNEL SUMMARY BY CLASSIFICATION – 2005 OPERATING BUDGET

Full Time Equivalent By Classification

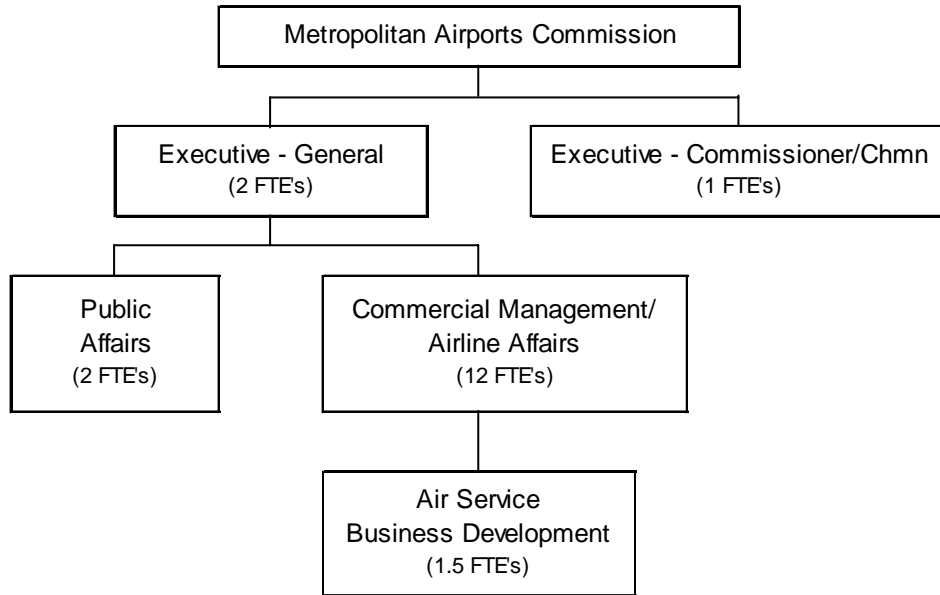
	as of 12/11/02	as of 12/10/03	as of 12/10/04		
	2002	2003	2004	2004	2005
	Actual	Actual	Actual	Budget	Budget
Organized					
Local 70 Operating Engineers	15	15	15	15	15
49er's Equipment Maintenance	18	19	21	20	20
320's - MSP Int'l - Field	80	79	80	79	87
320's - MSP Int'l - Lindbergh Terminal	5	4	2	5	2
320's - Reliever Airports	20	18	18	21	19.5
Painters	7	7	7	7	7
Carpenters	7	8	8	7	8
Plumbers	5	6	6	5	6
Electricians	15	14	15	15	17
Police Sergeants		10 ***	11	10	11
Police Officers	53	55	57	55	66.5
Firefighters	36	35	32	35	39
Total Organized	261	270	272	274	298
Non-Organized					
Chairperson/Executive Director	2	2	2	2	2
Deputy Directors/Directors/Assistant Director	14	18 **	18	18	18
Managers/Supervisors (d)	90.5	76.5	85.5	76.5	87.5
Police Chief/Fire Chief (b)	2	2	2	2	2
Community Service Officers	28.5	23.5	18	25	21
Passenger Assistants	12.5	12	11	12	11
Fire Captains/Fire Training/Marshall	8	9	8	9	8
Commanders/Lieutenants/Other	17	7	6	7	6
Administrative/Professional/Technical Support (d)	108	107	113	119	121
Total Non-Organized	282.5	257	263.5	270.5	276.5
Total MAC	543.5	527.0	535.5	544.5	574.5

*** new in 2003

** Assistant Director -new classification in 2003

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

Executive Division



SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

Notations to Service Center Summaries:

- * Variance (dollars and %) is computed between 2004 Budget and 2005 Budget
- * The explanation for the variances is based upon the 2004 Budget and 2005 Budget
- * FTE's as stated in each service center are as budgeted in December 2004. Salary dollars in each service center may not reflect the budgeted FTE count for that service center.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

EXECUTIVE - GENERAL

BUDGET SUMMARY

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	207,170	217,352	219,216	1,864	0.86%
Administrative Expenses	142,910	122,800	134,384	11,584	9.43%
Professional Services	0	0	0	0	0.00%
Utilities	2,472	805	220	-585	-72.67%
Operating Services/Expenses	272	315	315	0	0.00%
Other	3,542	0	3,000	3,000	100.00%
Total Budget	356,366	341,272	357,135	15,863	4.65%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 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.

MAJOR 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Administrative Expenses	Administrative Expenses increase is due to anticipated increase in the yearly dues for both the ACI and AAAE organizations for 2005.
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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 implementing 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

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

EXECUTIVE - GENERAL

2004 PROGRESS REPORT

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

2005 OBJECTIVES

Objective	Expected Results
Lead the implementation of MAC's Strategic Plan.	Mac's Strategic Plan is used for planning and decision making as the organization moves forward.
Work with the Commission to define the long term status of the Reliever Airport System.	Long term status of the Reliever Airport System approved by the Commission.
Lead the analysis and implementation of the 2020 plan.	Analysis of the 2020 plan completed and implementation plan developed.
Define MAC's competitive airline cost strategy.	Airline cost strategy clearly defined and implemented.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

EXECUTIVE - COMMISSIONERS/CHMN

BUDGET SUMMARY

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	42,763	48,808	44,458	-4,350	-8.91%
Administrative Expenses	31,497	23,650	54,103	30,453	128.77%
Professional Services		0	0		
Utilities	408	0	726	726	100.00%
Other		0	0		
Total Budget	74,668	72,458	99,287	26,829	37.03%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 Budget
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.

MAJOR 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel reduction is due to the decrease in the Commissioners/Chmn per diem budget for 2005.
Administrative Expenses	Additional travel requirements by Commission Chair and Commissioners.

2004 PROGRESS REPORT

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

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

PUBLIC AFFAIRS

BUDGET SUMMARY

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	156,307	187,920	137,629	-50,291	-26.76%
Administrative Expenses	67,265	72,064	102,972	30,908	42.89%
Professional Services	56,344	85,156	141,000	55,844	65.58%
Utilities	1,664	977	1,025	48	4.91%
Operating Services/Expenses	9,032	12,613	26,500	13,887	110.10%
Maintenance	0	0	250	250	100.00%
Other	0	0	2,000	2,000	100.00%
Total Budget	290,612	358,730	411,376	52,646	14.68%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 Budget
FTE Total:	2	3	2

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.

MAJOR 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel reduction is due to the total number of FTE's. The 2004 total was three and the 2005 total will be two FTE's.
Administrative Expenses	Administrative Expenses increase is due primarily to additional supplies required, the addition of a Flight Tracking System for the MAC Web Site. Also, for additional publications to inform travelers of changes at both the Lindbergh and Humphrey Terminals.
Professional Services	Professional Services increase is due primarily to expenses relating to revised concessions. Also, an increase in publications and changes in the reliever airport system.
Operating Services/Expenses	Operating Services/Expenses Budget increase is primarily due to anticipated advertising for revised concessions. Also, for the 2010 program, Runway 17/35, parking, LRT and changes in terminal usage.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

PUBLIC AFFAIRS

2003 PROGRESS REPORT

Objective	Measurement	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 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.
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.
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.
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.
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
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.
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.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

PUBLIC AFFAIRS

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.

2004 PROGRESS REPORT

Objective	Measurement	Results
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	Revised and reprinted Lindbergh and Humphrey Terminal brochures. Began revising Accessibility brochure. Updated existing Web site and began work on new, easier to navigate version of site. Worked with the news media to keep the public informed of elevated tram opening, benefits of e-park, wireless Internet availability, and tips to make travel easier.
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	E-park promotional activities included inclusion in terminal brochures, updating information on the Web site, developing a consumer survey about customers' airport parking habits, creating videos for use on airport CNN monitors and as public service announcements on cable television, producing drive time radio ads, sending letters to corporate travel planners and visitor's bureau directors, revising displays for billboards, adding signage in trams and parking ramp elevators, and producing ads for backsides of ramp tickets and receipts, and arranging news media interviews about the new \$1 a day e-park discount.
Proactively manage budget and respond to expense variances	Achieve departmental goals within budget	Department goals were achieved on budget.
Inform MAC employees, tenants and the public of key security requirements and of significant changes as they occur	Security related information will be included on the MSP Web site, in employee communications and in the news media	Revised security information on Web site, coordinated and conducted interviews regarding the Registered Traveler program, included tips for moving efficiently through security in holiday travel news release, incorporated pertinent information in MAC Update and MSP Update.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

PUBLIC AFFAIRS

2005 OBJECTIVES

Objective	Expected Results
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.
Promote "completion" of the 2010 program, launch of 2020 activities, and any significant development at reliever airports, if applicable	Promotional efforts that may include events, written materials and media coordination highlighting the essential completion of the 2010 program coincident with completion of Runway 17/35, and highlighting future growth of MSP and/or reliever airports.
Inform the public of MAC efforts to minimize adverse environmental impacts of airport operations.	Information about MAC environmental programs and activities will appear on the Web site and in publications, news media, video and other formats.
Keep MAC employees, commissioners and airport employees informed of important airport news and developments on a timely basis.	Weekly publication of MAC Update, quarterly publication of MSP Update and regular dissemination of pertinent news clips.
Promote on-airport parking, e-park usage, Northstar Crossing concessions, reliever airports and other programs that provide revenues to the MAC.	Promotional tools that may include Web site materials, publications, video, paid advertisements, events, signage, billboards and other marketing means.
Complete and promote an economic impact study for MSP.	A report indicating the economic impact MSP has on specific communities and on the metropolitan area as a whole as well as marketing tools highlighting the study's results.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

AIR SERVICE BUSINESS DEVELOPMENT

BUDGET SUMMARY

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	188,300	172,043	129,915	-42,128	-24.49%
Administrative Expenses	19,132	32,345	52,075	19,730	61.00%
Professional Services	32,335	30,000	20,000	-10,000	-33.33%
Utilities	13	24	24	0	0.00%
Operating Services/Expenses	693	4,500	4,500	0	0.00%
Other	0	0	0		
Total Budget	240,472	238,912	206,514	-32,398	-13.56%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 Budget
FTE Total:	1.5	1.5	1.5

RESPONSIBILITY/FUNCTION

This department has responsibilities in three 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.

MAJOR 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Administrative Expenses	Primary reason for additional cost is for travel to visit potential new entrant airlines to MSP following three year travel ban.
Professional Services	Reduction in budget for development and presentation of proposals to prospective new entrant airlines, both domestic and international, and for creation of a website for the proposed Regional Cargo Distribution Center.
Operating Services/Expenses	Community event to inaugurate new air service at MSP.

2003 PROGRESS REPORT

Objective	Measurement	Results
Identify and implement short and long term cost saving measures.	Contribute to economic recovery and vitality by MAC.	Suspended travel and competition generating activities
Proactively manage and respond to expense variances.	Operate within approved budgetary parameters.	Completed the year below approved budget level
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

SERVICE CENTER SUMMARIES - 2005 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.
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.	
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.

2004 PROGRESS REPORT

Objective	Measurement	Results
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.	Active discussions are underway with several domestic and international air carriers.
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.	Developmental meetings and discussions on several aspects of the Regional Distribution Center are underway and will continue.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

AIR SERVICE BUSINESS DEVELOPMENT

2005 OBJECTIVES

Objective	Expected Results
Develop a website for proposed Regional Cargo Distribution Center	Creation of this site will allow for centralized management of activities related to the successful development of the RDC, including international input and dialog.
Maintain leadership position in the development of a Regional Distribution Center for Air Cargo.	Create the prototype for a 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 - and likely new international air cargo service - will result.

2005 LONG TERM OBJECTIVES

Objective	Expected Results
Develop Regional Cargo Distribution Center	MSP will shepherd the development of a Regional Distribution Center for air cargo that will be "state of the art" and will be the prototype for the safe, secured shipment of air cargo. It will attract both surface and air cargo that has otherwise utilized air service in other competitive hub cities and will serve as a vital economic development vehicle for Minnesota and the region.
Develop an ongoing program of airline client dialog with headquarters decision makers.	Through the growth of strategic relationships with airline decision-makers, incumbent airlines will grow their presence at MSP and increase their traffic at MSP
Add at least one, and preferably two profitable, low-fare domestic airlines at MSP	MSP will offer a variety of airlines and airfares to the traveling public, causing an increase in affordable air travel options at MSP and substantial growth of new passenger traffic.
Conduct ongoing dialog and presentations with specific targeted international flag airlines. Stop the erosion of international air service and passengers to our major competitor airport, Detroit.	MSP will have non-stop international air service to key international hub cities in Europe in response to citizen demand. Targeted markets will offer competitive service from international flag carriers utilizing up-to-date aircraft offering a complete array of passenger amenities and service levels. MSP international air travelers will have options of non-stop European cities and airlines serving them.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

COMMERCIAL MGT/AIRLINE AFFAIRS

BUDGET SUMMARY

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	561,890	545,727	644,507	98,780	18.10%
Administrative Expenses	12,941	16,000	30,300	14,300	89.38%
Professional Services	68,492	230,000	90,000	-140,000	-60.87%
Utilities	313	46	119	73	158.70%
Operating Services/Expenses	1,680	1,358	268,900	267,542	19701.18%
Other	72	600	1,300	700	116.67%
Total Budget	645,387	793,731	1,035,126	241,395	30.41%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 Budget
FTE Total:	11	10	12

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 and 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 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Concessions added one additional FTE in 2004 and an additional FTE will be added in 2005.
Administrative Expenses	Additional costs associated with two new employees including travel expense, mileage, education and industry related conference/seminars.
Professional Services	Consulting fees for the development of two new RFP's and the evaluation and contract negotiations associated with the rental auto concession bid. Maintain and issue lease exhibits for the Lindbergh and Humphrey Terminals.
Operating Services/Expenses	Per Commission direction, the advertising and promoting of the terminal concession and services must be a new budget item in MAC's 2005 operating budget.

2003 PROGRESS REPORT

Objective	Measurement	Results
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.

SERVICE CENTER SUMMARIES - 2005 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.

2004 PROGRESS REPORT

Objective	Measurement	Results
Establish a new MSP ground rental rate via a grounds reappraisal.	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.	Shenehon was hired as MAC's appraisal firm and is completing the appraisal process. A tenant informational meeting will be held in January 2005. Commission action to adopt the new ground rental rates is expected in April 2005.
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.	Deferred to 2005.
Conduct and implement a Baggage Cart RFP.	New agreement.	Project deferred to 2005.
Phase 2 Advertising review and implementation.	Greater revenues.	Staff is negotiating potential contract changes with the vendor subject to Commission approval in early 2005.
Perfect CMAA's data management system.	Graphic representation of sales data.	In progress.
Implementation of new concession agreement(s)	Concession proposals evaluated from Feb. 13 through April. New agreements expected by July 2004.	In progress. Completion expected in early 2005.
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 and Hunphrey Terminals.	Wi-Fi coverage within all gates.	Completed.
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.	Completed.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET**COMMERCIAL MGT/AIRLINE AFFAIRS****2004 PROGRESS REPORT**

Objective	Measurement	Results
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.	This effort has been incorporated into the MSP 2020 Development Plan work.
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.	Completed.
Establish 0% vacancy within Air Cargo Center Buildings H and I.	0% vacancy of each building.	Completed.
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 resulting in leasing additional premises to TSA.	Discussions with TSA are ongoing.
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.	Completed.
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.	Completed.
Complete an agreement with Northwest Airlines for its use of the new MAC owned runway 17/35 de-ice operations center.	Agreement signatures.	Base agreement completed subject to final details.
Investigate our ability to increase outdoor advertising revenue by placing advertising on way finding airport signage.	Increase revenue from current agreement.	Goal deemed not feasible at this time.
Assist in implementation of new concessions agreement(s).	Successful construction of new stores.	Completed.
Complete and implement the RFP process for concessions.	Execute Commission approved contracts by fourth quarter 2004.	Completed.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

COMMERCIAL MGT/AIRLINE AFFAIRS

2005 OBJECTIVES

Objective	Expected Results
Administrater concessions marketing committee and program.	Effectiveness of program to increase sales and raise awareness of Northstar Crossing.
Assist with the negotiation and design necessary to commence construction of the airline belly cargo facility.	Construction commencement November or December 2005.
Continue work related to bringing management of computer graphics systems (occupancy drawings, lease exhibits, etc.).	Establishment of occupancy plans independent of HGA or other consultant assistance.
Assist with CMAA's responsibility related to the 2020 Plan.	Better idea/direction of airlines to be relocated and the type of operation to be utilized (common use or preferential).
Continue efforts to further the expansion and growth of wireless internet usage.	Increased connects month over month resulting in increased revenue.
Assist with the solution for operation of the Runway 17/35 deicing pad.	Construction of facility to be leased to either ASIG, Northwest Airlines, or both. Or effective operation plan without facility construction.
Complete TSA License Agreement to hold TSA responsible for payment of costs related to security checkpoint cleaning, electrical cost for TSA equipment, and HVAC cost for TSA's exclusive use of baggage screening area.	Execution of License Agreement.
Develop Business Partner Index to measure partner satisfaction with our working relationship.	Measurement of data to allow partner satisfaction.
Complete a traveler services RFP.	Execution of a new contract.
Ensure proper revenue capture and implementation of Minnesota Retail Partners contract and all passenger services contracts.	Proper implementation and revenue capture.
Create and implement an electronic sales and revenue reporting system.	Current data with which to make management decisions.
Renegotiate the Joint-Use Agreement with the U.S. Air Force, which provides for shared use of fire equipment for the Airport.	Establish the fair value of the U.S. Air Forces use of the Airport facilities and to establish a clear understanding of the shared equipment use program.
Develop a long term facility maintenance review program for the Federal Express, UPS, and Mesaba hangar facilities. These facilities were built with MAC funds and need to be maintained to a certain level in order for MAC to protect its long term assets.	Establish an inspection process that will verify and record the maintenance of these facilities. This will ensure that at the end of the lease terms that neither MAC or the existing tenants are not surprised with a large repair bill needed to bring the facility back up to a rentable condition.
Work with the cargo tenants to develop and bid the ground handling contract for MAC's Common Cargo.	Establish operational standards and performance criteria for the ground handling agent.
Implement the concession transition from old contracts and old facilities to new tenants and new facilities.	No missing sales or revenue reports each month for each unit in transition.
Conduct terminal-wide passenger research that will be used to determine passenger needs and concession shortfalls.	Conduct the annual research. Complete and issue RFP, complete proposal reviews and complete Commission approved contracts.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

COMMERCIAL MGT/AIRLINE AFFAIRS

2005 OBJECTIVES

Objective	Expected Results
Develop standards, reports, and measurements that would allow us to improve the overall quality of products and services offered by our tenants.	F&B asst. conducts food inspections, price compliance, and menu reviews for each unit at least every four months Retail and Services asst. to monitor and report on consumer trends, product successes, product voids and possible tenant voids in our merchandising assortments.
Develop a MAC F&B inspections program that will enable MAC to take over the Health Inspections at MSP from Hennepin County.	By working with Hennepin County, MAC would use 2005 as the transition year to transfer the inspection responsibilities to MAC. MAC Commission and Hennepin County approval by year end.
Implement new ground rental rates ordinance.	Based on the preliminary review the ground rental rates should increase on average about 25%.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

Legal Affairs Division

Executive - General

General Counsel
(8 FTEs)

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

Notations to Service Center Summaries:

- * Variance (dollars and %) is computed between 2004 Budget and 2005 Budget
- * The explanation for the variances is based upon the 2004 Budget and 2005 Budget
- * FTE's as stated in each service center are as budgeted in December 2004. Salary dollars in each service center may not reflect the budgeted FTE count for that service center.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET**GENERAL COUNSEL****BUDGET SUMMARY**

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	529,723	597,346	618,853	21,508	3.60%
Administrative Expenses	29,213	23,780	27,135	3,355	14.11%
Professional Services	906,134	975,500	945,619	-29,881	-3.06%
Utilities	632	726	211	-515	-70.94%
Operating Services/Expenses	764	763	938	175	22.94%
Other		0	3,000	3,000	100.00%
Total Budget	1,466,464	1,598,115	1,595,756	-2,358	-0.15%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 Budget
FTE Total:	8	8	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 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
Professional Services	Various Professional Services fees have decreased.

2003 PROGRESS REPORT

Objective	Measurement	Results
Provide legal advice to all MAC management employees (supervisors, managers, directors, senior staff) and MAC Commissioners	Provide timely legal advice.	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.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

GENERAL COUNSEL

2003 PROGRESS REPORT

Objective	Measurement	Results
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.	Provide opportunity for meaningful input from various sources.	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.
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 - 2005 OPERATING BUDGET

GENERAL COUNSEL

2004 PROGRESS REPORT

Objective	Measurement	Results
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.	Researched legal issues as requested by MAC Departments and MAC Commissioners. Addressed airline issues (Part 150 Program, recruiting new airlines for Humphrey Terminal, updating competition plan). Researched various issues as requested by CMAA and Reliever Airports. Supported Reliever Airports Department in conducting commissioner seminars and two public hearings. Attended RAAC meetings. Successfully completed collection and eviction legal work as requested by CMAA and Reliever Airports. Reviewed and analyzed property tax statements from several counties. Advised Review Team for Concessions RFP process and transition plan. Advised and participated in General/Employment & Labor Law RFQ Process. Advised and participated in Federal Aviation Counsel RFQ Process. Drafted changes to MAC Bylaws. Prepared Commissioner District maps.
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.	Advised Finance Department regarding G.O. 15 collateral requirements. Provided assistance in drafting and adopting leases, agreements and ordinances as requested. Current ordinance projects include the Joint Airport Zoning Board Ordinance, the Taxicab Ordinance, the Reliever Rates and Charges Ordinance and the MSP Ground Rent Ordinance. Completed property acquisition to facilitate Runway 17-35 construction (purchase and condemnation), including the Thunderbird/Amoco Station severance claim and the Super America Station. Drafted leases for CMAA and Reliever Airports, including Fuel Agreement, concessions leases, Sun Country lease and Champion Air lease and the new National Guard lease for the old site. Provided assistance with Loading Dock Management & Distribution RFP. Drafted agreements and other documents for Landside (Commercial Vehicles, Taxicab Permit fee). Continued working with Transportation Security Administration (TSA) to implement ongoing security regulations.
Represent MAC on outside boards, commissions and task forces, directly bringing visibility and influence to MAC's efforts.	Visibility and influence to MAC's efforts.	Attended ACI Legal Committee meetings. Attended IMLA conference.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

GENERAL COUNSEL

2004 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.	Provide representation when needed. Complete in timely manner.	Advised Environment Department with respect to ongoing environmental issues at MSP and reliever airports. Northwest Airlines v. MAC (reliever rates and charges litigation) - successful defense in Court of Appeals. Laxman Sundae v. MAC, et al - currently on appeal in Minnesota Court of Appeals. Northwest Airlines Revenue Diversion Complaint (Flying Cloud Airport). MAC v. Qwest - ongoing litigation. Heide v. MAC (9 FAA Formal Complaints filed). Heide v. FAA, et al. Lunda Construction Claims. Behrends v. MAC - ongoing litigation. Blackmon v. MAC - ongoing litigation. Killmer Electric v. MAC litigation. Interstate Trucking v. State of Minnesota litigation. Taxi Association v. MAC litigation. MAC v. Helicopter Flight, Inc. litigation. Taxicab Hearings/Security Hearings. Human Rights Complaints - ongoing. Workers Compensation Issues - ongoing. Various Bankruptcies (United, USAir, Air Canada, ATA).
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.	Attendance at seminars and participation in trade organizations.
Respond to Data Practices Act requests.	Respond in timely manner.	Responded to numerous data requests. Provided legal advice on numerous data issues. Researched classification of data. Attended Data Practices Committee meetings.

2005 OBJECTIVES

Objective	Expected Results
Maintain proficiency in all areas of airport law through attendance at seminars and participation in appropriate trade organizations.	A legal staff with the expertise required to respond to the legal counsel needs of the organization.
Respond to Data Practices Act requests.	Respond in a 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.	Successful legal representation and participation.
Draft, negotiate and/or review documents (e.g., leases, ordinances) for all MAC management employees, especially CMAA, Relievers, Airport Development, Police, Fire, Purchasing, Landside, MAC Commissioners, ACI.	Provide opportunity for meaningful input from various sources.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

GENERAL COUNSEL

2005 OBJECTIVES

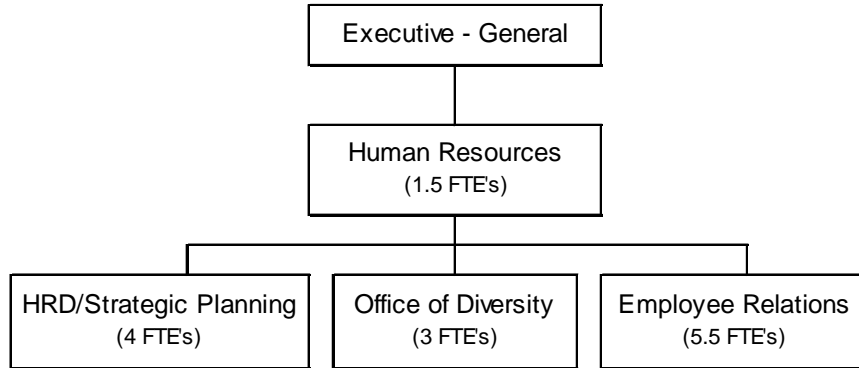
Objective	Expected Results
Provide legal advice to all MAC management employees (supervisors, managers, directors, senior staff) and MAC Commissioners.	Provide timely legal advice.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

Human Resources Division



SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

Notations to Service Center Summaries:

- * Variance (dollars and %) is computed between 2004 Budget and 2005 Budget
- * The explanation for the variances is based upon the 2004 Budget and 2005 Budget
- * FTE's as stated in each service center are as budgeted in December 2004. Salary dollars in each service center may not reflect the budgeted FTE count for that service center.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

HUMAN RESOURCES

BUDGET SUMMARY

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	99,581	100,658	119,494	18,836	18.71%
Administrative Expenses	6,173	8,188	12,188	4,000	48.86%
Professional Services	500	10,000	25,000	15,000	150.00%
Utilities	0	0	50	50	100.00%
Operating Services/Expenses	51	0	0	0	0.00%
Maintenance		0	0		
Other	0	0	0	0	0.00%
Total Budget	106,306	118,846	156,732	37,886	31.88%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 Budget
FTE Total:	1.5	1.5	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.

MAJOR 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment, step increases and organizational requirements.
Administrative Expenses	Increase is due travel, airfare, and registration fees.
Professional Services	Increase due to additional expenses related to recruiting succession planning at executive levels.

2003 PROGRESS REPORT

Objective	Measurement	Results
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 - 2005 OPERATING BUDGET

HUMAN RESOURCES

2003 PROGRESS REPORT

Objective	Measurement	Results
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.
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.
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.
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.
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.
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.
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.
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.

SERVICE CENTER SUMMARIES - 2005 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.

2004 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 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.	HR participated in the development of the overall MAC business continuation plan and established backup procedures for business continuation of critical information and services.
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.	The HR division was restructured in March 2004. Continuous improvement of skills and processes will remain a focus into next year. Two HR outreach offices are operational to better serve employees working in Maintenance and throughout the Lindbergh Terminal.
Partner with MAC leaders to strengthen people management knowledge and skills.	MAC leaders have the knowledge, skill and confidence to manage people resources effectively.	HR provided individual coaching with MAC leaders on specific issues in 2004. We intend to continue this in 2005 and offer training on critical management topics in 2005.
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.	The initial compilation of research for a 3 year workforce plan was documented. In 2005, the development of workforce strategies that meet the organization's needs will be facilitated with input from leaders throughout the organization.
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.	Policies and practices on benefits, compensation and hiring were reviewed. Staff recommendations on policy changes will be brought to the Commission as needed.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

HUMAN RESOURCES

2004 PROGRESS REPORT

Objective	Measurement	Results
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.	Significant progress was made, with assistance from IS, to improve the capabilities of the internal planning software, which provides departments and the organization a tool for documenting and tracking the status of annual plans on an on-going basis. Management and leadership competencies were incorporated into the leadership review process.
Facilitate the delivery of in-house training for employees.	Re-initiate courses that address organizational needs for employee training.	Continued budget cutbacks have significantly curtailed training for employees. An informal needs assessment throughout 2004 continued to identify training needs that should be addressed and supported with budget dollars.
Facilitate MAC's strategic planning process as directed by the Commission.	Strategic Plan for 2005 and beyond in place.	A five year strategic plan was developed for the organization that contains six major goals and objectives to achieve those goals through 2009. The plan will be updated on an annual basis.

2005 OBJECTIVES

Objective	Expected Results
Oversee the update of MAC's Affirmative Action Plan for 2006-2008.	Approval of MAC's AA plan.
Oversee the development and facilitation of MAC's 3 year workforce strategy.	A 3 year workforce plan is in place for 2005 through 2007.
Oversee succession planning for the organization.	A succession plan is in place with recruitment strategies for anticipated turnover at executive levels and other key positions through 2007.
Strengthen HR services to improve customer service to the organization.	Continue to develop broad based skills and streamlined processes to improve customer service to the organization. Complete the transition of the HR Division structure in anticipation of turnover. Strengthen HR's capability to access valid HRIS data.
Facilitate the re-instatement of in-house training for employees.	Supervisory and management training is delivered to meet the organization's needs.
Oversee and direct the strategic planning process for the organization.	MAC's Five Year Strategic Plan is updated to reflect years 2006 through 2010.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

HRD/STRATEGIC PLANNING

BUDGET SUMMARY

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	188,710	212,288	354,530	142,242	67.00%
Administrative Expenses	4,901	7,406	8,827	1,421	19.19%
Professional Services		0	27,000	27,000	100.00%
Utilities		0	0	0	0.00%
Operating Services/Expenses	48	3,521	2,521	-1,000	-28.40%
Maintenance		0	0	0	0.00%
Other	3,359	3,200	8,300	5,100	159.38%
Total Budget	197,018	226,414	401,178	174,764	77.19%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 Budget
FTE Total:	3	3.5	4

RESPONSIBILITY/FUNCTION

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

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

MAJOR 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	<p>Increases in Personnel are a result of the following:</p> <p>Providing Executive Leadership Development training as part of the succession planning program.</p> <p>Providing supervisory management and general employee training that has been on hold for the last three years.</p> <p>Temporary staffing needs at the front desk.</p> <p>The need to keep staff current through attending local seminars and workshops.</p>
Professional Services	Increase due to consultant fees relating to executive development leadership succession planning.
Other	Increase due to budget dollars required for office furniture for new assessment lab.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

HRD/STRATEGIC PLANNING

2003 PROGRESS REPORT

Objective	Measurement	Results
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.
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.
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.
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.
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.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

HRD/STRATEGIC PLANNING

2003 PROGRESS REPORT

Objective	Measurement	Results
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.
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
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.
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.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

HRD/STRATEGIC PLANNING

2003 PROGRESS REPORT

Objective	Measurement	Results
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.
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.
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.
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.
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.
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.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

HRD/STRATEGIC PLANNING

2004 PROGRESS REPORT

Objective	Measurement	Results
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.	MAC competencies were incorporated into the performance review process. The notification process for probationary and annual reviews was improved.
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.	Several departmental presentations were made in 2004. This concept will be expanded in 2005.
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.	Org Publisher is now up and running and is our standard organizational chart program. The number of people with advanced JDE skills has increased through cross-training.
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.	Limited in-house training was delivered in 2004. Topics covered in 2004 included , Conducting Effective Performance Reviews, Communications Styles, and Listening Skills. We intend to restart supervisory management and leadership development training that has been on hold since 9/11 in 2005.
Facilitate workforce planning throughout the organization.	A 1-3 year workforce plan developed.	3-year Workforce Strategy objective forwarded to 2005 (included in 2005 Strategic Plan). 2004 Contributions: (1) integrated cost and performance justification component into headcount request process; (2) integrated headcount request process with budget cycle; (3) facilitated development of short-term staffing plans with varied service centers; (4) identified and addressed recruiting challenges in Public Safety, Administrative, IS and EMC areas; (5) implemented alternative staffing solutions for 6 positions, avoiding additional 2005 headcount in those areas; (6) identified leadership competency model for general managerial and supervisory positions, and incorporated these competencies into performance reviews and job descriptions incrementally, as they come up for review.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

HRD/STRATEGIC PLANNING

2004 PROGRESS REPORT

Objective	Measurement	Results
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.	<p>(1) Retirement Eligibility Forecast (turnover forecast) completed by job type and service center; vulnerable areas identified.</p> <p>(2) Key functions and positions at risk at senior staff level have been identified.</p> <p>(3) Position/competency profiles for senior staff functions are currently being developed.</p> <p>(4) General organizational leadership competencies developed and integrated into leader job descriptions and performance reviews.</p>
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.	<p>GENERAL RESULTS:</p> <p>(1) Core staffing services integrated into generalist/coordinator hiring teams.</p> <p>(2) Managed staffing transactions to stay within budgeted headcount and vacancy factor guidelines.</p> <p>(3) Completed 127 staffing transactions as of 11/1/04, which includes 74 regular status positions - hires, promotions, reclasses, or transfers, and 43 temporary status positions.</p> <p>GENERAL PROCESS IMPROVEMENTS:</p> <p>(1) Initiated behavior-based interviewing to improve quality of interviews;</p> <p>(2) Transitioned to new advertising agency (organization-wide RFP and contract award initiated by MAC), streamlining advertising process and complying with general purchasing/admin requirements;</p> <p>(3) Streamlined badging process with Badging Office, ensuring quicker start-up time and better compliance;</p> <p>(4) Increased usage of assessments for writing, software and supervisory skills to improve quality of hire;</p> <p>(5) Updated internet application and benefits materials for better applicant communication and improved quality of applications received;</p> <p>(6) Implemented post-card notification system for applications received to reduce postage expense and maintain contact with prospective applicants</p>

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

HRD/STRATEGIC PLANNING

2004 PROGRESS REPORT

Objective	Measurement	Results
Improve HR process documentation to ensure transfer of knowledge.	Staffing and Employee Separation processes fully documented. Key JDE data fields defined and documented.	(1) Defined JDE fields and change reason codes to improve tracking of staffing transactions. (2) Documented core staffing functions (including steps, objectives, and tools). (3) Prepared and implemented "pre-hire" checklist to ensure new-hire records are entered and maintained accurately. (4) Documented general application and resume retention system to more effectively "mine" prospects from job seekers not associated with a specific or active hiring process.

2005 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.
Facilitate the development of 3 year department plans.	Template for business plans established and implementation begun.
Reinstate supervisory management and leadership development programs.	Supervisory management and leadership development programs implemented.
Develop 3 year staffing forecast.	Identify changing business needs for employee talent. 3 Year staffing forecast in place.
Develop succession plan and propose recruitment strategies for anticipated turnover at executive levels of the organization.	Executive level succession plan and recruitment strategies identified.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

OFFICE OF DIVERSITY

BUDGET SUMMARY

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	237,630	217,844	199,528	-18,315	-8.41%
Administrative Expenses	8,827	6,100	10,400	4,300	70.49%
Professional Services	2,975	8,000	4,000	-4,000	-50.00%
Utilities	0	0	0		
Operating Services/Expenses	1,409	3,351	13,000	9,649	287.94%
Other	0	0	0		
Total Budget	250,840	235,295	226,928	-8,366	-3.56%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 Budget
FTE Total:	3	3	3

RESPONSIBILITY/FUNCTION

The Office of Diversity has five core areas of responsibility that include the following: (1) promote the utilization of women, minorities and/or persons with disabilities in job categories where under-representation exists; (2) produce the organization's Affirmative Action Plan for review and approval by MAC's Human Resources and Affirmative Action 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 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Administrative Expenses	Increase due to travel, lodging, membership dues and professional associations.
Professional Services	Decrease due to moving a portion of budget dollars to Administrative Expenses in 2005.
Operating Services/Expenses	Increase due to Mac sponsored diversity events and training.

2003 PROGRESS REPORT

Objective	Measurement	Results
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.
Administer internal complaint investigations process.	Timely well documented internal complaint investigations that are fair to all parties involved.	Resolved seven internal complaint investigations.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET**OFFICE OF DIVERSITY****2003 PROGRESS REPORT**

Objective	Measurement	Results
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.
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.
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.
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.
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
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.
Integrate diversity with MAC's policies and systems.	Policy and practices that reflect diversity considerations as an organizational value.	On going.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET**OFFICE OF DIVERSITY****2004 PROGRESS REPORT**

Objective	Measurement	Results
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. Make sure disability accommodation are provide as necessary, submit required AA and Contract compliance reports. Monitor personnel actions.	MAC filled 40 positions in 2004. Most of the positions had AA hiring goals. Goals were met on 9 hires, 4 minorities and 5 females, and 0 known disabilities. An initiative was started for each hiring process to inform hiring managers about organizational AA goals and improve awareness and understanding of selection opportunities related to affirmative action. PROMOTIONS. MAC promoted 30 people: 5 females and 4 minorities. 11 promotions were for supervisory positions. AA goals were met on 7 promotions: 3 female and 4 minorities. DISCRIMINATION COMPLAINTS. 3 internal discrimination complaints were filed and all were resolved administratively. 3 external complains were filed: 1 was resolves and 2 are pending resolution. CONTRACT COMPLIANCE. Reports are complete and comply with government requirements.
Monitor and supervise the contract compliance for MAC's TGB and DBE programs.	Report on TGB and DBE goals, 10.1%DBE goal for airport concessions, 17%DBE goal in construction, 3% TGB goal.	The TGB Program reports has been submitted for FY 2003-2004. MAC accomplished 3%TGB participation. DBE Program goals of 10.1% have been submitted for DBE Airport Concession. DBE Report submitted in the 1st quarter of 2005 showed 9 % DBE participation for FY2003-2004. DBE Construction Program goals for calendar year 2004 have been submitted at a 17%DBE. The Construction DBE Goal accomplishment will be reported the 1st quarter 2005. DBE Program Construction goals report showed a 11.3% participation on an 18% DBE goal for calendar year 2003. DBE Program goals have been submitted for calendar year 2004 DBE Construction Program.
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.	There were two meetings of the Diversity Committee in 2004. Staff reported on DBE and TGB Programs plus Affirmative Action. The Committee was reorganized as the Human Resources and Affirmative Action Committee and one additional meeting was held in 2004. Diversity staff reported on DBE Concession update and TGB Program goals for FY2003-2004.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

OFFICE OF DIVERSITY

2004 PROGRESS REPORT

Objective	Measurement	Results
Serve as MAC's liaison to maintain positive relationships with minority and women's organizations and other protect class communities.	Positive working relationships with constituents and other interagency jurisdictions .	Staff maintained relationships with NAMC, AWAC, MCDC, LEO, Metro Council, MEDA, Indian Chamber, Hispanic Chamber and African American of Chambers of Commerce. Staff worked with other agencies in Contract Compliance areas due to rule changes in the DBE Program. Met Council, MNDOT and MAC are required to do " joint DBE certifications." Staff attended all NAMC monthly meetings, supported MEDA at the Minority Suppliers Conference. Staff worked with LEO on scholarships and organizing LEO's Annual Law Enforcement Recruitment Career Fair.

2005 OBJECTIVES

Objective	Expected Results
Amend MAC's AA Plan for 2006-2008. Set new AA hiring goals.	Approval of MAC's AA Plan for 2006-2008.
Ensure contract compliance and regulatory reporting for MAC's Disadvantaged Business Enterprise Program (DBE) and Target Group Business(TGB) Program. Support for the Uniform Certification Program and collaboration with MN Dot and Met Council Staff.	Achievement of the participation goals set for TGB and DBE program including DBE goals set for MAC's Airport Concessions Program, and maintain a positive working relationship with UCP agencies and processing of DBE certification applications plus related outreach, on site reviews and working with the DBE community.
Maintain a harassment /discrimination free work place for MAC employees.	Number of internal EEO matters resolved, number of MAC employees trained, and articles written to promote a harassment free work place.
Improve MAC's Diversity Recruitment Strategies.	Recruitment of a diverse work force. Show improvement on MAC's AA hiring to increase the number of women and minorities, disabled employees at MAC.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

EMPLOYEE RELATIONS

BUDGET SUMMARY

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	321,610	369,714	357,876	-11,838	-3.20%
Administrative Expenses	9,720	3,935	4,435	500	12.71%
Professional Services	28,566	61,004	101,004	40,000	65.57%
Utilities	41	0	0	0	0.00%
Operating Services/Expenses	14,343	30,000	46,910	16,910	56.37%
Maintenance		0	0	0	0.00%
Other	0	0	0	0	0.00%
Total Budget	374,281	464,653	510,225	45,572	9.81%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 Budget
FTE Total:	5.5	6.5	5.5

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 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Reduction due to change from FTE 6.5 to 5.5 in 2005.
Professional Services	Increase due to anticipated hiring, physicals and screenings of approximately 50 new FTE's in 2005.
Operating Services/Expenses	Increase due to additional advertising costs for hiring of an additional 50 FTE's in 2005.

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.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

EMPLOYEE RELATIONS

2003 PROGRESS REPORT

Objective	Measurement	Results
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.
Assess the employee benefits communication strategy in order to provide a more useful tools 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 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.
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.
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
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 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.
Develop the HR emergency response plan.	HR emergency response plan in place and training complete.	Project was re-assigned in September.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

EMPLOYEE RELATIONS

2004 PROGRESS REPORT

Objective	Measurement	Results
Expand merit pay delivery system to all non-organized employees.	Improve alignment of pay delivery system to performance review process.	1) Objective delayed to 2005 for more organizational input and budget planning activity.
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.	1) Objective redirected to a continuing use of JD Edwards in 2004 and 2005.
Establish all outreach offices as full-service HR consultative service providers.	ADO office staff full-time and is operational as stand-alone HR office.	1) HR office at the ADO is staffed full-time and is fully functional. 2) HR office at the Field Maintenance facility is staffed part-time and functioning well.
Deliver general compensation, benefits, and employee relations services to all MAC organizations.	Solicited feedback from employees regarding service value and quality.	1) Marked increase in solicitation of employee relations consulting and advisement from MAC departments, particularly from Public Safety Department and Field Maintenance Department. 2) Employee, retiree and commissioner benefit programs effectively administered. Benefit open enrollment process successfully completed for 2005. 3) Participated in the development and introduction of a health reimbursement account.
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.	1) Provided extensive management guidance to the Communications Department and Police Department regarding resolution of six serious employee relations problems, resulting in elimination of problems and expanded manager skill and knowledge in managing employees. 2) Effectively advised management regarding resolution of difficult management performance problems.
Strengthen HR service delivery skill as employee retirement actions occur.	Acquire highly skilled HR professional resource to deliver generalist services.	1) Arranged mobility assignment for Police Department employee to transition to human resources administration work, with possibility of full-time assignment upon division employee retirement action in 2005. 2) Along with Workforce Planning Manager, rearranged human resources work assignments to further develop mobility assignment employee. 3) Training all HR Administrator staff to conduct employee investigation activity and administer employee relations problems.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

EMPLOYEE RELATIONS

2004 PROGRESS REPORT

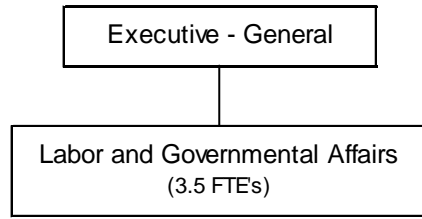
Objective	Measurement	Results
Review and update all compensation plans, structure and policies.	Continue alignment of compensation delivery strategy to productivity.	1) Completed comprehensive market study for all MAC job classifications and analyzed salary/wage rates relative to MAC market control factors. 2) Completed extensive salary market analysis for senior executive classifications and submitted proposal to Chair for salary cap exemptions with four classifications. 3) Obtained Commission approval for adjustment to non-organized employee salary structure. 4) Managed non-organized salary structure to remain in compliance with state pay equity law. 5) Managed all classification review requests (34) to maintain compliance with pay equity law and to maintain equitable compensation relationships between all classifications. 6) Created flexible lead position and training premium pay systems within the Communications Department and Badging Office. 6) Reorganized Communications Department pay relationships for all job classifications to retain critical skills, more appropriately address consequence of error factors, and competitively address market. 7) Initiated planning actions toward expanded merit pay delivery system.

2005 OBJECTIVES

Objective	Expected Results
Expand capability of outreach offices as full-service Human Resources consultative service providers.	Solicited feedback from employees and managers/supervisors indicating service quality and value is positively impacting the accomplishment of department and MAC goals.
Improve usefulness of JD Edwards software as Human Resources productivity tool.	More efficient data manipulation and more useful information regarding benefits administration.
Expand merit pay delivery system to all exempt employees.	Improve alignment/flexibility of compensation delivery system to performance review process.
Deliver general compensation, benefits and employee relations services to all MAC organizations.	Solicited feedback from employees and managers/supervisors indicating service value and quality is positively impacting MAC achieving business objectives.
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.
Strengthen Human Resources service delivery skill as employee retirement actions occur.	Acquire highly skilled, superior performing HR professional resource to deliver generalist services.
Maintain a competitive benefits package and wage structure.	MAC is able to attract and retain a high quality workforce.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

Labor and Governmental Affairs Division



SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

Notations to Service Center Summaries:

- * Variance (dollars and %) is computed between 2004 Budget and 2005 Budget
- * The explanation for the variances is based upon the 2004 Budget and 2005 Budget
- * FTE's as stated in each service center are as budgeted in December 2004. Salary dollars in each service center may not reflect the budgeted FTE count for that service center.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET**LABOR AND GOVERNMENTAL AFFAIRS****BUDGET SUMMARY**

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	227,196	242,031	255,703	13,672	5.65%
Administrative Expenses	10,768	17,770	17,770	0	0.00%
Professional Services	273,729	257,000	269,000	12,000	4.67%
Utilities	2,034	1,175	1,300	125	10.64%
Operating Services/Expenses	0	7,500	7,500	0	0.00%
Maintenance		0	0		
Other	1,375	1,200	1,200	0	0.00%
Total Budget	515,103	526,676	552,473	25,797	4.90%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 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 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
Professional Services	Increase reflects anticipated rate increase in 2005.

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.
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 - 2005 OPERATING BUDGET**LABOR AND GOVERNMENTAL AFFAIRS****2003 PROGRESS REPORT**

Objective	Measurement	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	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.
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.
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.
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
Conduct management training in labor relations as appropriate	Improved labor/management environment	Provided ad hoc training to new managers and supervisors as appropriate
Hear grievances on behalf of the Executive Director	Terms and conditions of employment consistent with Commission goals	Favorably resolved several union grievances
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.
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
Coordinate Labor Management Committee activity	Improved labor/management environment	Continued current committees with MACI bargaining units
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
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 - 2005 OPERATING BUDGET

LABOR AND GOVERNMENTAL AFFAIRS

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.

2004 PROGRESS REPORT

Objective	Measurement	Results
Negotiate construction project labor agreements when beneficial to MAC	Effective airport operations and construction projects free of labor disruptions	Negotiated and executed six (6) Project Labor Agreements assuring that these projects were not subject to any delays due to labor unrest.
Mediate disputes between outside unions, contractors and airport tenants	Effective airport operations free of labor disruptions for the traveling public	Assisted in resolving labor issues relating to Project Labor Agreements, construction projects, airport vendors and airport tenants relative to outside unions' issues and concerns.
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.
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	Completed negotiations and executed labor agreements with six (6) MAC labor unions.
Represent MAC on outside boards and organizations to bring visibility and influence to MAC's labor relations efforts	Effective labor relations representation and participation	Served as General Counsel for Minnesota Public Employer Labor Relations Association and as a member of both the state and national PELRA. Also served on the Board of Directors of Twin City Area Labor Management Committee. Participated in Area Negotiators meetings.
Coordinate Labor Management Committee activity	Improved labor/management environment	Continued to coordinate and/or participate in MAC's six cooperative Labor Management Committees.
Hear grievances on behalf of the Executive Director	Terms and conditions of employment consistent with Commission goals	Participated in the grievance process and successfully resolved numerous grievance issues.
Conduct management training in labor relations as appropriate	Improved labor/management environment	Provided ad hoc training to managers and supervisors as appropriate.
Assist managers and supervisors in contract interpretation, grievances and labor/management cooperation issues	Improved labor/management environment	Met and consulted with numerous MAC managers and supervisors in order to advise them on grievance, contract and labor relations matters.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

LABOR AND GOVERNMENTAL AFFAIRS

2004 PROGRESS REPORT

Objective	Measurement	Results
Pursue LOI with TSA for permanent installation of EDS at MSP	LOI signed	TSA not granting any new LOI's at this time - deferred to 2005.
Work with local, state and federal officials to explore and acquire funding for St. Paul Airport dike	Funding allocated	Received commitment from FAA that first phase of St. Paul Airport dike project (sub drain) would be very competitive for fiscal year 2005 discretionary funding - \$5 million of a \$6.5 million project.
Explore and acquire additional funding via the federal AIP and DOT appropriations earmark process	Funding allocated	Secured \$3.1 million TSA grant for valet garage restoration. Obtained \$8 million FAA grant from AIP discretionary program for residential soundproofing. FY'05 Omnibus DOT Appropriations bill includes "soft place name" language for \$4 million MSP apron rehabilitation project. Received commitment from FAA that first phase of St. Paul Airport Dike project (sub drain) - \$5 million of \$6.5 million project - will be very competitive for FAA discretionary funds.
Participate in formulating airport trade group positions on aviation related legislation	Airport trade group positions closely aligned with MAC goals and objectives	Member of airport trade group Government Affairs Steering Committee. Trade group legislative program closely aligned with MAC positions.
Work with MN Congressional delegation and staff to facilitate completion of north/south runway	Effective aviation legislation and increased airport capacity	Runway 17/35 scheduled to open October 2005 as planned.
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	Monitored legislation and presented Commission positions supporting or opposing bills. Several bills were introduced contrary to MAC policy positions - none passed. See 2004 legislative summary.
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	Supportive Local Government and Transportation Committees in both bodies of the State legislature. Special attention paid to House Aviation Subcommittee and newly created Senate Subcommittee on Aeronautics. Provided legislative briefings and airport site visits to legislators and staff. Met with all members of the Minnesota congressional delegation and made frequent contacts with their staff.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET**LABOR AND GOVERNMENTAL AFFAIRS****2005 OBJECTIVES**

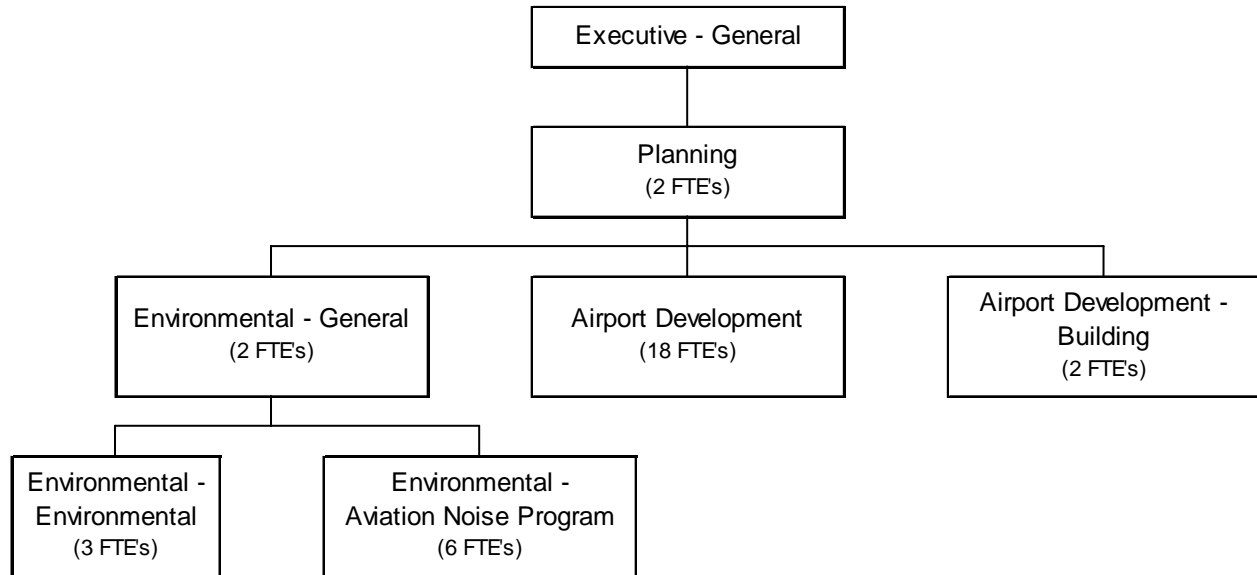
Objective	Expected Results
Hear grievances on behalf of the Executive Director.	Terms and conditions of employment consistent with Commission goals.
Mediate disputes between outside unions, contractors and airport tenants.	Effective airport operations free of labor disruptions for the traveling public.
Represent MAC in mediation, arbitration, and veterans preference hearings.	Terms and conditions of employment consistent with Commission goals.
Prepare for and begin negotiating labor contracts with five (5) MAC unions whose labor agreements expire at the end of 2005.	Terms and conditions of employment consistent with Commission goals.
Assist managers and supervisors in contract interpretation, grievances and labor/management cooperation issues.	Improved labor/management environment.
Represent MAC on outside boards and organizations to bring visibility and influence to MAC's labor relations efforts.	Effective labor relations representation and participation.
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.	Signed LOI.
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.
Work with MN Congressional delegation and staff to facilitate completion of north/south runway.	Effective aviation legislation and increased airport capacity.
Participate in formulating airport trade group positions on aviation related legislation.	Airport trade group positions closely aligned with MAC goals and objectives.
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.
Coordinate Labor Management Committee activity.	Improved labor/management environment.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

Environment and Planning Division



SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

Notations to Service Center Summaries:

- * Variance (dollars and %) is computed between 2004 Budget and 2005 Budget
- * The explanation for the variances is based upon the 2004 Budget and 2005 Budget
- * FTE's as stated in each service center are as budgeted in December 2004. Salary dollars in each service center may not reflect the budgeted FTE count for that service center.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

PLANNING

BUDGET SUMMARY

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	166,405	168,366	169,885	1,518	0.90%
Administrative Expenses	6,155	15,350	10,479	-4,871	-31.73%
Professional Services	16,714	353,794	298,494	-55,300	-15.63%
Utilities	256	212	66	-146	-68.87%
Operating Services/Expenses	7,974	29,022	29,022	0	0.00%
Maintenance		0	0		
Other		0	0		
Total Budget	197,503	566,744	507,946	-58,799	-10.37%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 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.

MAJOR 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Administrative Expenses	Reduction due to special supplies budget.
Professional Services	Reduction due to anticipated 2005 expense.

2003 PROGRESS REPORT

Objective	Measurement	Results
Complete Acquisition for Runway 17-35.	Property Acquired.	Continuing
Revise Part 150 Update.	Submission of revision to FAA for approval.	Development initiated after forecast approval.
Oversee/Coordinate 2010 Plan Implementation.	Projects awarded.	51 projects with a value of \$51.6 million awarded.
Update Aviation Activity Forecasts.	Publication of Forecasts.	Commission approved forecast update in November.
Oversee Airport Development and Environment Activities.	Completion of Department Objectives.	Completed.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

PLANNING

2004 PROGRESS REPORT

Objective	Measurement	Results
Oversee/Coordinate 2010 Plan Implementation.	Projects Awarded.	57 contracts have been awarded with a total value of \$129,059,896.
Complete Part 150 Update.	Submission of revision to FAA for approval.	Part 150 Update submitted to FAA on November 18, 2004
Complete Property Acquisition for Runway 17-35.	Property Acquired.	One commercial parcel and residential parcels yet to be acquired.
Oversee Airport Development and Environment Activities.	Completion of Individual Department Objectives.	Completed.

2005 OBJECTIVES

Objective	Expected Results
Complete Property Acquisition for Runway 17-35.	Property Acquired.
Review 2020 Vision proposal.	Implementation status of Phase 1.
Oversee/Coordinate 2010 Plan Implementation.	Projects Awarded.
Implement Part 150 Update following FAA approval.	Homes above 65 DNL insulated.
Oversee Airport Development and Environment Activities.	Completion of Individual Department Objectives.
Review existing projects for appropriate budgeting levels.	Appropriate budget levels for existing projects set and approved.
Develop annual Capital Improvement Plan.	Annual Capital Improvement Plan developed and approved by the Commission.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET**AIRPORT DEVELOPMENT****BUDGET SUMMARY**

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	431,754	491,250	497,504	6,254	1.27%
Administrative Expenses	21,069	42,395	53,500	11,105	26.19%
Professional Services	205,558	255,000	227,500	-27,500	-10.78%
Utilities	818	20	356	336	1680.00%
Operating Services/Expenses	1,290	4,197	1,500	-2,697	-64.26%
Maintenance	54	0	0	0	0.00%
Other	7,169	233	200	-33	-14.16%
Total Budget	667,712	793,095	780,560	-12,535	-1.58%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 Budget
FTE Total:	17	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 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
Administrative Expenses	Increase is due to adding an additional work station, software maintenance and a new series of aerial photos of MSP.
Professional Services	Reduction is due to the addition of a Senior Architectural Technician.

2003 PROGRESS REPORT

Objective	Measurement	Results
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.
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.
Implement the 2003 Landside CIP.	Complete 2003 CIP.	Bid and awarded nearly 40 projects, with an estimated CIP value of \$19,500,000.
Implement the 2003 Airside CIP.	Complete 2003 CIP.	Bid and awarded nearly 20 projects, with a total estimated CIP value of \$57,000,000.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET**AIRPORT DEVELOPMENT****2003 PROGRESS REPORT**

Objective	Measurement	Results
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.
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.
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.
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.
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 - 2005 OPERATING BUDGET

AIRPORT DEVELOPMENT

2004 PROGRESS REPORT

Objective	Measurement	Results
Participate in the ongoing review and development of the 2004 Landside CIP.	Ongoing	Ongoing.
Participate in the ongoing review and development of the 2004 Airside CIP.	Ongoing	Ongoing.
Implement the 2004 Landside CIP.	Complete 2004 CIP.	2004 CIP completed.
Implement the 2004 Airside CIP.	Complete 2004 CIP.	Airside 2004 CIP completed.
Develop 2005 Landside CIP.	Adoption of 2005 CIP.	2005 CIP adopted.
Develop 2005 Airside CIP.	Adoption of 2005 CIP.	Airside 2005 CIP adopted.
Continue bringing Landside work "in-house" in lieu of using consultants where possible. Identify and test process.	Number of projects transitioned to in-house.	Five (5) activities/tasks/projects were brought in-house: Key plan development, Occupancy plan updates, Lindbergh Terminal utility shutdown coordination, Portion of the Concessions Program construction coordination and Metro Office Park construction coordination.
Continue bringing Airside work "in-house" in lieu of using consultants where possible. Identify and test process.	Number of projects transitioned in-house.	Five (5) activities/tasks/projects were brought in-house: Airspace reviews, Record drawings, GIS efforts @ MSP, FAA progress meetings, Rwy 17/35 Program Management.
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.	2004 CIP completed.

2005 OBJECTIVES

Objective	Expected Results
Develop and implement a records retention schedule for Airport Development.	Inventory of various documents and approved Records Retention Schedule for Airport Development.
Evaluate, manage, and obtain federal and state aid on a variety of the Commission's CIP projects.	Number of and total value of federal and state aid applied for and received.
Administer CIP related property management acquisition/disposal.	Administration of property management.
Manage all aspects of preparing and implementing the Commission's CIP for MSP and Reliever Airports.	Completion of 2005 CIP and administration of A/E services.
Continue bringing Airside work "in-house" in lieu of using consultants where possible.	Number of projects/tasks transitioned in-house.
Continue bringing Landside work "in-house" in lieu of using consultants where possible.	Number of projects/tasks transitioned to in-house.
Develop 2006 Airside CIP.	Adoption of 2006 CIP.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

AIRPORT DEVELOPMENT

2005 OBJECTIVES

Objective	Expected Results
Develop 2006 Landside CIP.	Adoption of 2006 CIP.
Implement the 2005 Airside CIP.	Complete 2005 CIP.
Implement the 2005 Landside CIP.	Complete 2005 CIP
Participate in the ongoing review and development of the 2005 Airside CIP.	Ongoing
Participate in the ongoing review and development of the 2005 Landside CIP.	Ongoing

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

AIRPORT DEVELOPMENT-BUILDING

BUDGET SUMMARY

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	125,723	133,128	137,227	4,100	3.08%
Administrative Expenses	266	2,500	14,248	11,748	469.92%
Professional Services	10,357	11,500	11,500	0	0.00%
Utilities	191	0	0		
Operating Services/Expenses		200	200	0	0.00%
Maintenance		0	0		
Other		0	0		
Total Budget	136,537	147,328	163,175	15,848	10.76%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 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 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
Administrative Expenses	Moved LOGIS support from Professional Services to Administrative Expenses.
Professional Services	Moved LOGIS support from Professional Services to Administrative Expenses.

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.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

AIRPORT DEVELOPMENT-BUILDING

2004 PROGRESS REPORT

Objective	Measurement	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.	The department issued 419 permits in 2004 and reviewed over 390 plans.. The total construction valuation exceeded \$66 million dollars and the department collected \$ 639,000.00 in permit fees.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

ENVIRONMENT-GENERAL

BUDGET SUMMARY

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	112,627	137,651	142,724	5,073	3.69%
Administrative Expenses	3,890	11,170	10,070	-1,100	-9.85%
Professional Services	0	0	10,000	10,000	100.00%
Utilities	376	784	756	-28	-3.57%
Operating Services/Expenses	14,232	0	0	0	0.00%
Other	0	0	0	0	0.00%
Total Budget	131,125	149,605	163,550	13,945	9.32%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 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 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
Professional Services	Professional services to identify, evaluate and prioritize elements of an environmental management system for MAC's system of airports.

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.

2005 OBJECTIVES

Objective	Expected Results
Identify, evaluate and prioritize elements of an EMS.	Evaluate and prioritize EMS elements for future implementation.
Continue implementation and development of technologies to plan, manage and reduce environmental impacts.	Evaluate pilot projects for reduction of air and water quality impacts.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

ENVIRONMENT-GENERAL

2005 OBJECTIVES

Objective	Expected Results
Incorporate environmental reduction requirements into tenant agreements.	Negotiate environmental language into lease agreements, construction contracts and development documents that identify tenant contributions and capabilities to reduce environmental impacts.
Identify MAC tenant capabilities to reduce environmental impacts.	Meet with MAC tenants to discuss air, noise and water quality impacts and potential industry reduction strategies.
Proactively engage regulating agencies to identify and reduce impacts.	Meet with MPCA officials to discuss air quality credits for past and future projects.
Continue to work with communities for compatible development around MAC airports.	Meet with local community development personnel to encourage compatible development.
Evaluate ways to minimize environmental impacts on air, noise and water.	Participate in federal water quality discussions and surveys concerning effluent guidelines for deicing operations.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

ENVIRONMENT-ENVIRONMENTAL

BUDGET SUMMARY

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	169,911	175,528	189,554	14,026	7.99%
Administrative Expenses	1,655	2,500	3,000	500	20.00%
Professional Services	167,680	260,000	449,000	189,000	72.69%
Utilities	202	417	0	-417	-100.00%
Operating Services/Expenses	39,589	48,785	51,100	2,315	4.75%
Maintenance		0	0		
Other	45,411	4,500	4,500	0	0.00%
Total Budget	424,448	491,730	697,154	205,424	41.78%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 Budget
FTE Total:	2	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 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
Professional Services	<p>The increases include regulatory requirements in response to the NPDES (glycol related) Stipulation Agreement (\$220,000). Requirements for 2005 include a Pond Study, Baseline Assessment of Plug&Pump Deice locations, Pilot Project for Reduction of Organic Loading, misc. annual reports, penalty and SEP costs.</p> <p>Increases due to the Fuel Hydrant Leak Stipulation Agreement Requirements (\$55,000) in 2005 are for M&O of a perimeter well system, misc. reports and penalty costs.</p> <p>Other costs are annual regulatory requirements at MSP and the Reliever Airports. 2005 budget amounts are equal to the budgeted 2004 levels and do not represent a budget increase within these categories.</p>

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET**ENVIRONMENT-ENVIRONMENTAL****2003 PROGRESS REPORT**

Objective	Measurement	Results
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.
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.
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.
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.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

ENVIRONMENT-ENVIRONMENTAL

2004 PROGRESS REPORT

Objective	Measurement	Results
Develop plan to delineate areas of concern associated with Airport air pollutants.	Status report of MSP's Air Quality Initiatives	Staff is currently conducting investigations into the federal VALE program. There has also been preliminary contact with the state regulatory entity regarding airport air impacts. The MAC would like to meet with MPCA personnel to define a sound environmental strategy that balances the regulatory agencies, community and airport needs.
Develop NPDES / Stipulation Agreement Implementation Plan.	A reasonable and appropriate discharge limit for a future NPDES permit for the airport.	<p>The NPDES (glycol) Stipulation Agreement was signed in August 2004 between the MPCA and the MAC. MAC staff is working with MPCA and airline staff to complete work plan requirements identified in the Stip Agreement. The intent of these work plans is to help develop a reasonable and appropriate discharge limit for the future NPDES permit.</p> <p>At the same time that the Stip Agreement was being negotiated, Environmental Affairs staff worked with the MPCA to make minor modifications to the current permit. Modifications included, among others, a reduction of the monitoring requirements which in turn reduced sampling costs for the airport.</p>
Develop modified Environmental Compliance program for MSP.	Plan/program that defines sound environmental procedures and regulatory requirements for Airport tenants.	Continuing research into off the shelf products and ISO 140001 methodology. [Program development was temporarily delayed due to change in personnel and subsequent hiring of replacement.]
Develop a MSP Environmental Response Exercise Program cooperatively with MSP tenants.	Complete a twice yearly drill with airport partners.	MAC staff, airline representatives (MFC) and the airlines fueling contractor (ASIG) have been in a year long process of negotiating the Fuel Stipulation Agreement. Several work plans have been developed to address the issues identified in the Agreement. One of these plans, the Integrated Spill Plan, has a requirement to conduct spill response exercise(s). The MAC and the airport partners will hold annual drills with input/guidance from the MPCA.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

ENVIRONMENT-ENVIRONMENTAL

2005 OBJECTIVES

Objective	Expected Results
Develop conceptual ECP for MSP.	Create outline of ECP elements applicable to MSP tenants. Draft potential program scope, goals, implementation schedule and MAC and tenant requirements.
Identify, evaluate and prioritize elements of an EMS.	Identify elements of an EMS for MAC through a thorough scooping process.
Continue implementation and development of technologies to plan, manage and reduce environmental impacts.	Investigate available industry management tools to plan and manage environmental management tracking and implementation strategies.
Incorporate environmental reduction requirements into tenant agreements.	Negotiate environmental language into lease agreements, construction contracts and development documents that identify tenant contributions and capabilities to reduce environmental impacts.
Proactively engage regulating agencies to identify and reduce impacts.	Meet with MPCA officials to develop water quality standards consistent with national industry standards.
Evaluate ways to minimize environmental impacts on air, noise and water.	Conduct a baseline assessment of a sample air impact project in accordance with VALE methodology to determine applicability for other projects.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

ENVIRONMENT-AVIATION NOISE PROGRAM

BUDGET SUMMARY

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	293,564	326,858	381,649	54,791	16.76%
Administrative Expenses	25,163	25,757	25,757	0	0.00%
Professional Services	47,545	103,059	103,059	0	0.00%
Utilities	126	0	409	409	100.00%
Operating Services/Expenses	132,997	95,840	95,840	0	0.00%
Maintenance	0	0	0	0	0.00%
Other	3,377	0	0	0	0.00%
Total Budget	502,772	551,514	606,714	55,199	10.01%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 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 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	The additional \$9,600 under personnel in the temps. line item will provide three Noise Program Interns for approximately three months of service and facilitate an ANOMS validation study to assess system accuracy.
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SERVICE CENTER SUMMARIES - 2005 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.	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.
Increase MAC Aviation Noise and Satellite Programs office efficiency through increased use and development of relevant technologies in a cost effective manner that reduces the need for on-going outside services in accomplishing department and MAC goals.	Utilization of the Airport Noise and Operations Monitoring System (ANOMS), Geographic Information System (GIS) and the MAC Aviation Noise and Satellite Programs website thereby reducing outside professional services in support of the MAC and other airport noise related groups including city governments, residents, elected officials, airlines, FAA, the Minnesota State Legislature and the MSP Noise Oversight Committee (NOC).	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.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

ENVIRONMENT-AVIATION NOISE PROGRAM

2003 PROGRESS REPORT

Objective	Measurement	Results
Apply Aviation Noise and Satellite Programs office technology and staff talents to support the development of the MAC system of airports in a manner that ensures noise reduction/sensitivity while reducing on-going consultant costs.	Development of technical noise studies, analyses and documents utilizing Aviation Noise and Satellite Programs office technology and staff talents in a manner that reduces reliance on outside consultants and maximizes information disclosure to the public via the Aviation Noise and Satellite Programs website.	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.
Maximize communication of airport noise related issues with residents, city governments, elected officials, airlines and airport noise related committees and commissions both internal and external to MAC.	Maximization of cost effective communication efforts through dissemination of airport noise related information, programs, achievements and efforts.	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.
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 - 2005 OPERATING BUDGET

ENVIRONMENT-AVIATION NOISE PROGRAM

2004 PROGRESS REPORT

Objective	Measurement	Results
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.	MAC staff has made several presentations to organizations, community groups and city councils regarding the future operation and impacts associated with Runway 17-35. Additionally, an informational brochure has been developed outlining the operation of the new runway and the associated impacts and resources that are available to the public. Continued coordination with FAA for the implementation of the Runway 17 departure procedure to reduce noise impacts. The noise office also provided extensive support and actively participated in the drafting of court briefings in litigation regarding the implementation of the runway 17 departure procedure resulting in the FAA and MAC prevailing in the litigation ensuring implementation of the procedure concurrently with the runway opening. Developed Runway 17-35 information page and interactive mapping applications in-house on the macnoise.com website.
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.	The Noise office continued publication of the MSP Noise News newsletter in 2004, implemented several enhanced noise information and reporting applications on the macnoise.com website, held four quarterly noise public input meetings and supported the NOC and P&E committee in their deliberations regarding airport noise issues. In addition staff made several presentations at various community meetings including airport advisory commissions, city council meetings and community groups.
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.	Utilized the MAC noise office ANOMS and GIS capabilities in developing the MSP Part 150 update document and associated analysis. Developed technical documents in support of the P&E Committee's review and decision process regarding the Part 150 update and Low Frequency Noise Issues. Noise program staff also helped draft documents in response to a request for supplementation to the Dual-Track FEIS and the P&E Committee's associated findings and deliberations. The noise program office also drafted significant portions of the Part 150 update document and responded to the comments received as part of the public comment period.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

ENVIRONMENT-AVIATION NOISE PROGRAM

2004 PROGRESS REPORT

Objective	Measurement	Results
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.	Noise program staff continued the development and enhancement of the Technical Information Network (TIN) in a manner that utilized employee talents while reducing outside consultant costs, including the migration to free software applications to reduce operating costs and the development of applications in-house to reduce maintenance fees.
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.	The MAC noise office completed and submitted the MSP Part 150 Update to FAA. Additionally staff continued supporting reliever airport committees and provided presentations to airport tenants at the reliever airports regarding noise abatement plans. Staff continued the MSP noise communication efforts including presentations, newsletter, website and a brochure on the new runway.
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.	Staff continued to maintain contact with FAA and vendors in an effort to ensure MSP's position in the initial deployment of Federal GPS LAAS navigation technologies. Additionally, staff worked with FAA to investigate the possibility of a test RNAV procedure of runway 35 consistent with Part 150 update recommendations.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

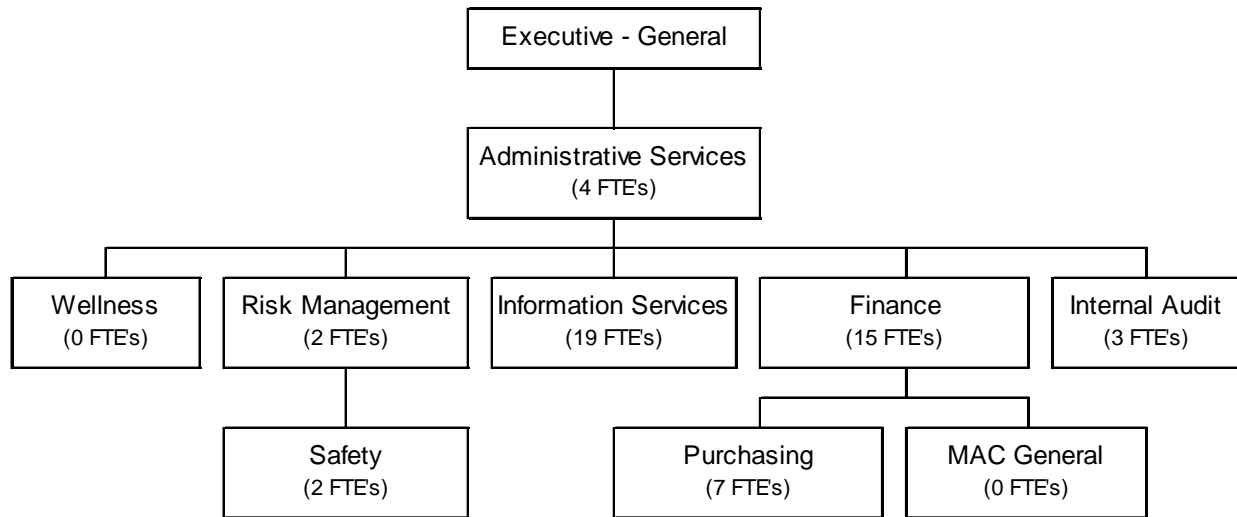
ENVIRONMENT-AVIATION NOISE PROGRAM

2005 OBJECTIVES

Objective	Expected Results
Continue implementation and development of technologies to plan, manage and reduce environmental impacts.	Begin process for upgrading ANOMS which will enhance communication and data availability to the public and MAC and effectively manage noise impacts off Runway 17-35. Develop enhancements to interactive applications on the noise program website. Implement freeware on the Technical Information Network (TIN) to reduce maintenance costs and licensing fees.
Implement Part 150 Update Noise Compatibility Program.	Provide support and analysis to FAA in their review of the November 2004 MSP Part 150 Update, coordinate implementation of eligible NCP measures and provide staff support in addressing possible Part 150 litigation.
Complete 2007 65 DNL noise mitigation program.	Develop mitigation priority scheme and provide analytical support for noise mitigation effort in the 2007 65 DNL contour.
Continue to work with communities for compatible development around MAC airports.	Coordinate with communities and develop an informational piece regarding responsible land use planning related to airport impacts and the Part 150 program.
Continue implementation of public awareness noise communication programs.	Develop informational materials including brochure, newsletters, noise program website content and functionality, organize and execute a speakers bureau, and develop a video regarding the new Runway 17-35 and associated impacts. Coordinate with Public Affairs to develop and implement a noise media relations strategy and coordinate and hold four community open houses.
Proactively engage regulating agencies to reduce environmental impacts.	Provide support to FAA in their review and analysis of the November 2004 MSP Part 150 Update.
Evaluate ways to minimize environmental impacts on air, noise and water.	Coordinate with communities and airlines to reduce noise impacts including development of an analysis and possible actions if needed regarding the operation of Runway 17-35 relative to the Runway 17 departure procedure and the runway use system.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

Administrative Services Division



SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

Notations to Service Center Summaries:

- * Variance (dollars and %) is computed between 2004 Budget and 2005 Budget
- * The explanation for the variances is based upon the 2004 Budget and 2005 Budget
- * FTE's as stated in each service center are as budgeted in December 2004. Salary dollars in each service center may not reflect the budgeted FTE count for that service center.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET**ADMINISTRATIVE SERVICES****BUDGET SUMMARY**

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	288,109	293,047	302,102	9,054	3.09%
Administrative Expenses	2,756	3,789	8,234	4,445	117.31%
Professional Services	20,000	20,000	14,700	-5,300	-26.50%
Utilities	0	0	0	0	0.00%
Operating Services/Expenses	0	0	0	0	0.00%
Maintenance	0	130	130	0	0.00%
Other		0	0		
Total Budget	310,865	316,966	325,166	8,199	2.59%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 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 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
Administrative Expenses	Increase due to travel, airfare, and registration.
Professional Services	Decrease due to budget dollars moved to Administrative Expenses.

2003 PROGRESS REPORT

Objective	Measurement	Results
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.
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 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.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

ADMINISTRATIVE SERVICES

2003 PROGRESS REPORT

Objective	Measurement	Results
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 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.
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.
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.
Maintain Administrative Policies and Procedures Manual.	Updated policies are available to the organization.	Update to manual 80% completed.
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.
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.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

ADMINISTRATIVE SERVICES

2004 PROGRESS REPORT

Objective	Measurement	Results
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.	Operations Reports for January through November have been produced, distributed, and posted on the Intranet. Ops Reports confirm restored post 9/11 air operations and passenger numbers growth at MSP. AETRA Reports for the first three quarters of 2004 have been produced and distributed to Customer Service Action Council and Staff. AETRA Reports confirm a continuing positive trendline for "Overall Customer Satisfaction" at MSP. Complaints and Compliments Reports for the first three quarters have been produced and discussed at CSAC meetings. The reports confirm that fewer complaints per 100,000 passengers passing through MSP were received.
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.	Timely Operations Reports for January through November have been produced and distributed. Ops Reports confirm restored post 9/11 air operations and passenger numbers growth at MSP. AETRA Reports for the first three quarters of 2004 have been produced and distributed to the Customer Service Action Council and Staff. AETRA Reports confirm a continuing positive trendline for "Overall Customer Satisfaction" at MSP. Complaints and Compliments Reports for the first three quarters have been produced and discussed at CSAC meetings. The reports confirm fewer complaints per 100,000 passengers passing through MSP have been received.
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";	Data Resources coordinated eleven Customer Service Action Council Team meetings in 2004, three CSAC/Forums, a long-term and short-term goal committees, and sub committees and three Forum planning committees. Data Resources has additionally monitored the accomplishment of CSAC goals including producing AETRA survey results reports, Complaints and Compliments reports and MSP Service Professional recognition's and coordinating the production of a training module, re-launching the training curriculum, promoting the employee recognition programs, and projects amongst six CSAC/Forum initiatives. Customer Service Action Council Team goals were accomplished. AETRA reports show continued improvement in the "Overall Customer Satisfaction" score for MSP through the 3rd quarter of 2004 and thus far MSP has averaged a higher number of service elements within Top Ten Airport status. MSP has been among the Top Ten airports internationally for "Overall Customer Satisfaction" two of the three quarters.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

ADMINISTRATIVE SERVICES

2004 PROGRESS REPORT

Objective	Measurement	Results
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.	A new corporate Wellness Program, titled "Healthy MAC Employee" was implemented at the MAC for 2004. Approximately 2% to 5% of employees participated and completed various activities within the program. The Health Assessment process, Health Fair, and Healthy Cooking Contest were judged specifically successful projects. 43.6% completed the on-line health risk assessment process.
Contribute to implementation of an Employee Club.	Employee club is established in 2004.	The Employee Club was not established in 2004.
Ensure funding is available for the 2010 plan.	Funds are available to pay 2010 capital project costs.	MAC sold \$109,950,000 Subordinate General Airport Revenue Bonds to fund the Capital Improvement Program. The process for the sixth PFC application was completed and the process for the seventh application was initiated.
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 2004. All budget targets were met.
Maintain the Administrative Policies and Procedures Manual.	Updated policies are available to the organization.	Update to manual 100% complete.

2005 OBJECTIVES

Objective	Expected Results
Coordinate Customer Service Action Council teamwork.	Council goals will be accomplished.
Maintain, and manage, Data Resources; information that contributes to organizational performance management and the measurement of results.	Monthly Operations Reports, quarterly AETRA-Customer Satisfaction-Reports, and quarterly Complaints & Compliments Reports are produced.
Maintain four-month cash reserve.	AA- bond rating from Standard and Poors and Fitch is maintained.
Maintain 1.4x debt service coverage ratio.	AA- bond rating from Standard and Poors and Fitch is maintained.
Identify post 2010 financing options and development plan.	Financing plan is established to fund Phase 1 of the 2020 development plan.
Identify financing options for proposed airport expansion and development plan.	Funds are identified and available to complete the 2010 Plan.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

WELLNESS

BUDGET SUMMARY

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel		0	975	975	100.00%
Administrative Expenses	219	550	350	-200	-36.36%
Professional Services		0	0		
Operating Services/Expenses	6,198	8,139	46,996	38,857	477.42%
Other		0	0		
Total Budget	6,417	8,689	48,321	39,632	456.12%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 Budget

RESPONSIBILITY/FUNCTION

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

MAJOR 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Operating Services/Expenses	Increase due to Health Risk Assessment Program for 2005.
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2003 PROGRESS REPORT

Objective	Measurement	Results
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.
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 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 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.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

WELLNESS

2004 PROGRESS REPORT

Objective	Measurement	Results
To coordinate implementation of the "restructured" MAC Wellness Program	Qualitative Assessment of "successful" implementation; percentage of employees participating in the program increases.	The "Healthy ME" Wellness Program was implemented. 5% of employees registering to participate with approximately 3% completing the practice projects and 2% attending the luncheon seminars. Five percent of employees participated in the sponsored blood drives. Two percent of employees accounted for earned points and received the incentive awards. Subjective evaluation rates three activities meaningfully successful. The three activities were the on-line health risk assessment process, wherein 43.6% of employees participated; the health fair/flu vaccination event-with 14 vendors, 175 attendees, and 160 flu shots dispensed; and, the healthy foods cooking contest. Wellness maintained the new Navy Bldg. Fitness Center.
To institutionalize the Healthcare costs/employee performance measurement.	Qualitative assessment of utilization; lower 2004 healthcare cost/employee	Meaningful measurement of the Wellness Program has not yet been defined or institutionalized. Healthcare cost/employee continues to be promoted by Wellness.
To promote health/wellness education.	Qualitative assessment of "successful" promotion; lower healthcare costs/employee	The 2004 "Healthy ME" Wellness program/booklet promoted/successfully delivered numerous health/wellness education activities-4 education seminars, 6 nutrition/physical exercise projects, a Health Fair, an on-line health assessment process, a healthy foods cooking contest as well as distributing 4 Wellness related newsletters and maintaining a Wellness Intranet site. From 2 to 5% of employees generally participated; 43.6% in the on-line health risk assessment process.
To maintain the MAC Wellness Intranet Site	Wellness Intranet site is updated four times (quarterly) during the year.	The Wellness Intranet site is maintained, continuously updated, and along with UPDATE serves as the primary Wellness communications channel to employees.
To relocate/maintain the Wellness (West Terminal) Fitness Center.	Wellness Center is relocated. Equipment is functional 98% of useable hours.	Wellness successfully worked with Airport Development to facilitate the relocation, and coming on line, of the Fitness Center at the Navy Building. Equipment has been functional 100% of the time; no un-useable hours for Equipment are recorded. Users at the Navy Bldg. Center dropped by approximately one-third while uses per user increased by one-third.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

WELLNESS

2005 OBJECTIVES

Objective	Expected Results
Provide Wellness education modules, one per quarter, respecting Physical Fitness, Nutrition, Stress Management, and Prevention, each with appropriate practice activities; encourage and measure participation within the modules and practice projects.	Greater participation in program activities and improvement in the annual corporate health assessment indicators.
Increase participation in the "Move-To-Improve" Wellness program.	The program will experience greater participation resulting in an improved corporate health risk assessment respecting physical fitness indicators.
Maintain the Fitness Center-Navy Building;and, increase its utilization.	Increased numbers of employees using (and uses of) the Fitness Center.
Maintain the on-line Health Risk Assessment process; and, maintain and/or increase the level of participation.	Equal to or greater than 43% organizational participation

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET**RISK MANAGEMENT****BUDGET SUMMARY**

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	5,526,475	6,042,160	7,447,436	1,405,276	23.26%
Administrative Expenses	2,895	2,950	5,200	2,250	76.27%
Professional Services	53,454	120,000	110,000	-10,000	-8.33%
Utilities	23	0	0	0	0.00%
Operating Services/Expenses	100	150	150	0	0.00%
Other	2,052,421	2,911,769	2,920,587	8,818	0.30%
Total Budget	7,635,368	9,077,029	10,483,373	1,406,344	15.49%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 Budget
FTE Total:	1	1	2

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 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment, step increases and hiring of an additional FTE. Medical, Dental, Life and Long Term Disability increased due to inflation, 30 new positions and for medical 10 new retirees. Workers' compensation increase due to excessive lost work days and medical inflation
Professional Services	Reduced Misc. expenses by 8%.
Other	Increase due to inflation.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET**RISK MANAGEMENT****2003 PROGRESS REPORT**

Objective	Measurement	Results
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.
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.
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.
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.
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.
Improve Certificate of Insurance tracking.	Transfer of risk.	This project is on hold due to lack of staff.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

RISK MANAGEMENT

2004 PROGRESS REPORT

Objective	Measurement	Results
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.	Study was completed for MAC and is under discussion with the consultant, insurance providers and insurance broker. This will continue as an objective in 2005.
Identify a benefits package specific to our population to reduce costs and retain/attract employees.	Reduce costs of retention and attraction of employees.	Three new medical programs along with an educational program have been implemented for 2005. A new dental network was added which can increase the benefits level and reduce costs. Research concerning MAC participating in a Canadian Prescription Drug program with the State of Minnesota continues to be investigated. An option with incentive to purchase over the counter drugs which have the same benefit to prescription drugs is being studied.
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	This process will continue to be studied for 2005.

2005 OBJECTIVES

Objective	Expected Results
Determine the benefits of the alternatives available from the new Medicare law with respect to retiree prescription drugs and implement the best alternative.	Reduce MAC medical costs and provide prescription drug benefits to retirees.
Provide a supplemental medical benefit to employees and their families. Several medical plans and a prescription drug plan have been identified and studies will be completed as to comparing their benefits before introduction to employees.	This would assist employees that do not have medical benefits after the age of 65 and family members that do not qualify for the MAC Medical plan.
Study the benefits of combining Medical benefits with Worker's Compensation for a 24 hour benefit coverage.	Entities that have combined the two benefits have seen a reduction in Worker's Compensation costs which are typically higher than medical benefits.
Identify potential risks that may impact the organization and take countermeasures to eliminate or minimize those risks.	We will better identify risks and find alternatives to addressing them. Proactive assessment and identification of alternatives will be enhanced.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET**FINANCE****BUDGET SUMMARY**

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	869,022	912,507	970,760	58,253	6.38%
Administrative Expenses	27,213	21,740	24,122	2,382	10.96%
Professional Services	95,767	142,965	131,065	-11,900	-8.32%
Utilities	0	0	0	0	0.00%
Operating Services/Expenses	150,086	135,402	150,204	14,802	10.93%
Maintenance	1,311	758	758	0	0.00%
Other	8,815	8,199	7,122	-1,077	-13.14%
Total Budget	1,152,214	1,221,571	1,284,031	62,460	5.11%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 Budget
FTE Total:	15	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 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustments and step increases.
Professional Services	Decrease is due to Legislative Audit expense not required for 2005 budget year.
Operating Services/Expenses	Increase is due to expected bank fees/charges increases and additional commercial paper issue in 2005.

2003 PROGRESS REPORT

Objective	Measurement	Results
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.
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.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

FINANCE

2003 PROGRESS REPORT

Objective	Measurement	Results
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.
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.
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 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.

2004 PROGRESS REPORT

Objective	Measurement	Results
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.	This has been completed. Some of the areas where support was provided include the Janitorial Contract RFP, the new Concessions Program RFP, Parking Management Contract RFP and the Reliever Airport Rates and Charges Study.
Continue to update and streamline the budget process.	Complete the budget process by November 15th.	Additional reporting improvements were made which has decreased the time required to obtain up to date reports.
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.	The bond issue associated with PFC #6 was completed in May 2004. Work will be completed on PFC application # 7 by December 31 and submitted to the FAA for review and approval by April 2005.
Begin RFQ process for the Underwriting team after the completion of the PFC # 6 (2) bond issue	Underwriter team is selected	This was completed and the new team of 7 firms was approved by the Commission in November 2004.
Identify and implement short and long term cost saving measures	Additional dollars are saved for the organization through the implementation of ideas	In process.
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.	The Commission's rating of AA- on Senior GARB debt was affirmed by both Standard & Poor's and Fitch for the 2004 bond issue.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

FINANCE

2005 OBJECTIVES

Objective	Expected Results
Update the Actuarial Study for the Commissions Post Retirement Medical Benefit.	Obtain updated information for comparison to what is accounted for currently and make changes as required.
Implement an annual reconciliation process for all water/sewer meters, natural gas meters, and electric meters.	Meters are all accounted for and are being charged to the appropriate cost center.
Develop a method to track both the capital cost and the sources of funding for the 2020 Plan.	A spreadsheet is developed to identify all capital costs by project and the projected funding source. Reconciliation of funding to be performed every quarter initially.
Reconcile the 2010 Plan costs and funding sources.	Identify and reconcile differences between actual and current results for both costs and funding for all projects in the 2010 Plan.
Develop Request for Qualifications (RFQ's) for the following consultants: Airport Consultant, Financial Advisor, and Bond Counsel.	Complete the selection process for each of the consultant areas.
Continue budget process improvements	Identify and implement changes needed to ensure Human Resources records and Finance records are the same. Develop a method to more easily incorporate goals and objectives and their status into the operating budget book.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET**MAC GENERAL****BUDGET SUMMARY**

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	10,737,407	8,312,249	11,188,026	2,875,777	34.60%
Administrative Expenses	45,864	55,500	49,000	-6,500	-11.71%
Professional Services	94,513	34,000	34,000	0	0.00%
Utilities	11,659,647	11,688,795	13,508,328	1,819,533	15.57%
Operating Services/Expenses	2,386,699	1,601,294	1,628,568	27,274	1.70%
Maintenance	726,775	687,041	706,762	19,721	2.87%
Other	37,745	25,000	30,000	5,000	20.00%
Gross Depreciation	79,398,678	84,721,935	94,888,799	10,166,864	12.00%
Total Budget	105,087,330	107,125,814	122,033,483	14,907,669	13.92%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 Budget

RESPONSIBILITY/FUNCTION**MAJOR 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000**

Personnel	Personnel increase is due primarily to the MERF Un-funded Liability expense for 2005.
Administrative Expenses	Decrease is due to savings in postage.
Utilities	Increase in Utilities is primarily due to increased cost associated with Electricity, Natural Gas, Heating Fuel and Water.
Operating Services/Expenses	Increase due to GISW Management funds for 2005.
Maintenance	Increase is due primarily to Gas-diesel and Gas-unleaded price increases anticipated in 2005.
Other	Increase is due to projected bad debt expense for 2005.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

PURCHASING

BUDGET SUMMARY

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	314,649	322,693	376,842	54,149	16.78%
Administrative Expenses	21,013	17,826	24,288	6,462	36.25%
Professional Services	0	0	0	0	0.00%
Operating Services/Expenses	1,854	1,506	3,480	1,974	131.08%
Maintenance		46	100	54	117.39%
Other	4,803	2,603	500	-2,103	-80.79%
Total Budget	342,318	344,674	405,210	60,536	17.56%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 Budget
FTE Total:	7	6.5	7

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 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment, step increases and total FTE's going from 6.5 in 2004 to 7 in 2005.
Administrative Expenses	Increase due to travel, lodging, memberships and training.

2003 PROGRESS REPORT

Objective	Measurement	Results
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.
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.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

PURCHASING

2003 PROGRESS REPORT

Objective	Measurement	Results
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.
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
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.
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.
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.
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.
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.
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.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

PURCHASING

2003 PROGRESS REPORT

Objective	Measurement	Results
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.
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.

2004 PROGRESS REPORT

Objective	Measurement	Results
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.	Drafts have been prepared and a final will be completed in 2005.
Improve filing system of RFP and bid response documents.	Documents will be readily accessible.	Process has been completed.
Establish a retention schedule for all purchasing documents.	Establish a retention schedule for all purchasing documents.	Schedule is in process of being completed.
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.	Absences have been dramatically reduced.
Secure NIGP Accreditation for the Purchasing Department.	Recipient of NIGP Accreditation	Deferred until 2005.
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	Deferred until 2005.
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.	Deferred until 2005 when the addresses will have all been reviewed and changes made to comply with the standards developed by Purchasing.
Utilize Reverse Auction process.	At least one attempt at using the process during the year.	Deferred until we can find an item where this process will work effectively

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

PURCHASING

2004 PROGRESS REPORT

Objective	Measurement	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.	Staff celebrated March as purchasing month with an open reception to all General Office employees. Staff regularly attends the Bi-monthly meeting of the chapter, two attended the fall conference and two WEB based training classes were taken.
Promote on line entry of requisitions	Few if any manually written requisitions	Discussion at an informal level with other agencies using the software has occurred but more study is needed in 2005.
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.	Staff held at least one sale off site at the Navy facility and 10 sales conducted electronically. More than \$40K will be collected from the sales. Many items have been transferred to other departments for use, eliminating the need to acquire the items at a cost. The avoided costs are estimated between \$5,000 and \$7,000.
Continue the close out process of outdated blanket orders	Eliminate payment transactions using outdated contracts numbers.	This has been very successful. It has resulted in monthly contract reports being done every month and distributed to the staff of buyers and manager.
Publish a Department news letter.	Four newsletters are published in 2004.	Deferred until 2005 when an annual report will be written for 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.	The transfer of authority went very smoothly and seamlessly for the traveling public. Staff was in place and began work in the new facility on March 1, 2004. Staff had great cooperation between many MAC Departments to locate a facility, remodel the area, and move the many items accumulated over the prior months from the badging office to the new facility.
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.	Several audits have been completed with no serious discoveries. Card holders have all been notified that they have been audited and any discrepancies noted and corrected.
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.	This is a continuing process each year. The year 2004 was very successful in that we processed some very large contracts with no significant errors and or protests. We have been doing contract administration work with several contracts that had not been done before or to a very limited extent.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

PURCHASING

2005 OBJECTIVES

Objective	Expected Results
Continue to improve internal procedures that will strengthen and improve the acquisition process.	<ol style="list-style-type: none">1. Create a retention schedule of acquisition documents, (orders, solicitations, contracts etc.)2. Continue random audits of the MAC Commercial Card.3. Expand use of the commercial card to a higher dollar limit for commodities under a blanket order.4. Develop a new model of assigning signature levels to department personnel.5. Complete a Lost and Found procedures manual.6. Review the check request process to eliminate checks that should first go through the purchasing process.7. Maintain a current Emergency Purchasing Process Plan and manual for each staff person.8. Complete the application process for accreditation by the National Institute of Governmental Purchasing.
Sustain a high level of customer service to the general public and MAC Departments from Lost and Found, Mail Room and Purchasing Office.	<ol style="list-style-type: none">1. Continue to develop positive responses from the public and service recognition from other MAC departments.2. Cross train purchasing staff.3. Produce a "Purchasing Guide" and "Pocket Guide to Requisition Processing".4. Conduct monthly auctions of surplus and unclaimed property.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET**INTERNAL AUDIT****BUDGET SUMMARY**

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	85,327	133,500	188,211	54,711	40.98%
Administrative Expenses	2,693	4,900	8,019	3,119	63.65%
Professional Services	98,239	100,879	0	-100,879	-100.00%
Utilities	0	0	0		
Operating Services/Expenses		0	0		
Maintenance	0	0	0		
Other		0	0		
Total Budget	186,259	239,279	196,230	-43,049	-17.99%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 Budget
FTE Total:	3	2	3

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 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment, step increases, the addition of an auditor, training and regulatory requirements.
Professional Services	Reduction due to hiring of a full time auditor.

2003 PROGRESS REPORT

Objective	Measurement	Results
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.
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.
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.
Develop and Update Audit Plan.	Summary of Audit Activity.	Audit plan has been updated in response to changing priorities of the department

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET**INTERNAL AUDIT****2004 PROGRESS REPORT**

Objective	Measurement	Results
Develop and Update Audit Plan	Summary of Audit Activity is completed.	Summary of Audit Activity for 2004 has been completed to date. Remaining audits in process will be added to the summary as they are completed.
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.	An audit of Payless Car Rental, a concessionaire with \$3 million or less in gross revenue was conducted and a report was issued.	An audit of one concession which produces gross revenue of \$3 million or less in gross revenue has been 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.	Prior year audit findings have been reviewed. Underpayments of revenue that were identified have been collected.
Provide audit coverage of selected areas of activity in response to requests by MAC staff and Commissioners.	Audits of selected areas completed.	A total of 7 audits of selected areas of MAC financial activity have been completed at the request of MAC staff and Commissioners. One additional audit of MAC financial activity is in process and will be completed by year end.
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.	Two of the three remaining audits of on-airport car rental companies have been completed. One audit of an on-airport car rental company is in process and will be completed by year end. In addition, two audits of off-airport car rental companies have been completed.
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.	Eight audits of MAC Financial Activities have been completed. These areas include Landside Operations (Employee Parking, Commercial Vehicles and Taxicabs), Public Parking Revenue, Facilities Management, Airport Director's Office, Conference Center, Airport Development, Badging Office and Auction Sales. One additional audit of MAC Financial Activities is in process and will be completed by year end.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

INTERNAL AUDIT

2005 OBJECTIVES

Objective	Expected Results
Perform at least one audit of a concession that 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 is completed and report issued.
Provide additional training and expertise to newly hired audit staff so that they can effectively perform audits of MAC concession revenue and fulfill requirements for CPA licensure.	Attend training events provided by the Airport Internal Auditors Association and other professional organizations to gain useful knowledge of audit procedures and maintain professional licensure for all staff.
Ensure that 2004 MAC parking revenue was properly accounted for and safeguarded and that MAC parking expenses were appropriate, properly accounted for and properly approved.	Audit of MAC 2004 Parking Revenue and Expenses is completed and audit report issued.
Complete an annual review of all car rental activity using computer data files provided by car rental agencies to gain measurable assurance that recorded car rental revenue has been properly reported to MAC and that required concession fees are paid.	Complete an annual review of car rental activity and issue a report identifying any improper reporting of car rental revenue.

2005 LONG TERM OBJECTIVES

Objective	Expected Results
Develop a department quality assurance plan that will satisfy the requirements of the Standards for the Professional Practice of Internal Auditing	Complete and external quality assessment of the Internal Audit Department

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

INFORMATION SERVICES

BUDGET SUMMARY

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	1,022,978	1,183,447	1,445,911	262,464	22.18%
Administrative Expenses	30,694	89,437	73,749	-15,688	-17.54%
Professional Services	278,746	200,000	20,000	-180,000	-90.00%
Utilities	1,509	817	1,170	353	43.21%
Operating Services/Expenses	273,681	266,858	464,895	198,038	74.21%
Maintenance		0	0		
Other	91,867	131,296	138,089	6,793	5.17%
Total Budget	1,699,475	1,871,854	2,143,814	271,960	14.53%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 Budget
FTE Total:	17	16	19

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 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment, step increases, overtime requirements, temporary help desk staff, and adding of 3 FTE's in 2005.
Administrative Expenses	Decrease due to the reduction in computer supplies and software expense.
Professional Services	Decrease due to the reduction in software consulting.
Operating Services/Expenses	The increase in operating services is for the maintenance and support expense for the new 800 MHz radio system and for the remaining, existing radios scheduled to be replaced during 2005.
Other	Decrease due to the reduction of computer replacement for 2005.

2003 PROGRESS REPORT

Objective	Measurement	Results
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.

SERVICE CENTER SUMMARIES - 2005 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.
Support network, servers and server-based software. This includes: 1) 30 servers with 140 GB of user storage. 2) 600+ network nodes across MAC campus 3) 12+ system software products - Outlook / Exchange email for 650 users - Web servers - Anti Virus	1) Network will be available 99%+ of the time. 2) System software will be available 99%+ of the time. 3) Virus attacks will be deflected without serious consequences for MAC staff. 4) Web filtering will prevent problems arising from visits by staff to inappropriate sites.	Network availability has been 99%, as has system software. More problems have been experienced with the Internet services and external network connections than anticipated.
Support telephone systems. This includes: 1) PBX system with 500+ telephones 2) 180 courtesy telephones in the terminals 3) Various phone services from Qwest including elevator, other emergency-related phones.	Telephone service will be available 99%+ of the time.	Telephone service has been available 99% of the time.
Support MAC radio and wireless systems. This includes: 1) 4 existing MAC radio systems (Fire, Police, Administration and Maintenance) 2) Wireless systems: cell phones, pagers, wireless Internet access with Concourse Communications and other wireless sys	Radio systems are available 99%+ of the time. Radio coverage is at acceptable levels across the MAC campus. Wireless technologies in use do not interfere with each other.	Availability has been 99%. Coverage problems have been detected and addressed. Mandatory 800 MHz upgrade has been installed.
Support application systems in use including: - Police and Communications VisionAir products - AlertCast system - Maintenance, Airside, Comm - CFA and PetroVend - Maintenance - SITA / SEATS - Humphrey Terminal - JD Edwards - Finance, HR, Airport Dev.	Applications are available for use 95%+ of the time. Problems are addressed within 8 hours of being reported to IS	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.

SERVICE CENTER SUMMARIES - 2005 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.
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.
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.

2004 PROGRESS REPORT

Objective	Measurement	Results
Support and maintain the SONET backbone network.	SONET network available for use 99% of time.	The SONET network has been restored to its full capabilities and is in use as planned by the Facilities Monitoring system. The availability target was met once the network was restored to use.
Convert MetaFile construction project management system to JD Edwards / PeopleSoft system.	Construction management and payment processes are all done using JD Edwards.	This project has been deferred until 2005 because of higher priority work installing point of sales systems to better control cash handling at the badging office.
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.	<p>Significant system infrastructure improvements and upgrades were completed for the Landside Commercial Vehicle, Taxi and Employee Parking systems. The Revenue Control System development and implementation was completed successfully.</p> <p>The network and infrastructure availability met the 99% target.</p>
Provide staff support for the Humphrey Terminal Common Use, scheduling and information display software and equipment.	Common Use Terminal Equipment and display systems are available 99% of the time.	System availability did not meet the 2004 target. Improvements and upgrades are underway to improve system availability in 2005.
Complete the installation of replacement workstations begun in 2003.	All replacement workstations installed.	All workstations scheduled for replacement have been replaced.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

INFORMATION SERVICES

2004 PROGRESS REPORT

Objective	Measurement	Results
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.	Computer applications have been available for over 95% of the time. Some problems have taken more than 8 hours to resolve.
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, Internet 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.	The targets have been met. Spam filtering was added, significantly reducing the number of spam emails received.
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. Customers reporting computer problems to the IS department Help Desk receive a response within 8 hours of the report.	The availability targets were met. The Help Desk response target was also met; however, in many cases, 8 hours was too long a response period given the criticality of some problems.
Support MAC telephone systems which include the PBX with 500+ stations, 250 courtesy phones in the terminals and various other phone services like elevator phones.	Telephone service available 99%+ of the time.	Telephone service was available for greater than 99% of the time. The only significant downtime, about two hours, was caused by relocating the telephone facilities in preparation for demolishing the West Terminal.
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.	All goals have been met.
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.	Permit processing goals have been met.
Plan and implement 800 MHz radio system for the MAC.	800 MHz radio system in place for public safety departments in 2004.	800 MHz radio conversion including all staff training, equipment installation and testing has been completed for the start of LRT service to and through the airport on December 4, 2004.
Review and approve plans, budgets and purchases for technology activities at the MAC.	Plans, budgets and purchases reviewed on a timely basis.	These objectives have been met.
Complete Business Continuity Planning.	Plan completed.	Phase one of the Plan has been completed. Work has started on Phase two.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

INFORMATION SERVICES

2004 PROGRESS REPORT

Objective	Measurement	Results
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 is completed, and an RFP is drafted.	This project has been postponed until 2005. The more important project of writing a Request for Proposals to upgrade the Secured Access Control System will be completed by the end of 2004.
Analyze requirements and write a Request for Proposals to replace the Commercial Vehicle, Taxi and employee parking systems.	Analysis is completed, and the RFP is drafted.	A draft is under review, and the Request for Proposals will be completed by the end of 2004.
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.	This project has been postponed until 2006 or later.

2005 OBJECTIVES

Objective	Expected Results
Oversee installation and implement technology infrastructure for the new fire station and South maintenance building.	Voice, data, and radio facilities are installed as designed at these new buildings.
Provide 99% or better availability for MAC telephone systems including the internal PBX, terminal courtesy phones and various emergency service phones.	Telephone service is available 99% of the time.
Provide 99% or better availability for the MAC servers and server-based software including products like email, virus protection, spam protection, web filtering, file and print services and security.	Servers and server-based software are available 99% of the time. Attacks on MAC systems are deflected without serious damage or loss of data.
Provide 99% or better availability for MAC networks including LAN, WAN and SONET networks.	Network service is available 99+% of the time.
Provide 95% or better availability for MAC desktop hardware and software including 350 desktop workstations, 180 networked and standalone printers and over 30 different software products.	Desktop hardware is available 95% of the time. Problems reported to the IS Help Desk will receive response according to Service Level Agreements.
Provide 95% or better availability for software products in use including PeopleSoft / JD Edwards HR, payroll and financial systems, Asset Management, Facilities Monitoring, emergency notification, fleet management and the budget system.	Software products are available for use 95% of the time. Problems are addressed according to Service Level Agreements.
Review and approve telecommunications permits for work done at the MAC that involves cabling or telecommunications-related construction.	All permit applications are reviewed within 2 days of receipt with response provided within another 2 days. All permitted work meets MAC standards.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

INFORMATION SERVICES

2005 OBJECTIVES

Objective	Expected Results
Implement 800MHz radio communications system, Phase II of II.	All MAC departments that use radio communications will be part of the 800 MHz system by the end of 2005. This will include all MAC vehicles that operate on the Movement area.
Begin developing a MAC-wide operational Communications Plan in conjunction with MAC operational departments.	Scope and outline of the Plan are completed with input and agreement from MAC departments by year-end 2005.
Ensure 99% or better availability for critical airport systems including: 1. Landside operations 2. Public safety 3. Humphrey Terminal common use	These systems are available 99+% of the time as outlined in the respective Service Level Agreements.
Review and revise MAC Internet web site and Intranet web site.	MAC Internet and Intranet web sites will be reviewed and revised as appropriate in conjunction with the Public Affairs department.
Acquire upgrade for the airport secured access system.	Hardware and software upgrade will be completed in 2005. Implementation may carry over into 2006 because the MAC security badges will need to be re-issued.
Acquire and begin implementation of a system to control Landside commercial vehicle and employee parking operations.	A new system will be acquired and implementation started by year-end 2005.
Add common use self service e-Ticketing kiosks in the Humphrey Terminal.	Kiosks will be installed and in use by the end of the first quarter 2005.
Establish Airport Development project accounting in PeopleSoft / JD Edwards to meet the requirements of the 2020 Plan.	All project-related financial information is included in the MAC's financial system.
Upgrade MAC email to current version of Microsoft Exchange.	Email is updated by year-end 2005.
Provide 99% or better availability of MAC radio, cell phone, pagers and wireless Internet access systems.	Systems are available 99% of the time with acceptable coverage. Wireless technologies do not interfere with each other.
Review and approve plans, budgets and purchases for technology activities at the MAC.	Reviews are completed on a timely basis. Purchase requests receive a response within 3 working days.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

INFORMATION SERVICES

2005 LONG TERM OBJECTIVES

Objective	Expected Results
Replace and / or upgrade obsolete IT and telecommunications equipment.	Periodic equipment replacement is completed.
Move the Information Services department to 24 X 7 operations in support of the implementation of the 2020 Plan.	IS staffing is adequate to meet service demands for air carrier scheduled activity in the common use facility as well as increased demand from critical 24 X 7 MAC departments.
Review Humphrey Terminal common use systems for replacement or upgrade including display systems, CUTE system, resource management (scheduling) system and networks.	Systems are evaluated and appropriate replacements or upgrades are identified. Any bids or RFPs are prepared for publication. Budget estimates are prepared.
Analyze requirements and write a Request for Proposals for an organization-wide asset management system or systems.	The analysis is completed, and the Request for Proposals is written.
Evaluate MAC's financial, human resources and payroll system, JD Edwards / PeopleSoft, to determine if organizational needs are still met. Complete analysis and write the Request for Proposals if it is determined that the system should be replaced.	A decision is made on whether or not to continue with JD Edwards / PeopleSoft. Analysis and Request for Proposals is completed if a new system is required.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET**SAFETY****BUDGET SUMMARY**

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	119,093	124,238	130,200	5,963	4.80%
Administrative Expenses	805	2,900	5,080	2,180	75.17%
Professional Services	11,242	18,900	17,500	-1,400	-7.41%
Utilities	184	0	0	0	0.00%
Operating Services/Expenses	991	1,000	1,000	0	0.00%
Maintenance		0	0		
Other	4,335	6,900	6,300	-600	-8.70%
Total Budget	136,650	153,938	160,080	6,143	3.99%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 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 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

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

Objective	Measurement	Results
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.
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.
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.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

SAFETY

2003 PROGRESS REPORT

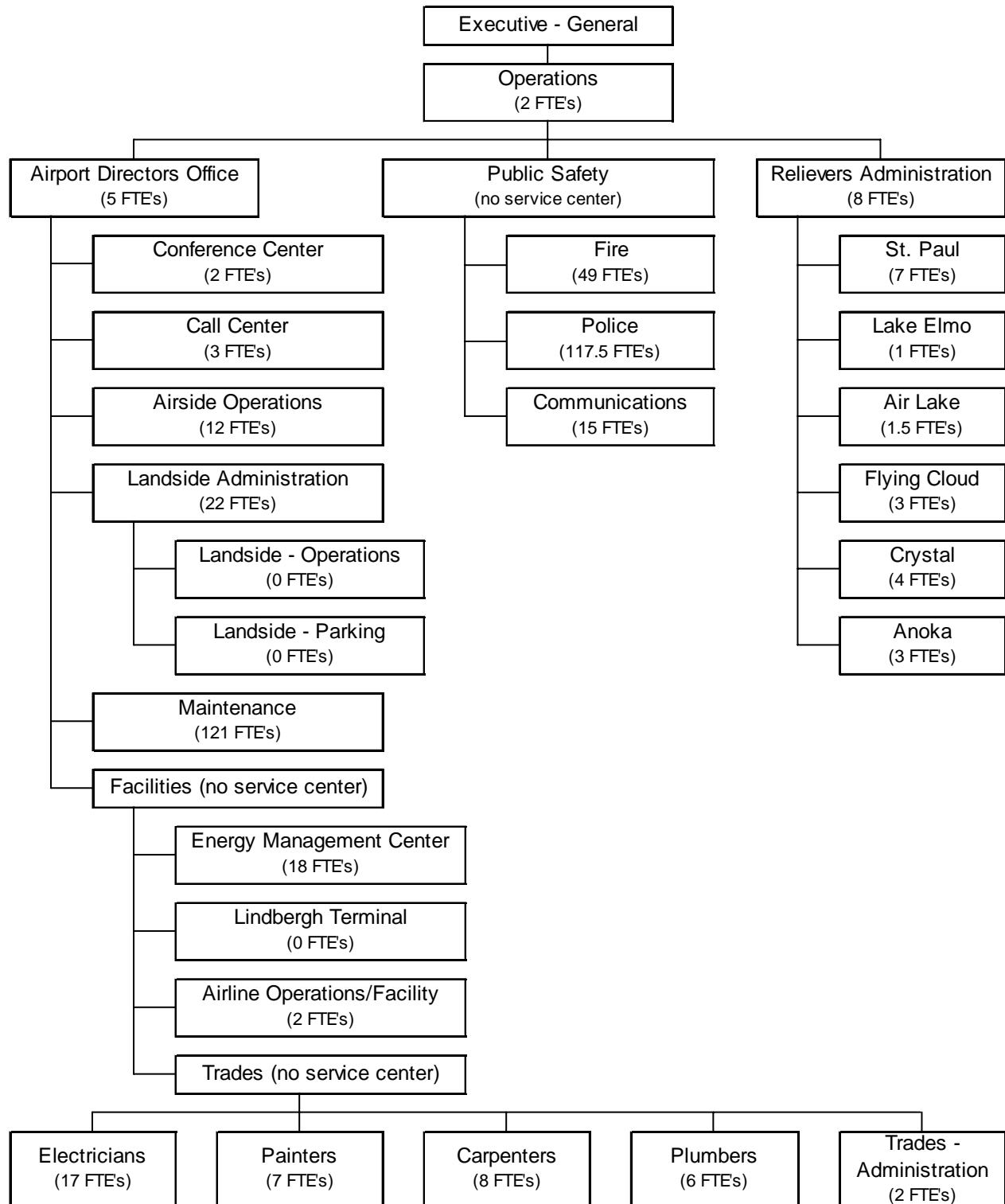
Objective	Measurement	Results
Visit each of the reliever airports at least once per month throughout the year.	Document the number of visits by either Keith Causin or Jim Karels.	We were unable to get to all the relievers as often as planned but we kept in contact with them on a regular basis.
Visit 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.

2004 PROGRESS REPORT

Objective	Measurement	Results
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.	Completed.
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.	Ongoing and will be expanded in 2005.
Continue to implement safety training presentations on topics other than OSHA requirements.	Reduced employee accidents at home, on vacation and at work.	Completed and will be expanded in 2005.
Develop and present 2 safety meetings/year to the General Office personnel.	The G.O. Staff made aware of safety items and information.	Deferred until 2005.
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.	Completed.
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.	Accidents have been kept to a minimum, especially with the help of OSHA Consultation, on site each month.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

Operations Division



SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

Notations to Service Center Summaries:

- * Variance (dollars and %) is computed between 2004 Budget and 2005 Budget
- * The explanation for the variances is based upon the 2004 Budget and 2005 Budget
- * FTE's as stated in each service center are as budgeted in December 2004. Salary dollars in each service center may not reflect the budgeted FTE count for that service center.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET**OPERATIONS****BUDGET SUMMARY**

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	161,720	160,200	166,012	5,813	3.63%
Administrative Expenses	4,962	5,658	9,300	3,643	64.38%
Professional Services		0	0	0	0.00%
Utilities	632	607	607	0	0.00%
Operating Services/Expenses		300	300	0	0.00%
Maintenance	0	0	0		
Other		0	0		
Total Budget	167,314	166,764	176,219	9,455	5.67%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 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.

MAJOR 2005 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
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.
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.
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 - 2005 OPERATING BUDGET

OPERATIONS

2003 PROGRESS REPORT

Objective	Measurement	Results
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.
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.
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 PROGRESS REPORT

Objective	Measurement	Results
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.	Process established to include operations staff in design and development discussions.
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.	
Lead the Organization through the Reliever Airports policy review process and oversee enactment of agreed upon changes	Policy changes in place.	Completed.
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).	Completed.
Process change in Airport Director's position and related org. structure changes. (i.e. Airport Operations Center)	New leadership in place.	Completed.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

OPERATIONS

2004 PROGRESS REPORT

Objective	Measurement	Results
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.	Completed.

2005 OBJECTIVES

Objective	Expected Results
Create airport wide customer service index at MSP.	MSP customer service index that measures internal and external customer satisfaction with MAC provided products and services developed and tested in 2005.
Develop and implement a customer service standard communications strategy.	Customer service related communications strategy developed and implemented throughout the MSP airport community.
Begin to develop a multi-year operating plan.	Model for multi-year operational planning established and piloted in 2005.
Establish and maintain MAC's customer service standards and review for effectiveness.	Customer service standards identified and measurement implemented in all operational areas.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

ADO - GENERAL

BUDGET SUMMARY

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	206,769	206,023	349,773	143,750	69.77%
Administrative Expenses	13,382	21,365	23,700	2,335	10.93%
Professional Services	122,717	120,000	140,000	20,000	16.67%
Utilities	664	370	825	455	122.97%
Operating Services/Expenses	18,505	49,320	44,720	-4,600	-9.33%
Maintenance	115,834	129,630	1,235,000	1,105,370	852.71%
Other	10,398	12,089	11,100	-989	-8.18%
Total Budget	488,269	538,797	1,805,118	1,266,321	235.03%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 Budget
FTE Total:	5	3	5

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 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment, step increases, regulatory requirements and the addition of 2 FTE's.
Professional Services	Additional budgeted monies necessary for: 1. Database consultant for miscellaneous MAC database additions/corrections/changes, etc. 2. Maintenance services for new concourse tram 3. CSAC consultant monies moved from 7190.70. and 4. Monies for a consultant to advise on merging eight separate MAC departments into one area known as an Airport Operations Center (AOC).
Operating Services/Expenses	Reduction due to moving budget amount to Professional Services.
Maintenance	Primary increase in this category due to the additional budgeted \$1,200,000 to establish a managed loading dock agreement (funding via maintenance consortium). Secondary increase necessary for budgeted monies to maintain inbound/outbound electric signage.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

ADO - GENERAL

2003 PROGRESS REPORT

Objective	Measurement	Results
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.
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.
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.
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.
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.
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.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

ADO - GENERAL

2003 PROGRESS REPORT

Objective	Measurement	Results
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.
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.
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.
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.
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.
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.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET**ADO - GENERAL****2004 PROGRESS REPORT**

Objective	Measurement	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.	The MAC participated in the Snowball II exercise in February; hosted the MN1-DMAT exercise in April 2004 and participated in the LRT exercise in October 2004. The MAC also hosted two tabletop exercises during the Lindbergh and Humphrey Terminal Evacuation Plan orientations. In addition to these exercises, there were several actual emergencies at MSP in 2004 that required emergency response by MAC, tenants and mutual aid partners. These events included two building fires, a military aircraft crash landing and a partial terminal evacuation.
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.	Federal grant dollars will likely be available to pay for portions of this training. In-house training was conducted in January and February 2004.
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.	The Airport Emergency Plan was revised/updated in December 2004 and submitted to the FAA for approval.
Encumber grant dollars for emergency preparedness equipment, planning & training.	Secure the funds and spend the dollars as indicated in grant applications	The 2003 Homeland Security grant was executed and closed out in November 2004. The 2004 Homeland Security grant in the amount of \$1,000,000 was approved in August 2004. All grant dollars must be spent prior to November 30, 2005.
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.	The 2nd 3-year cycle of customer service training did not get launched in 2004. Restructuring of the module and training teams was initiated in late November and the training cycle is slated to launch in February 2005. The training module, however, was recreated in two additional versions, an orientation module being included in the MAC orientation training for new employees, and a Tenant/Vendors module created within the 3rd Forum for transportability and use amongst MSP tenants and vendors. Also, two of three Forums in 2004 focused on training, recognizing, and motivating MSP customer service associates. AETRA survey findings for the 3rd Qtr. 2004 showed statistically insignificant but positive growth over the 4th Qtr of 2003 respecting the "Courtesy of Airport Staff". 4th Qtr and Calendar 2004 results will not be known until March/April of 2005.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

ADO - GENERAL

2004 PROGRESS REPORT

Objective	Measurement	Results
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.	Customer service is a MAC Strategic Plan initiative both within 2004 and 2005 and a rating standard has been incorporated within the MAC Performance Management System. Measuring the employee ratings completed and defining the average score of customer service kperformance for 2004 would not be available until early April 2005 and is not within the means of Data Resources to report.
Develop project initiatives that are applications of the theme and build the spirit/camaraderie of customer service culture.	The number of initiatives implemented.	Several initiatives were implemented: 1. The CSAC/Forum created a transportable training module. 2. The CSAC/Forum developed an airport campus new employee orientation tour. 3. The CSAC/Forum promoted the "By George" employee recognition program. 4. The CSAC/Forum launched a project to identify an airport-wide performance measurement index. 5. The CSAC/Forum compiled an MSP Customer Service Guidelines Manual. 6. The CSAC/Forum created CNN spots to promote amenities and recognize good customer service.
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.)	The Customer Service Action Council has deployed the theme "MSP #1(large) Airport in North America. Its Goals and Objectives are focused on maintaining the integrity of that theme. 2004 focuses included maintaining CSAC partnerships with the CMAA Marketing Committee and the Airport Foundation and growing the CSAC partnership with MSP Tenants and Vendors through the Tenan/Vendor Forums. Projects intended to maintain and grow the integrity of the theme included growing the Forums which, in themselves, developed a transportable customer service training module to be used by all MSP tenants and vendors, and launched a project to create an MSP wide customer service performance measurement index, developed an airport campus orientation tour for all new airport employees, CNN spots recognizing customer amenities and good service at MSP, and executed promotional efforts to assure the recognition of front-line service personnel. CSAC continued to monitor, review, and discuss various performance measurement resources such as AETRA and J.D. Power Associates. Throughout 2004, MSP held AETRA position as the Top Large North American Airport and 6th large airpor, world-wide, in customer satisfaction as reported by J.D. Power and Associates.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

ADO - GENERAL

2004 PROGRESS REPORT

Objective	Measurement	Results
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.	MAC, through its Customer Service Action Council, is growing a partnership with its tenants and vendors through quarterly forums. The first two were held in 2003 and three were held during 2004. CSAC and the Forums, together, maintain several programs to recognize and motivate customer service associates and within 2004 developed a transportable training module, developed and launched an airport orientation tour for all new employees, developed CNN spots to promote MSP customer amenities and recognize good customer service, and launched a project to define an airport-wide performance measurement index. Through 2004, MSP had the largest number of its services, on average, within the Top Ten AETRA measured airports world-wide.
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.	Monthly informal and formal meetings scheduled with TSA management. Some bumps in the road but generally OK.
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.	Department plans were updated. Currently working with several MAC departments to develop and/or update plans.

2005 OBJECTIVES

Objective	Expected Results
Update, train and test MSP's Family Reception Area (FRA) plan.	Ensure FRA volunteers are knowledgeable of the plan by offering (2) training opportunities for those involved.
Enhance working relationships in MAC Operations departments with Airport tenants and with other MAC departments.	Partnership opportunities identified and reviewed throughout the year. (NWA on cleaning RFP team, NWA and TSA on loading dock RFP team, etc.).
Ensure that MAC meets new requirements for the National Response Plan (NRP) and the National Incident Management System (NIMS).	Ensure that all training and exercise requirements are met so that MAC remains eligible for Department of Homeland Security Grants as well as Federal Emergency Management Administration (FEMA) grants.
Conduct a full-scale emergency exercise.	Develop a planning team with FAA, Airport Emergency Plan partners and stakeholders to establish goals and objectives for the exercise. Conduct the exercise. Evaluate the exercise and measure it against the stated goals and objectives. Compile an after-action report that includes action items identified in the evaluation process.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

ADO - GENERAL

2005 OBJECTIVES

Objective	Expected Results
Sustain customer service training providing recurrent (every 3 years) 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 the IATA survey.
Develop project initiatives/applications of the CSAC theme-MSP #1 Airport-throughout MSP service functions for purposes of building "Excellence" of the MSP customer service culture.	The number of initiatives implemented. MSP status as among the Top Ten, internationally. Status of service functions respecting 88%/40% achievement
Coordinate the CSAC Tenant/Vendor Forums and initiate Forum projects that build the "Excellence" of the MSP customer service culture and cement the benefits of the Forums.	Feedback from various measuring tools (surveys, etc.)
Enhance Communications with and for the MAC tenant/vendor partnership to include external communication of MSP successes (MSP#1).	Feedback from various measuring tools. Improved "Value of Money" perceptions.
Facilitate good communication among Airlines, TSA and MAC departments to workability of the security program for MSP.	Observation and feedback regarding ease of use, processing times and overall airport experience. Monthly agenda topics at the Airline Managers Council meetings and formal/informal meetings with airlines.
Develop and update MAC department emergency response procedures.	Ensure that all MAC departments have procedures for responding to emergencies that involve MSP and Reliever Airports.
Develop and implement a managed loading dock and distribution system operation for the Lindbergh & Humphrey terminals.	Hire, through a RFP process, a managed loading dock company and transition to the managed loading dock environment.
Transition the operational work groups to the 800 MHz communication system.	Review existing equipment, resources and procedures for department and operational suitability. 800MHZ radios acquired for key operational personnel.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

CONFERENCE CENTER

BUDGET SUMMARY

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	86,272	107,019	87,859	-19,159	-17.90%
Administrative Expenses	639	9,760	9,760	0	0.00%
Professional Services		0	0	0	0.00%
Utilities		0	0	0	0.00%
Operating Services/Expenses	15,999	27,035	27,035	0	0.00%
Maintenance	201	1,200	1,200	0	0.00%
Other	3,182	4,025	4,025	0	0.00%
Total Budget	106,294	149,039	129,879	-19,159	-12.86%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 Budget
FTE Total:	2	2	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.

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.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

CONFERENCE CENTER

2004 PROGRESS REPORT

Objective	Measurement	Results
Increase revenue.	Change accounting process to recognize non-revenue usage and subtract that from conference center cost center. Increased number of clients in 04.	Increased revenues to \$161,110 in 2004, up from \$135,874 in 2003.
Use repeat clientele to increase revenue	Maintain our customer base; revenue increases.	Key local customers increased use of the conference center. For example, Medtronic used the facility 34 times in 2004, up from 14 in 2003 and there were 66 depositions at the center in 2004, up from 43 in 2003. Walk-in client usage also increased significantly.
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.	The conference center had no marketing or advertising budget in 2004, severely limiting outreach capabilities. Even so some new clients were secured through the Web site, in-terminal brochures or word-of-mouth.

2005 OBJECTIVES

Objective	Expected Results
Research and update the audio/visual equipment and technology needs for the Conference Center.	Have an operational and up-to-date equipment that is able to meet the needs of the Conference Center clientele with defective/worn out items repaired/replaced.
Increase profitability by increasing the usage of the conference center.	Awareness grown among existing customers and new clientele informed of Conference Center through increased, low cost marketing options such as CNN internal, etc.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

CALL CENTER

BUDGET SUMMARY

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	197,913	203,263	195,240	-8,023	-3.95%
Administrative Expenses	428	2,700	2,700	0	0.00%
Professional Services		0	0		
Utilities		0	0		
Operating Services/Expenses	3,181	6,500	6,408	-92	-1.42%
Maintenance		0	0		
Other		0	0		
Total Budget	201,522	212,463	204,348	-8,115	-3.82%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 Budget
FTE Total:	3	1.5	3

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. 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 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel changes are due to a reduction in the Temps-Administration line item.
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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.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

CALL CENTER

2004 PROGRESS REPORT

Objective	Measurement	Results
Move Call Center to new space within Airside Operations or to the Airport Operations Center (AOC) if one is created.	If Call Center goes to Airside - 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. If an Airport Operations Center is created, and the Call Center becomes part of it, the Call Center could be an integral part of the center by continuing to provide current services. It could also take on additional duties that could benefit the departments located in AOC.	Discussions will continue to take place in 2005.
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.	Project will cost approximately \$7,000. This will be budgeted for in 2006.

2005 OBJECTIVES

Objective	Expected Results
Work with IS to upgrade/enhance the current Qwest telephone system in the Call Center.	To maximize current phone system features to get the most out of the system that we currently have. In addition, to identify features that could be implemented in order to be able to provide the most information to our callers in a timely manner.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

AIRSIDE OPERATIONS

BUDGET SUMMARY

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	858,939	867,844	930,240	62,395	7.19%
Administrative Expenses	56,704	37,725	86,825	49,100	130.15%
Professional Services	92,696	19,000	146,600	127,600	671.58%
Utilities	11,116	4,962	8,922	3,960	79.81%
Operating Services/Expenses	18,461	49,800	74,400	24,600	49.40%
Maintenance	4,443	5,910	5,900	-10	-0.17%
Other	67,682	56,900	36,000	-20,900	-36.73%
Total Budget	1,110,041	1,042,141	1,288,887	246,745	23.68%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 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 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	The Personnel section of the budget increased due to a more accurate accounting of overtime used by the department to maintain airport safety and regulatory compliance.
Administrative Expenses	The Administrative Expenses section of the budget increased due to the addition of \$40,000 for printing of AOA Drivers' Training Materials, \$5,000 for travel expenses and \$3,000 for delivery services for AOA Drivers' Training Materials.
Professional Services	The Professional Services section of the budget increased due to the addition of \$65,000 for the Canada Goose Population Management Program at MSP and STP, \$60,000 for the USDA Wildlife Services Contract at MSP and STP and \$2,000 for training and consulting services for the MSP White-tailed Deer Chemical Immobilization Program.
Operating Services/Expenses	The Operating Services/Expenses section of the budget increased due to the addition of contractual maintenance agreements for the MSP Driving Simulator - \$29,940, MSP Drivers' Records System Database - \$10,000 and the MSP SCAN Runway Sensor System - \$16,000.
Other	Reduction due to the reallocation of \$40,000 to the Administrative Expenses section for printing. Also dollars for Minor Assets - Computers are accounted for in this section in 2005 while the 2004 dollars are not accounted for, thus inflating the expense side of this section. There was a \$10,000 increase in the Misc. Firearms/Equipment/Supplies for the acquisition of three Bird Scare Units for use on Runway 17/35.

SERVICE CENTER SUMMARIES - 2005 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 PROGRESS REPORT

Objective	Measurement	Results
Implement the revised MSP Air Operations Area Driving Ordinance and associated programs.	1. MSP in compliance with FAR Part 139.329 (b) and (e). 2. An administrative enforcement system for all AOA drivers established.	Completed.
Relocate MSP Call Center to and integrate Customer Information Assistants into Airside Operations.	1. Call center functions contained within the Airside Operations Center. 2. Supervision and management of Call Center staff overseen by Airside Operations management.	No longer applicable. The decision was made not to relocate the CIAs.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

AIRSIDE OPERATIONS

2005 OBJECTIVES

Objective	Expected Results
Develop an Airside Operations Department Business Plan.	Comprehensive analysis of current tasks, duties and responsibilities. SWOT analysis of the department. Mission, vision and values statements for the department. Department management and operations plans. 5 year staffing and succession management plan.
Participate in the Airside Technical Committee and 2020 Vision Team meetings.	Meeting attendance as required/requested. Proposals that have possible impact to airfield operations for safety and efficiency considerations.
Plan for the relocation of the MSP Drivers' Training Center.	Identification of at least 1 potential site for the relocation. Identification of resource needs, costs and possible funding for the relocation. Time table for the relocation.
Develop and Implement the new MSP Airport Certification Manual (ACM).	Approval of the ACM from the FAA Regional Office. Required infrastructure and procedural changes as necessary.
Prepare for the operational opening of Runway 17/35.	Final certification inspection. Updated Airport Master Record (5010) / Airport Facility Directory (AFD). Updated SMGCS Plan and Taxi Chart. Inter-department operational maps and documentation Airside Operations provided training materials
Development of the MSP Drivers' Licensing Program.	Revised MAC Ordinance 100 Revised AOA Drivers' Guide Version 1 Runway incursion and airfield violation education and training program. Comprehensive training program for all persons that access the Movement and Safety Areas at MSP.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

COMMUNICATIONS

BUDGET SUMMARY

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	713,331	756,212	786,301	30,090	3.98%
Administrative Expenses	9,503	9,958	15,477	5,519	55.42%
Professional Services	0	0	0		
Utilities	1,243	713	1,201	488	68.44%
Operating Services/Expenses	12,501	30,000	35,542	5,542	18.47%
Maintenance	0	0	0		
Other	7,463	7,375	5,755	-1,620	-21.97%
Total Budget	744,041	804,258	844,276	40,019	4.98%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 Budget
FTE Total:	14	14	15

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 720 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 aircraft incidents, security breaches, and weather conditions as they arise. Heightened Homeland security levels, random vehicle inspections, and the increase in public safety personnel have added to the call volume generated through Communications. At the end of 2004, the introduction of Light Rail Transit and the implementation of the 800 MHz radio system will also greatly impact this center.

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 8400 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 - 2005 OPERATING BUDGET

COMMUNICATIONS

MAJOR 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Overtime required to meet adjusted minimum staffing needs in 911 emergency center due to increase in demands and shortages. Department is on track to exceed our 2004 overtime budget by \$42,000. Approval of additional coordinator position as part of the midyear personnel plan for 2004 will help reduce this amount while meeting department needs. Purchase and maintenance of uniform attire assures professional appearance of public safety department coordinators.
Administrative Expenses	Crystal Reports Professional enables staff to run detailed reports from Visionair software databases. Two training conferences ensure industry standard compliance as main sources of public safety answering point technology and operational information. This is a decrease of \$1500 from the 2001 budget. Accurate account of office supplies allowing for staffing needs and increase in costs.
Operating Services/Expenses	Increase in voice logging recorder maintenance agreement of \$1938. CrossTec annual support agreement, which is software used by Visionair CAD, IS, and CAD specialist to dial in for remote support, \$400. Second year maintenance agreement for annual Qwest hardware maintenance agreement. Second year increase of \$5556. These are all sole source agreements and uncontrollable.

2003 PROGRESS REPORT

Objective	Measurement	Results
Achieve personnel levels necessary to support security requirements. Ensure appropriate level of emergency communications support for police & fire. Provide 2 person minimum staffing level for 24 X 7 coverage.	Meet minimum response needs for airport emergencies on midnight shift. Sustain increased staffing levels in the police 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.
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.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

COMMUNICATIONS

2003 PROGRESS REPORT

Objective	Measurement	Results
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.
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.
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.
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.
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.
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.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

COMMUNICATIONS

2003 PROGRESS REPORT

Objective	Measurement	Results
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.
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.
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 - 2005 OPERATING BUDGET

COMMUNICATIONS

2004 PROGRESS REPORT

Objective	Measurement	Results
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.	This department received a mid-year head count allocation to meet this objective. The hiring process is taking place and a new specialist will be added to staff. The addition of one communications specialist will help achieve personnel levels necessary to meet minimum response needs and enhance level of safety provided to public safety officers.
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.	Deferred due to staff shortages and time restraints. Carried into 2005.
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.	Continued into 2005. Improvements made due to updated material and new processes.
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.	Deferred due to time constraints. Objective is carried into next year.
Develop process for integrating 800 MHz	Enhance radio communication between public safety groups as well as other MAC departments. Ensure safety of radio users.	800 MHz radio system went live in October of 2004. Department is working on developing policies and procedures to accommodate new radio system.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

COMMUNICATIONS

2004 PROGRESS REPORT

Objective	Measurement	Results
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.	Mapping system that is part of current phone system provides only limited information. Appropriate mapping will be evaluated as part of a new CAD system.
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.	Deferred due to time constraints and equipment issues with new Mercom system. Equipment problems are being worked out. With appropriate staffing levels, this project will begin in January.
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.	Backup center space has been allocated and is being constructed. In 2005, the space will be completed and equipment needs will be addressed.
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.	This project has been deferred due to budget constraints and the need for future planning. This is on hold and will be revisited in 2006.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

COMMUNICATIONS

2005 OBJECTIVES

Objective	Expected Results
Improve communications between this department and members of the three groups we have close contact with by forming department work groups and meeting on a regular basis. These three groups include police, fire, and airside operations.	Lessen the opportunity for error. Decreased complaints. Clearly defined procedures involving these departments. Consistency through shared information.
Create airport community wide education program to address use of 911 and communications department resources.	Tenants and MAC employees receive knowledge of how to use existing reporting systems. Tenant key-holder database is kept current. Police and fire resources used effectively. Improve communication's center ability to handle incidents. Effective relationship with TSA representatives to address security issues as they arise.
Develop process to create emergency back up center.	Uninterrupted service to airport community. Safe location for communications center personnel to operate from in case of a disaster.
Develop plan for implementing new Computer Aided Dispatch system that is reliable, accurate, and will keep up with public safety department needs.	Monitor officer safety related calls. Capture information for fire department. Maximize ability of CAD system administrator to provide public safety departments with support. Mapping needs are met.
Develop and maintain quality control program.	Reduction of complaints from the public and other MAC departments. Reduces liability. Assures continuous improvement of employee adherence to SOP's and quality expectations. Provides remedies to improve performance if objectives are not met.
Finish development and revision of Communications Center policy manual.	Operating consistency, reduction of liability.
Revise current in house training program.	Industry standards are met. Reduction of liability. Trainees receive appropriate training on equipment upgrades and revised operating procedures.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

LANDSIDE-OPERATIONS

BUDGET SUMMARY

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	1,027	0	0	0	0.00%
Administrative Expenses	699	8,000	9,000	1,000	12.50%
Professional Services	25,717	53,161	51,000	-2,161	-4.07%
Utilities		0	0	0	0.00%
Operating Services/Expenses	229,233	230,300	257,097	26,797	11.64%
Maintenance	36,672	42,996	27,644	-15,352	-35.71%
Other	0	0	9,998	9,998	100.00%
Total Budget	293,347	334,457	354,739	20,282	6.06%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 Budget

RESPONSIBILITY/FUNCTION

Landside administers and enforces MAC taxi and commercial vehicle ordinances. Landside has issued 1,680 AVI tags to commercial vehicles operating at the airport. Commercial vehicle operators have 162 accounts that are invoiced monthly for per trip fees and generate \$1.4 million of annual revenue. Landside processes 577 annual taxicab permits, issued to 385 separate owners who provide service through 49 companies. Landside licenses 763 MAC licensed taxi drivers. Taxicab operations generate \$1.4 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 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Operating Services/Expenses	Increase due to misc. fees/charges and Grd Trans. Equipment increases.
Maintenance	Reduction due to budgeted amount for misc. equipment and parts.
Other	Increase due to furniture replacement.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

LANDSIDE-PARKING

BUDGET SUMMARY

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel		0	0		
Administrative Expenses	10,371	5,000	5,000	0	0.00%
Professional Services	36,157	48,336	37,000	-11,336	-23.45%
Operating Services/Expenses	9,265,190	8,372,331	7,295,709	-1,076,622	-12.86%
Maintenance	95,865	56,416	70,416	14,000	24.82%
Other	1,418	0	0		
Total Budget	9,409,001	8,482,083	7,408,125	-1,073,958	-12.66%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 Budget

RESPONSIBILITY/FUNCTION

Landside Operations is responsible for managing the largest single source of MAC revenue. Landside public parking revenue has been \$40, \$39, and \$45 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 88 employees.

The Landside Parking Enterprise consists of Humphrey and Lindbergh Ramps, Lindbergh Valet Garage and additional surface lots with 20,568 spaces (excluding 2,300 spaces currently utilized by rental car operators).

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 2,439,751 revenue transactions, the Commercial Vehicle Management system processed 1,061,915 trips, and Parking Automated Control System (employee parking) processed approximately 627,696 parking visits.

Employee parking services 5,273 employees; monthly invoices are produced for 1,101 accounts, and \$1.7 million annual revenue is generated.

MAJOR 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Professional Services	Decrease due to reduction in term. Services/parking.
Operating Services/Expenses	Decrease due to reduction in Advertising-Parking and Reduction in bus usage because of higher use of LRT.
Maintenance	Increase due to Parts-Equipment usage.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

LANDSIDE-ADMINISTRATION

BUDGET SUMMARY

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	1,017,556	1,166,412	987,916	-178,496	-15.30%
Administrative Expenses	27,476	58,086	57,515	-571	-0.98%
Professional Services	9,000	10,000	10,000	0	0.00%
Utilities	4,856	3,035	3,642	607	20.00%
Operating Services/Expenses	2,705	500	500	0	0.00%
Maintenance		0	0		
Other	13,426	15,304	11,304	-4,000	-26.14%
Total Budget	1,075,018	1,253,337	1,070,877	-182,460	-14.56%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 Budget
FTE Total:	22	22.5	22

RESPONSIBILITY/FUNCTION

Landside Operations is responsible for managing the largest single source of MAC revenue. Landside public parking revenue has been \$40, \$39, and \$45 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.

The Landside Parking Enterprise consists of Humphrey and Lindbergh Ramps, Lindbergh Valet Garage and additional surface lots with 20,568 spaces (excluding 2,300 spaces currently utilized by rental car operators).

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 2,439,751 revenue transactions, the Commercial Vehicle Management system processed 1,061,915 trips, and Parking Automated Control System (employee parking) processed approximately 627,696 parking visits.

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

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.

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.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

LANDSIDE-ADMINISTRATION

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

MAJOR 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel reduction is attributable to eliminating over time and temps.
Other	Reduction is attributable to eliminating office furniture budget dollars.

2003 PROGRESS REPORT

Objective	Measurement	Results
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.
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.
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.
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.
Add convenience features to public parking.	Patrons can park using Pay-on-Foot, AVI-Parking.	Completed November 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.
Increase parking revenue	Increase 2003 parking revenue by 5% compared to 2002.	Completed June 2003.
Add an additional file server to optimize Landside SQL and Pervasive databases.	Landside has adequate server capacity for custom software.	Completed.
Award the parking management contract	Parking management continues to function at high quality level.	In-process.
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.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

LANDSIDE-ADMINISTRATION

2004 PROGRESS REPORT

Objective	Measurement	Results
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..	Done. July Ampco management arrived. August 1 they took over full operation of parking management. From the parking customer perspective the transition was invisible.
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.	Done. UPS batteries were replaced by June 2004. Landside assisted Airport Development with the development and bidding of a UPS Maintenance Agreement.
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.	Done. Landside had Gatekeeper Systems, Inc develop a software patch to PACS so if the field computers lose communications with the PACS server in Landside, the field computers will continue to operate and will buffer transactions until communications has been restored. This "auto-pilot" feature has kicked in several times during 2004. In each case parking customers were unaware that we had temporarily lost communications.
Implement the revised taxi ordinance.	Improve the efficiency of the taxi system while improving level of service to the traveling public.	Landside is facilitating meetings with the taxi industry and Legal. Goal is to have a draft of the taxicab ordinance by mid December.
Implement Commercial Vehicle Ordinance changes.	Increased revenue to MAC and ease of ordinance administration.	This project has been deferred to 1st Quarter 2005.
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.	Done. Landside has concentrated parking marketing on educating parking customers to utilize ePark. 11-01-04 rate increase to motivate more parkers to use ePark.
Complete the Parking Revenue System software development and acceptance testing.	Parking RCS passes acceptance tests.	Done. The 30-day RCS Acceptance Test completed on 09-22-04. Landside is gathering the project documentation and together with Airport Development will bring the request for Final Acceptance to the Commission during December.
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).	Preparation for LRT is complete. Planning and operational modifications will be made as necessary during 1st Quarter 2005.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

LANDSIDE-ADMINISTRATION

2004 PROGRESS REPORT

Objective	Measurement	Results
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.	This plan has been modified to provide discounted parking thorough marketing with corporate accounts and hotels.
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.	Done. Staff, after a long travel restriction, have begun attending conferences, to network, and to pursue other professional growth opportunities.
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.	Various options are currently being explored to minimize the cost to MAC while maintaining high levels of customer service (extremely fast transaction processing times).
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.	October 2004 Landside met with Todd Otjens during October. Remodeling should begin shortly.
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).	Deferred. Hardware replacement will be accomplished at the same time the Commercial Vehicle software is upgraded from DOS DataFlex.
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.	Done. Landside upgraded Great Plains May 2004. This will assure continued technical support is available from Microsoft.
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.	Done. Landside replaces our file servers 1st Quarter 2004. This was a major project that relied on the IS Department for network administration support. There was some disruption within Landside but customers outside of Landside (parkers, commercial vehicle operators) did not experience any down time while we upgraded.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

LANDSIDE-ADMINISTRATION

2004 PROGRESS REPORT

Objective	Measurement	Results
Maintain surface parking lots	Surface lots are in usable condition on short notice.	Done.

2005 OBJECTIVES

Objective	Expected Results
Manage parking demand.	Adequate parking spaces are available at the Lindbergh Terminal through out the year and during the charter season at the Humphrey Terminal.
Review Landside credit card transaction processor agreement to ensure credit card transactions are processed quickly, accurately and at the best possible cost per transaction.	Landside credit card transactions are processed quickly, accurately and at the best possible cost per transaction.
Reduce the need to send parkers to off-site parking lots by increasing parking capacity.	MAC does not have to send parkers to off-site parking lots, because our airport lots are full.
Manage the impact of LRT on parking and commercial vehicle operations.	Customers are aware of and take advantage of the transportation alternative of riding the LRT to or from the airport.
Replace Commercial Vehicle and Employee Parking software in order to maintain and improve operational and financial controls in these areas and meet audit requirements.	Commercial Vehicle and Employee Parking software moves to a Windows based platform. Landside maintains and improves operational and financial controls in these areas. Audit requirement that one accounting package supports both systems is met.
Increase utilization of ePark to 80% while decreasing parking cashiered transactions.	ePark utilization reaches 80%.
Increase the efficiency of commercial vehicle lanes while simultaneously improving customer service to passengers of commercial vehicles.	Implement new ordinance changes.
Grow parking revenues by 5% compared to 2004 actual revenues.	Parking revenues increase by 5% over 2004 actual revenues.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

LANDSIDE-ADMINISTRATION

2005 LONG TERM OBJECTIVES

Objective	Expected Results
Market parking to corporate accounts	More corporate customers park, Landside develops contacts with corporate accounts, develops feedback so we can provide parking alternatives that best meet our customers needs.
MAC operates the 1-888 parking information automated message.	MAC saves money by purchasing the automated message system and managing it ourselves.
Add License Plate Recognition to all parking areas.	Ability to catch and correct commercial vehicle operators using the parking facilities to circumvent commercial lane fees. Add back 100% License Plate Inventory control to automated transactions.
Increase security in the LBG Valet parking lot by adding CCTV cameras.	Decrease in customer complaints relating to theft from vehicles or vehicles damaged while parked.
Market airport parking and concessions on two electronic bill boards	Parking revenues increase. Public awareness of parking and concession alternatives at MSP Airport increase
New offices for Landside staff.	Cash counting during taxi mass permitting will be out of public view.
Build the Humphrey OverFlow Parking Ramp.	Add parking spaces to increase parking revenue and to provide adequate parking capacity during March and October peak parking operations.
Add ZipPass or eTrip access control to the Lindbergh Transit Hub area.	Gain automated control of the Lindbergh Terminal Transit Hub area
Add Landside UPS systems to the Facilities Monitoring system	100% reliability provided by Landside UPS systems

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

FIRE

BUDGET SUMMARY

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	2,875,268	2,873,471	3,031,974	158,503	5.52%
Administrative Expenses	18,825	19,740	22,400	2,660	13.48%
Professional Services	7,599	9,293	35,093	25,800	277.63%
Utilities	6,150	2,983	3,000	17	0.57%
Operating Services/Expenses	13,639	14,000	26,500	12,500	89.29%
Maintenance	4,756	3,900	29,489	25,589	656.13%
Other	100,344	122,425	158,675	36,250	29.61%
Total Budget	3,026,582	3,045,812	3,307,131	261,319	8.58%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 Budget
FTE Total:	42	46	49

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 at MSP. The department also provides water and technical rescue operations for MSP and the surrounding area. Some of our new responsibilities include response to the underground and elevated trams and the LRT System scheduled to open in 2005. 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 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Increase attributable to wage structure adjustment, additional FTE's, overtime, management training requirements, regulatory requirements and uniforms.
Professional Services	Increase due to required medical exams on all personnel who conduct operations involving hazardous materials and who use self contained breathing apparatus as part of their job.
Operating Services/Expenses	Increase due to providing Corn cobs, servicing fitness equipment, misc. maintenance of office equipment and ARFF vehicle inspections.
Maintenance	Increased costs for the general maintenance of equipment, facilities and apparatus. In addition all portable fire extinguishers are due for hydrostatic testing and recharging this is required by the fire code and good safety practices.
Other	Increase due to new copy machine, fax machine, radios and furniture for new fire station.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

FIRE

2003 PROGRESS REPORT

Objective	Measurement	Results
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.
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
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.
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.
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.
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.
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.
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.
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.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

FIRE

2004 PROGRESS REPORT

Objective	Measurement	Results
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).	No funding in 2004 budget.
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.	Unable to gain enough support to get funding approved.
Develop Specifications for a 2000 Gpm Pumper.	Have a quality specification that will meet the needs of the department and also allow more than one manufacturer to bid on the vehicle.	Specifications for a 2000 Gpm Pumper have been developed.
Develop Specification for a new Aerial Ladder.	Have a quality specification that will meet the needs of the department and also allow more than one manufacturer to bid on the vehicle.	Specifications for new Aerial Ladder have been developed.
Develop Specifications for a new Airboat.	Have a quality specification that will meet the needs of the department and also allow more than one manufacturer to bid on the boat.	Completed, the new boat was delivered on the first week in December.
Development Specifications for a new ARFF 1500.	Have a quality specification that will meet the needs of the department and also allow more than one manufacturer to bid on the vehicle.	Specifications for new ARFF 1500 have been developed.
Develop Plan for migration to the 800Mhz radio system.	Improved communication both with-in the MAC and outside.	Completed, we are fully operational on the 800Mhz System.
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.	50% Completed Instructors have been selected and now the full program is being developed.
Develop Fire Department five year business plan.	Plan developed providing solid direction and goals to all department personnel.	Will be starting this project in January 2005 with the assistance of MAC HRD & HR Staff.
Develop detailed plan for emergency response to Light Rail Emergencies.	Written plan developed and exercised.	Light Rail Emergency response plan was completed.
Develop specification for new SCBAs	Specifications developed making sure department needs are met and more than one manufacturer can bid.	Specifications were developed but the purchase has been delayed until 2006.
Develop staffing & equipment placement plan for new station.	Plans reviewed by Fire Staff and approved by Chief.	Staffing and equipment placement plan for the new fire station has been completed.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

FIRE

2005 OBJECTIVES

Objective	Expected Results
Update 2003 Airport Fire Department Staffing Study.	Staffing data updated to 2005 numbers, aircraft operations and passenger numbers from ACI 2004 final numbers.
Final review of two station staffing, vehicle parking and response plan.	Plan in writing and ready when new station opens.
Develop Hazardous Materials / WMD Response Plan.	Equipment in position and ready to respond and all personnel trained to use our equipment and understand its limitations. The focus of our response is detection / identification / decontamination.
Improve operations in all areas of emergency response by adding three additional firefighters to allow for a minimum staffing of 12.	Improved operations in all areas of emergency response including aircraft rescue and firefighting, structural fire fighting, hazardous materials WMD response and improvements in inspection & code enforcement activities.
Review the Current level of emergency medical services provided by the fire department at MSP and determine if any changes are needed to best serve our customers	Recommendation made to Senior Staff related to possible changes in services provided.
Work to gain support for providing sprinkler protection in the Lindbergh Terminal as currently only 50% of the facility has sprinkler protection.	Progress made in providing sprinkler protection in areas currently unprotected. The funding is approved by the Commission in 2006 -2007 of the CIP. Commissioners understand the current limited status of sprinkler protection and support CIP funding to allow 100% sprinkler protection in the near future 1-2 years.
Improve the quality of Fire Department training by ensuring all department ARFF Instructors attend a Train the Trainer program at a certified ARFF Training Facility.	Using our own well trained instructors to deliver all classroom, aircraft familiarization and live fire training will improve the quality of the training for all personnel. This could also reduce the cost of our annual live burn requirements at the Duluth facility as we will be providing our own instructional staff
Develop plan to meet new FAR # 139 ARFF Training Requirements	Written plan in place to allow the proper scheduling for ARFF required training to meet the new requirements
Develop plan to certify all fire fighters as Airport Fire Fighters (IFSAC)	All ARFF personnel pass both the written and practical exams for Airport Firefighter certification
Transition to Firehouse software for all inspection records.	Prior records are transferred to Firehouse and new inspections are recorded directly into Firehouse by the Inspectors.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

FIRE

2005 LONG TERM OBJECTIVES

Objective	Expected Results
Purchase replacement Breathing Apparatus, one aerial ladder & one replacement foam tanker	Approval in 2006 Capital equipment budget
Conduct a search for a Fire Department Training site at MSP	Site would be use for drivers training, vehicle extrication, turret and snozzle training. This site would not take the place of the Edina Public Safety Training Facility or the Duluth ARFF Training Facility but would allow more training to take place at MSP with a possible reduction in the need for overtime.
Increase to minimum Staffing to 16 by 2009 or sooner.	Add 3 personnel each year between 2005-2009

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

POLICE

BUDGET SUMMARY

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	6,586,638	6,483,262	6,914,767	431,505	6.66%
Administrative Expenses	101,632	116,060	144,010	27,950	24.08%
Professional Services	13,663	23,445	9,500	-13,945	-59.48%
Utilities	20,096	5,372	21,632	16,260	302.68%
Operating Services/Expenses	659,650	737,426	968,900	231,474	31.39%
Maintenance	85,301	114,000	119,730	5,730	5.03%
Other	88,236	106,150	105,701	-449	-0.42%
Total Budget	7,555,216	7,585,715	8,284,240	698,525	9.21%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 Budget
FTE Total:	106.5	108.5	117.5

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 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Increase due to additional FTE's, Overtime, Temps, local seminars and uniforms.
Administrative Expenses	Increase due to office supplies, travel, lodging, meals, registration fees, membership dues and printing costs.
Professional Services	Reduction due to decreases in professional services.
Utilities	Increase due to cell phone and nextel expenses.
Operating Services/Expenses	Increase due to additional work station, surveillance system, communications wiring, software, security services and jail fees.
Maintenance	Increase due to vehicle repairs and parts.

2003 PROGRESS REPORT

Objective	Measurement	Results
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.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

POLICE

2003 PROGRESS REPORT

Objective	Measurement	Results
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.
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.
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.
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

2004 PROGRESS REPORT

Objective	Measurement	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.	Ongoing. Continue through 2005.
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.	VIP protection and security completed successfully. Continue with remainder through 2005.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

POLICE

2004 PROGRESS REPORT

Objective	Measurement	Results
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.	Completed successfully.
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.	This will be on-going through 2005.
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.	Continue effort to enhance security aspects at MSP.

2005 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.
Develop cooperative partnerships with participating agencies of the MN Tactical Officer's Association, including collaborative training and sharing of resources to provide better response to emergency situation.	Educated and well trained Emergency Response Team 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 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.
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.
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.	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 - 2005 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

AIRLINE OPERATIONS/FACILITIES

BUDGET SUMMARY

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	156,007	166,486	173,999	7,512	4.51%
Administrative Expenses	3,067	9,936	8,700	-1,236	-12.44%
Professional Services		0	0	0	0.00%
Utilities	1,167	1,214	1,214	0	0.00%
Operating Services/Expenses	392,340	243,124	253,950	10,826	4.45%
Maintenance	29,696	134,500	81,900	-52,600	-39.11%
Other	3,102	6,888	2,628	-4,260	-61.85%
Total Budget	585,380	562,148	522,391	-39,758	-7.07%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 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 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
Operating Services/Expenses	Increase due to new requirements for disposal of fluid from hydrants, maintenance and support of CUTE system.
Maintenance	Reduction due to budget reduction in jetbridge repairs, parts and misc. equipment.
Other	Reduction due to reducing office furniture and minor assets in 2005 budget.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

AIRLINE OPERATIONS/FACILITIES

2003 PROGRESS REPORT

Objective	Measurement	Results
Reallocate new/added duties related to the new Humphrey Terminal to existing staff. Approved position for these duties is on Administrative hold. Existing staff is "putting out fires" trying to cover the additional work load.	All operational functions and Mx. related tasks are being completed (on-time).	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 don 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.
Develop a passenger loading bridge maintenance program (plan) that reduces maintenance costs by incorporating MAC Trades to complete minor (non-specialized) repairs.	Reduce response time to minor maintenance needs to less than 24 hours. Reduce annual bridge maintenance expenses.	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. heave 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.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

AIRLINE OPERATIONS/FACILITIES

2003 PROGRESS REPORT

Objective	Measurement	Results
Coordination of Terminal structural modification project - avoid operational impacts. This is outside the scope of our normal job duties but the potential impact to terminal/operations is high so our constant participation is critical.	number of delays/complaints associated with the construction affecting airline/terminal operations.	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.

2004 PROGRESS REPORT

Objective	Measurement	Results
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.	Requested IATA schedule format standards. 10/01/04 - achieved non-IATA schedule format that works for all airlines except Sun Country. 11/1/04 - Working with SCA IS. Dept. to create automated schedule file that works but will not be IATA standard format. MAC and SCA agree this will be acceptable if it can be made to work. Will continue to seek IATA standard solution in future but need shorter term solution.
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.	Failures in the exchange of data (flight info.) between RMS and EVIDS servers have been recorded and traced to "receive" failures. SITA has been advised. 11/1/03 - await response from SITA. 1/1/04 - agreement reached with SITA to install new data exchange interface. 6/1/04 - Specification for new interface complete and price being determined. 8/1/04 - Authorization to proceed with development/installation. 10/1/04 - Installation of new interface and testing. Further configuration changes needed, not yet operating without failures. 11/22/04 - New interface in place running now one week without failure 100%. Further testing through end of year.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

AIRLINE OPERATIONS/FACILITIES

2005 OBJECTIVES

Objective	Expected Results
Lead Division Representative for 2020 (2007) Airline Leases Negotiations and Humphrey Development Plan.	Execution of lease agreements and adoption of operating policies for Humphrey Terminal 2007.
Develop and implement Service Level Agreement (SLA) for technical and administrative support of the Humphrey CUTE systems and other shared systems.	Formal SLA signed by MAC AOF Dept., MAC I.S. Dept. and the Humphrey Airlines. System performance (up-time) and support response times as specified in the SLA are being achieved.

2005 LONG TERM OBJECTIVES

Objective	Expected Results
Humphrey Terminal operating plan and leases - 2007 plan to relocate airlines from Lindbergh Terminal.	Successful relocation of airlines from Lindbergh to Humphrey and build-out of Humphrey Terminal by June 1, 2007.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

FACILITIES MANAGEMENT

BUDGET SUMMARY

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	584,978	626,513	550,766	-75,748	-12.09%
Administrative Expenses	5,019	8,300	18,228	9,928	119.61%
Professional Services	1,626	0	0	0	0.00%
Utilities	7,090	3,735	4,605	870	23.29%
Operating Services/Expenses	46,288	50,700	86,200	35,500	70.02%
Maintenance	10,416,924	11,335,424	11,823,492	488,068	4.31%
Other	25,691	40,978	42,129	1,151	2.81%
Total Budget	11,087,617	12,065,650	12,525,420	459,769	3.81%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 Budget
FTE Total:	9.5	14	9.5

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 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	The main addition in this category is the budgeted monies for the maintenance of the Record Document Management Building through the use of a Summer temporary employee. This provides Facilities as well as all Trades groups, Airport Development and other MAC departments the ability to accurately access project plans, specifications and maintenance & operations manuals in a timely manner.
Administrative Expenses	The main addition in this category is the upgrade to the software license for facility monitoring.
Operating Services/Expenses	Primary increases in this category are the maintenance agreement to the INFAX signage system

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

FACILITIES MANAGEMENT

MAJOR 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Maintenance	<p>Multiple increases take place in this category, primarily with the increase of janitorial cleaning & window cleaning increases per the requests of the Cleaning Consortium and the airlines (NWA) as well as the addition of the cleaning of the LRT stations at both Lindbergh & Humphrey Terminals, new Fire Station, and additional "upgraded" cleaning for both terminals during their respective busy-load seasons.</p> <p>\$50K increase is due to the addition of monies needed for replacement of damaged "J" barriers around the Lindbergh Terminal and Concourses, except Concourse E where no damage is evident. Damage is result of tug drivers hitting the barriers. Barriers were put into place to prevent additional damage to exterior of terminal & concourses.</p> <p>Contractual increase cover the remaining budgeted increases for the trams, elevators, escalators, moving walks, carrousel & conveyors. Creative negotiations has diminished Facilities budget load via pre-payment savings of approx. \$80K per year on the Automated People Movers (trams).</p>
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2003 PROGRESS REPORT

Objective	Measurement	Results
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).
Insure the proper inspection of MAC buildings at MSP & Reliever Airports.	Professional inspection of MAC buildings at MSP & Reliever Airports to insure necessary maintenance is identify so that is can be done and long term capital needs can be planned for.	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 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.
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 & 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.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

FACILITIES MANAGEMENT

2003 PROGRESS REPORT

Objective	Measurement	Results
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.
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.

2004 PROGRESS REPORT

Objective	Measurement	Results
Maintain MAC's geographically scattered Uninterrupted Power Supply (UPS) system.	Reliable UPS system that will function properly in emergency situations when power is interrupted.	<p>This project was deferred in 2001, 02 & 03. It is now becoming hazardous, as power outages are showing that the current (unmaintained) system is failing.</p> <p>This project was transferred to 88000: Trades-Electrical in the 2005 Budget Process, along with all Generator Maintenance monies.</p>
Provide building inspection services via contract.	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.	<p>This project was deferred from 2002 & 03.</p> <p>This project was cut to "bare bones" in 2003 for the 2004 Budget Process (Version # 6) and remains at that level.</p>

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

FACILITIES MANAGEMENT

2005 OBJECTIVES

Objective	Expected Results
Ensure protection of the exterior of the Lindbergh Terminal and Concourses (Airside) building's by replacing damaged Jersey "J" barriers.	The replacement of the Jersey "J" barriers around the terminal and concourses will ensure the protection of the building's exterior from tug drivers hitting the building. The cost of the barriers (per year) is less than 40% of the cost resulting from tug driver damage, thereby saving MAC and the airlines money.
Meet FAA Part 1542 regulations, and the new TSA requirements for security within the terminal buildings by implementing an Automatic Door Lock System.	The new system (MEDECO) started in 2002. 2005's priority will be the continuation of all mechanical room doors in addition to any new electrical vaults and telecommunication "hub" rooms resulting from North Terminal Addition or LRT Tunnel Station(s) construction.
Replace outdated and worn seats in the Lindbergh Terminal in order to bring the number of seats available back to the pre 2002 level.	Increase number of seats available due to the increased passenger counts and the need for additional seating throughout the terminal as a result of meeters/greeters inability to go to gate to greet passengers and to accommodate new construction.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

ENERGY MANAGEMENT CENTER

BUDGET SUMMARY

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	951,025	974,293	1,022,166	47,873	4.91%
Administrative Expenses	5,061	3,047	3,851	804	26.38%
Professional Services	3,781	0	0		
Utilities	5,028	3,405	3,887	482	14.16%
Operating Services/Expenses	0	0	0	0	0.00%
Maintenance	623,013	596,561	698,302	101,741	17.05%
Other	3,334	3,857	4,357	500	12.96%
Total Budget	1,591,242	1,581,163	1,732,563	151,400	9.58%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 Budget
FTE Total:	16	17	18

RESPONSIBILITY/FUNCTION

The Energy Management center (EMC) is responsible for the heating, ventilation and air conditioning (HVAC) of MAC[s buildings. These are the Lindbergh Terminal plus concourses, connectors, ETD or TSA areas, Humphrey Terminal , Humphrey parking, skyways, general offices, parking management building, Hub Center Trades, and Field Maintenance buildings, parking booths, guard shacks, glycol recovery building, tram drive buildings. West Terminal area, new lighting center buildings, tunnels ventilation, electrical buildings, and electrical vaults and sand barn. We also service the reliever airports, old Navy Administration and Marine vehicle buildings.

The 15 Operating Engineers at the EMC provide 24 hour, 7 days a week service at the Lindbergh location. They operate four 2000 ton chillers, two 1500 ton chillers, 8 thousand ton of cooling towers, four 60,000 pounds per hour boilers, which are fired on natural gas with jet fuel as a back up fuel source. Each boiler is capable of burning 9.8 gallons of jet fuel per minute. At the Humphrey there are three boilers, three chillers, cooling towers, pumps and many air handling units. The operators also operate compressors, water softeners, and pumps variable frequency drives reducing stations and condensate sump pumps . Low and high-pressure steam boilers, electric and steam driven turbine chillers, and pumps. Maintenance is done on equipment such as pump seal replacement. Bearing replacement, leak repair, power wash heating and cooling coils, belt and filter changes. They trouble shoot all the HVAC and computer equipment, test and chemical treat all systems. Two advanced computerized building management systems are monitored along with carbon monoxide monitors. They respond to all incoming trouble calls and keep detailed departments logs on all repair work, preventive maintenance records, as well as gas oil, water and steam usage.

MAJOR 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment, step increases and the addition of 1 FTE for 2005..
Other	Increase due to boiler chemicals, temp control contracts, repairs and parts.

2003 PROGRESS REPORT

Objective	Measurement	Results
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.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

ENERGY MANAGEMENT CENTER

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.

2004 PROGRESS REPORT

Objective	Measurement	Results
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	Provide safe operations and maintenance of heating & cooling systems that support the Lindbergh Terminal, all concourses and Airport campus buildings.
Upgrade carbon monoxide (CO) monitoring systems.	Improved safety due to better management of the increased facilities as implemented in 2010 plans.	Project has again been deferred

2005 OBJECTIVES

Objective	Expected Results
Enhance our ability to manage carbon monoxide levels by upgrading the (CO) monitoring systems.	Improved safety due to better management of the system. Systems operates more efficiently, improving air quality which will reduce customers complaints and sick use.
Fully implement the electronic maintenance program in order to physically account for all EMC assets: pumps, seals, fans, safety relief's, variable speed drives. List model numbers, replacement parts, and location.	Less wasted inventory, less labor cost due to gathering information. Faster response to customer complaints. Less down time with equipment, with a more diverse work group.
Improve EMC preventive maintenance program.	In house training on EMC equipment, maintenance procedures, between different shifts, Operating Engineers. Faster response to customer complaints, Less down time with equipment, and a more diverse work group.
Provide safe operations and maintenance of heating & cooling systems that support the Lindbergh Terminal, all concourses and Airport campus buildings.	Less cost for stored inventory, less storage needed.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

TRADES - ELECTRICIANS

BUDGET SUMMARY

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	1,186,951	1,232,811	1,156,168	-76,643	-6.22%
Administrative Expenses	4,428	14,988	11,160	-3,828	-25.54%
Professional Services	9,520	11,500	11,500	0	0.00%
Utilities	8,329	4,831	5,900	1,069	22.13%
Operating Services/Expenses	1,074	1,007	1,007	0	0.00%
Maintenance	440,129	488,821	693,821	205,000	41.94%
Other	22,992	30,170	24,120	-6,050	-20.05%
Total Budget	1,673,422	1,784,127	1,903,676	119,548	6.70%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 Budget
FTE Total:	17	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 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	The majority of additional monies in this category are necessary to bring the entire crew current with all Electrical as well as FAA / FAR regulatory requirements.
Maintenance	The majority of increases are parts & supplies due to relamping needs, both on the field as well as in the ramps & roadways
Other	Reduction due to eliminating Minor Assets-Tools for 2005.

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.
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.
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.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

TRADES - ELECTRICIANS

2003 PROGRESS REPORT

Objective	Measurement	Results
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.
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.
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.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

TRADES - PAINTERS

BUDGET SUMMARY

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	428,597	462,576	497,961	35,386	7.65%
Administrative Expenses	889	702	2,195	1,494	212.90%
Professional Services		0	0		
Utilities	2,280	1,610	1,485	-125	-7.76%
Operating Services/Expenses		500	500	0	0.00%
Maintenance	146,220	170,650	178,200	7,550	4.42%
Other	10,161	2,200	2,500	300	13.64%
Total Budget	588,147	638,237	682,841	44,604	6.99%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 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 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	The major addition in this category is the increase in budgeted monies for temporary painters. This is due to all of the increased workload with runway/taxiway/feeder painting associated with 17/35, as well as all of the new roadways & ramp areas/parking for the 2010 plan.
Maintenance	The additional budgeted monies are primarily due to increase in traffic paints for all of MSP, as well as a major increase in the associated costs for "glass-bead" additive which is required to make paint & signage reflective.

2003 PROGRESS REPORT

Objective	Measurement	Results
Provide the same level of service with reduced resources.	No drop in service	Service levels have been lowered somewhat to meet budgetary constraints.
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.
Improve communication and workload planning with other depts. we work with.	Improve working relationships/productivity.	Looking at C.M.M.I.S.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET***TRADES - PAINTERS*****2003 PROGRESS REPORT**

Objective	Measurement	Results
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.
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.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

TRADES - CARPENTERS

BUDGET SUMMARY

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	477,927	518,746	566,428	47,682	9.19%
Administrative Expenses	3,910	2,149	5,163	3,014	140.25%
Professional Services		0	0		
Utilities	5,020	2,983	2,970	-13	-0.44%
Operating Services/Expenses	2,513	4,600	4,830	230	5.00%
Maintenance	200,586	175,506	191,902	16,396	9.34%
Other	7,243	12,220	15,907	3,687	30.17%
Total Budget	697,198	716,204	787,200	70,996	9.91%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 Budget
FTE Total:	8	7	8

RESPONSIBILITY/FUNCTION

The function/responsibility of MAC's Carpenter Shop is to ensure that all MAC wide facilities are safe, secure and aesthetically acceptable for MAC, its tenants and the traveling public in general. To provide quality service to the other MAC departments and the airport tenants in a timely manner. This includes floor to roof, wall to wall service consisting of: locksmith services and securing the "secured areas from the non-secured" sides, installation and care of a wide variety of hardware, furniture and cabinet making, carpeting, floor tile, ceramic wall and ceramic floor tile, ceilings, demountable furniture and partitions, drywall and acoustical applications, concrete form work, stairs, restroom partitions and its fixtures, automatic sliding doors and tug doors along with special & varied projects.

MAJOR 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Increase due to addition of 1 FTE position in 2005.
Maintenance	Increase due to additional door hardware and security locks.

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

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

TRADES - CARPENTERS

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.

2004 PROGRESS REPORT

Objective	Measurement	Results
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.	Because of budget cuts, we were only able to send one carpenter to training for their technicians license in auto doors. He was later called into a court deposition in which MAC won-because of the knowledge/training that he received. The department was able to send the locksmith foreman to his annual training classes in which he was certified.
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.	The department was able to hire through the union hall, one full time carpenter for the full year and also one full time carpenter for six months. They worked on several projects that we had going-carpet replacement in all the vestibules and walk off areas at Lindbergh, bathroom partition in several restroom located on E and F Concourses and the assembly of two vestibules on the seventh level of Green and Gold Parking towers. They were used also to fill in on the regular coverage of the full time carpenters when they were on vacation and surgeries that were scheduled.
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.	This objective was not accomplished-temporaries were used instead.
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.	The addition of Medeco lock data was added to the existing key database. Padlocks and cipher locks have not been addressed.
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.	The escalate trailer was purchased at the middle of the year and is being shared between the four Trades and Field Maintenance.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

TRADES - CARPENTERS

2004 PROGRESS REPORT

Objective	Measurement	Results
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.	This objective has not been accomplished.
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.	Olaf Schistad has received training and certification in auto doors.
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.	Scott Young has been assigned to architects and MAC Development for the purpose of checking door numbering systems to make sure they comply to the MAC system. Scott also works closely with Mike Lenslink from Development in making sure the changes are recorded.
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.	approved at Deputy level with understanding that backfill is not required and no additional staffing needed.

2005 OBJECTIVES

Objective	Expected Results
Ensure computer access for the Carpentry staff to do research on the internet about products and techniques that are field related. Also to provide access to MACNET and e-mails.	Necessary in maintaining existing facilities and new additions that are reaching completion. Access will provide better communication through out MAC to individuals in the department.
Providing the Carpentry staff with a means of transportation to and from different jobs. Two pickup trucks to be ordered, one to replace a "loaned vehicle" from Field Maintenance.	Necessary in maintaining the existing facilities and all new building that have come on line.
Ensure compliance with TSA mandated key management by expanding MAC's Key Database Program to include padlocks, cipher codes and the ability to "query" questions from TSA and Police through the program.	Federally Mandated by the TSA, MAC is to keep the current system updated. To do this the program data needs to be created by the IS Department.
Insuring that safety would be a high priority in the Main Terminal building, an appointment of a carpenter Foreman would be necessary. He would be responsible for the daily inspection of the building and troubleshooting of problems that arise.	Necessary in maintaining the existing facility and all new areas that open up to the traveling public.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

TRADES - CARPENTERS

2005 OBJECTIVES

Objective	Expected Results
Broaden the educational opportunities that exist in the carpentry field.	Necessary in maintaining existing buildings. New techniques and products associated to the carpentry field will create a safer environment for the traveling public.
Insuring the high standards of security through out the main campus and relievers, the Locksmith Foreman needs to attend seminars in security and visit Trade shows for current product knowledge.	New techniques in the Locksmith field of security will be learned and thus creating a safer environment for the traveling public.
Operate a safe and efficient Carpentry Department by providing additional part-time staff when needed.	Necessary in maintaining existing facilities. Part-time staff is used to do major projects that can not be done by the full time staff or when more staff is needed to complete a task.
Operate a safe and efficient Carpentry Department by hiring two full time carpenters to its staff. With the increase of new responsibilities and building area the staff must increase. In 2004, two temporary carps were on staff to help relieve the daily.	Necessary to maintain existing facilities and new building additions. Additional personnel will insure the traveling public a safe and enjoyable experience while at the Airport.
Complete training to receive Certification on ANSI regulations/standards relating to the Automatic Sliding Doors.	Certified person on staff will eliminate questions or concerns relating to insurance claims against MAC.
Implement a plan in organizing of the work shops and purse to inventory the different storage areas belonging to the Carpentry Staff. Record inventory into Asset Handler for easy viewing, product use and ordering of materials.	Achieves a greater use of storage space and less down time in searching for materials that may not be in one storage area but in another.
Establish a contact person within the department who understands the door numbering system that was developed by HGA. This "in house" person will be consulted on issues of door numbering, facility equipment numbering and assigns building designators.	Priority #1 Keeping the system updated for the key database, the Facility Monitoring Project, and current blueprints for Architects, Facilities, Police and Fire and Airport Development that need a fast response time to questions that relate to their field.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

TRADES - PLUMBERS

BUDGET SUMMARY

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	570,798	663,259	686,743	23,484	3.54%
Administrative Expenses	2,819	4,995	1,434	-3,561	-71.29%
Professional Services	5,257	5,000	5,000	0	0.00%
Utilities	3,133	2,534	3,088	554	21.86%
Operating Services/Expenses		4,000	4,000	0	0.00%
Maintenance	147,576	132,231	161,004	28,773	21.76%
Other	4,937	3,937	6,250	2,313	58.75%
Total Budget	734,519	815,956	867,519	51,563	6.32%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 Budget
FTE Total:	6	5	6

RESPONSIBILITY/FUNCTION

To protect the health of the public through the maintenance and repair of the fire sprinkler systems, domestic hot and cold water, irrigation and sanitary and storm sewer systems throughout the airport property.

To provide valuable maintenance services to NWA ,tenants and MAC Departments. Add timely assistance to the contractors and consultants with utility disruptions and design issues on 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 as needed.

MAJOR 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Increase is due to the addition of 1 FTE for 2005.
Maintenance	Maintenance increases are due to the following: The fire protection contract with Tyco/Grinnell who maintains the fire pumps and the dry systems. Increase will cover the added systems. The addition of lift station pump maintenance by an outside contractor. Do to the lack of MAC resources, this increase will cover the gap in maintenance of the additional 20 new pumps installed 2003/2004. The purchase of 30 lav faucets to replace the outlived faucets on the E concourse in the public restroom areas.

2003 PROGRESS REPORT

Objective	Measurement	Results
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.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

TRADES - PLUMBERS

2003 PROGRESS REPORT

Objective	Measurement	Results
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.
Maintain the current and newly added facilities on the MAC campus.	Reduce backlog of work orders.	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.
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.

2004 PROGRESS REPORT

Objective	Measurement	Results
To maintain the knowledge of our industry and comply with mandated regulations.	Certification through training and seminars.	4-14-04 Collection system work shop at MCES Regional Maintenance Facility- Eagan. Chris Brown and Tim Fox. 12-7&8-04 Site Pro irrigation system compliance seminar. Tim Fox
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.	Completed fire sprinkler testing ahead of schedule. 10/13/04 Working on minor system repairs.
Manage the water meter reading system and locate unaccountable water.	Cost saving in accurate reading and accountability of water usage.	Replaced 12 meters and added 25 MXU devises to system.
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.	With the 2004 bituminous re-hab project the sanitary sewer along "A" street was televised and relined according to industry standards. Two sanitary manholes were also re-habed. 8-01-04.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

TRADES - ADMINISTRATION

BUDGET SUMMARY

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel		0	135,917	135,917	100.00%
Administrative Expenses		0	5,047	5,047	100.00%
Professional Services		0	0		
Utilities		0	250	250	100.00%
Operating Services/Expenses		0	0		
Other		0	4,400	4,400	100.00%
Total Budget			145,614	145,614	100.00%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 Budget
FTE Total:			2

RESPONSIBILITY/FUNCTION

This department has the responsibility for the administration and coordination of carpenters, electricians, painters, and plumbing divisions. Work with airport development on construction projects, enforce construction standards and conduct construction inspections. Oversees the computerized maintenance management system. Represents the trades in the C.I.P process, and interfaces with consultants and vendors on behalf of the trades group. Will be overseeing the Lindbergh terminal Emergency Generator and UPS contracts.

MAJOR 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Increase due to set-up of new service center.
Administrative Expenses	Increase due to set-up of new service center.
Other	Increase due to set-up of new service center.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

MAINTENANCE - FIELD

BUDGET SUMMARY

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	6,559,207	6,867,154	7,274,135	406,982	5.93%
Administrative Expenses	21,563	14,650	22,740	8,090	55.22%
Professional Services	-373	37,000	32,000	-5,000	-13.51%
Utilities	19,483	8,130	12,406	4,276	52.60%
Operating Services/Expenses	50,233	68,450	70,900	2,450	3.58%
Maintenance	3,077,569	2,975,509	2,786,400	-189,109	-6.36%
Other	65,258	47,590	108,450	60,860	127.88%
Total Budget	9,792,940	10,018,483	10,307,031	288,549	2.88%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 Budget
FTE Total:	114	112	121

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 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Additional headcount to maintain facilities associated with runway 17-35 and the 2010 plan. Personnel level required to meet projected airport capacity levels and customer (airline) expectations.
Administrative Expenses	Increases for training, conferences, computer software upgrades and computer support agreements.
Professional Services	Reduction due to reducing Professional Services in 2005.
Utilities	Adjustment for current cellular phone costs.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

MAINTENANCE - FIELD

MAJOR 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Maintenance	The MAC 2010 plan will increase airport facilities by 31%. All components of that plan will be constructed and operational by the end of 2005. In addition to aircraft movement areas, there is a significant increase in landscaping and turf areas. The opening of runway 17-35 in the fourth quarter of 2005 will require additional funds for consumable items such as runway/taxiway deicing chemicals, sand, plow blades, etc. Increases are also shown for contracted snow removal, as a new apron (west cargo) has opened and maintenance responsibilities for two existing areas (Mesaba/SC apron and Humphrey remote apron) have transferred from tenants to the MAC. This section is showing a net decrease due to the conversion of heavy equipment leases to lease-to-own contracts, resulting in a deduction of \$493K from the operating budget. When factoring that transfer, there is a \$324K variance for maintenance expenses (11% increase) over the 2004 base.
Other	Procurement of minor assets and replacement equipment that has been deferred for up to three years.

2003 PROGRESS REPORT

Objective	Measurement	Results
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 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
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.
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 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
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

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET**MAINTENANCE - FIELD****2003 PROGRESS REPORT**

Objective	Measurement	Results
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
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.
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
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.

2004 PROGRESS REPORT

Objective	Measurement	Results
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.	Field evaluations completed on Oshkosh/MB Tracking-tow Broom and VAMMAS PSB5500 equipment. Evaluation of Boschung Tiger will be completed in winter '04-'05.
Reduce heavy equipment lease expenses by investigating lease vs. buy options now available through state contracts.	Reduce line item expense by 5-10%.	Lease to own contracts signed with supplier resulting in an annual savings of \$60K.
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.	Snow removal cost per square yard figure established based on snowfall rate. Discussions held with Finance to ensure appropriate funding and cost recovery.
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.	Unable to use runway 17-35 due to surface obstructions. Training moved to other areas of the airport.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

MAINTENANCE - FIELD

2004 PROGRESS REPORT

Objective	Measurement	Results
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.	Annual contribution from Metropolitan Public Airports Foundation facilitated installation of annual plants.
Establish dedicated landscape maintenance crew.	Eliminate cost of third-party landscape contracts with duties assumed by MAC personnel.	Established in-house landscape crew. Relying on outside consultant to guide crew in landscaping tasks. Reevaluated weed control methods.
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.	Identified an on-airport use for recycled sand, but still incurred some third-party cost for disposal of other materials.
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.	Established daily testing protocols with MAC Environment contractor to determine most cost-effective and environmental-friendly method of handling glycol contaminated snow.
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.	Experienced one snow removal related runway incursion by a full-time MAC employee.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

MAINTENANCE - FIELD

2005 OBJECTIVES

Objective	Expected Results
Maintain service levels in expanded facilities with existing headcount by introduce multi-function equipment into the MAC fleet and creating flexibility in year-round uses of existing capital equipment.	Service levels maintained by retiring two vehicles for each piece of multi-function equipment procured and assigning traditional summer-only equipment to winter tasks.
Set the standard for Light Rail Transit platform maintenance including snow removal at the Humphrey station.	No liability claims as the result of injuries/accidents attributable to conditions at the Humphrey LRT station.
Ensure cost recovery for contracted snow removal expenses.	Track winter costs and determine an annual, average per square yard snow removal cost for airside aprons and landside parking facilities.
Review and revise department orientation/ training program, including AOA driver's training. Evaluate the cost/benefit of assigning an assistant manager as training officer.	New documents outlining procedures available prior to May 1, 2005. New personnel trained and licensed for field operations prior to October 25, 2005.
Maintain airport surfaces, including runway 17-35 facilities, during snow and ice events in a manner that maximizes airport capacity.	Two open runways available for flight operations during an average (less than 1/2" per hour accumulation) snow event.

2005 LONG TERM OBJECTIVES

Objective	Expected Results
Upgrade existing fleet management software to an integrated fleet management, preventative maintenance scheduling, parts procurement and inventory control system.	System identified in 2005; budgeted in 2006; procured and installed in FY 2007
Develop a department business plan to include succession management	Approved business plan prior to 3Q 2006 to include succession management plan and associated training resources.
Install computerized time clock / automated payroll system	System identified in 2005; budgeted in 2006; specified, bid and installed for operation in FY 2007
Track airfield maintenance expenses to ensure appropriate cost recovery.	Calculate annual cost per square yard maintenance costs per sub-ledger category.
Procure multi-function equipment as appropriate when retiring older vehicles. Reassign capital and personnel assets to cover duties associated with airport facility expansion (2020 Plan).	Maintain existing headcount.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

RELIEVERS - ADMINISTRATION

BUDGET SUMMARY

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	544,014	552,663	567,454	14,792	2.68%
Administrative Expenses	9,836	9,979	12,587	2,608	26.13%
Professional Services	28,609	12,000	75,000	63,000	525.00%
Utilities	2,587	2,639	1,200	-1,439	-54.53%
Operating Services/Expenses	243	1,200	700	-500	-41.67%
Other	5	0	0		
Total Budget	585,293	578,481	656,941	78,461	13.56%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 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 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
Professional Services	Under the direction of the Commission, the Reliever Airports staff will conduct studies and presentations on the following: airport privatization, airport closure, and generation of alternative revenue. Outside consultants will be necessary for these studies.

2003 PROGRESS REPORT

Objective	Measurement	Results
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.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET**RELIEVERS - ADMINISTRATION****2003 PROGRESS REPORT**

Objective	Measurement	Results
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.
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.
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.

2004 PROGRESS REPORT

Objective	Measurement	Results
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.	Complete The Commission adopted Ordinance 101 on 12-20-04

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

RELIEVERS - ADMINISTRATION

2004 PROGRESS REPORT

Objective	Measurement	Results
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	In addition to the many hangars they routinely visit throughout the year, managers of the Reliever Airports conducted formal scheduled inspections of a little over 16 percent of randomly selected lease spaces at their assigned airports. This included 13 of the 95 hangars at Airlake, 40 of the 280 hangars at Anoka County/Blaine, 25 of the 125 hangars at Crystal, 18 of the 118 hangars at Flying Cloud, 20 of the 127 leases at Elmo, and 10 of the 33 leases at St. Paul. All of these hangars were predominantly used for aircraft storage and aviation purposes consistent with MAC policy. None were found to have business or personal living quarters. An additional 5 hangars were inspected based on complaints or staff observations. Four leases passed were placed in default for non-compliance, while the fifth passed the initial inspection. Three of the delinquent leases passed a second inspection, one of which is now for sale. The fourth lease has been terminated. 97 percent of the hangars inspected were found to be in compliance and no new policy is being drafted at this time. Managers will inspect an additional 20 percent of the total leaseholds in 2005, and again evaluate the effectiveness of the existing policy when those inspections are concluded.
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.	New security plans, consistent with federal policy and guidelines, were implemented at all of the Reliever Airports by September 1, 2004. The plans have been coordinated with and distributed to local law enforcement officials having jurisdiction at each of the airports. Each of the commercial tenants, responsible for the security of their commercial operation, has also adopted a security plan consistent with MAC's.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET**RELIEVERS - ST. PAUL****BUDGET SUMMARY**

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	370,961	425,070	478,735	53,665	12.62%
Administrative Expenses	4,847	1,700	1,700	0	0.00%
Professional Services	111	30,000	0	-30,000	-100.00%
Utilities	3,716	580	2,428	1,848	318.62%
Operating Services/Expenses	335	924	924	0	0.00%
Maintenance	146,482	181,647	155,732	-25,915	-14.27%
Other	9,837	2,200	2,700	500	22.73%
Total Budget	536,289	642,121	642,219	98	0.02%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 Budget
FTE Total:	7	7	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 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
Professional Services	Professional Services expense removed for 2005.
Maintenance	Reduction in rental equipment.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET**RELIEVERS - LAKE ELMO****BUDGET SUMMARY**

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	120,651	112,926	73,828	-39,098	-34.62%
Administrative Expenses	16	250	250	0	0.00%
Professional Services	-3,704	0	0		
Utilities	345	581	726	145	24.96%
Operating Services/Expenses		0	0	0	0.00%
Maintenance	11,323	27,375	26,825	-550	-2.01%
Other	170	200	1,700	1,500	750.00%
Total Budget	128,801	141,332	103,329	-38,003	-26.89%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 Budget
FTE Total:	1	2	1

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 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Reduction due to reducing FTE from 2 to 1 for 2005.
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SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

RELIEVERS - AIRLAKE

BUDGET SUMMARY

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	104,158	110,112	95,313	-14,799	-13.44%
Administrative Expenses	286	250	250	0	0.00%
Professional Services		0	0		
Utilities	252	0	310	310	100.00%
Operating Services/Expenses		0	0		
Maintenance	5,151	25,580	25,320	-260	-1.02%
Other	100	1,210	210	-1,000	-82.64%
Total Budget	109,946	137,152	121,403	-15,749	-11.48%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 Budget
FTE Total:	1	2	1.5

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 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Reduction due to reducing FTE from 2 to 1.5 for 2005.
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SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

RELIEVERS - FLYING CLOUD

BUDGET SUMMARY

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	172,362	181,670	184,120	2,450	1.35%
Administrative Expenses	279	250	250	0	0.00%
Professional Services		0	0		
Utilities	191	343	581	238	69.39%
Operating Services/Expenses		0	0		
Maintenance	34,058	54,997	44,700	-10,297	-18.72%
Other	684	1,050	250	-800	-76.19%
Total Budget	207,574	238,310	229,901	-8,409	-3.53%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 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 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Maintenance	Reduction in rental equipment for 2005.
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SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET**RELIEVERS - CRYSTAL****BUDGET SUMMARY**

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	232,382	230,915	232,547	1,633	0.71%
Administrative Expenses	867	2,400	2,400	0	0.00%
Professional Services		0	0		
Utilities	2,290	923	2,415	1,492	161.65%
Operating Services/Expenses		1,975	1,975	0	0.00%
Maintenance	43,947	56,047	45,040	-11,007	-19.64%
Other	2,348	1,170	370	-800	-68.38%
Total Budget	281,834	293,430	284,747	-8,682	-2.96%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 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 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Maintenance	Reeducation in rental equipment for 2005.
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SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET**RELIEVERS - ANOKA****BUDGET SUMMARY**

	2003 Actual	2004 Budget	2005 Budget	\$ Variance	% Variance
Personnel	83,247	174,259	193,699	19,439	11.16%
Administrative Expenses	694	1,500	1,975	475	31.67%
Professional Services	9	0	0		
Utilities	2,428	700	1,036	336	48.00%
Operating Services/Expenses	151,989	158,700	153,469	-5,231	-3.30%
Maintenance	58,894	85,213	74,280	-10,933	-12.83%
Other	31,371	1,300	2,298	998	76.75%
Total Budget	328,632	421,672	426,757	5,084	1.21%

FULL TIME EQUIVALENT SUMMARY

	2004 Actual	2004 Budget	2005 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 2005 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are due to wage increases, overtime and double-time increases.
Operating Services/Expenses	Reduction due to lower misc. charges in 2005.
Maintenance	Reduction due to reducing equipment rental.

SERVICE CENTER SUMMARIES - 2005 OPERATING BUDGET

RELIEVERS - ANOKA

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CIP SUMMARY AND POLICIES – 2005 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 – 2005 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 2005, 2006, 2007, and the extended period 2008-2011 (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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008 - 2011</u>	<u>Total 2005-2011</u>
<u>Minneapolis/St. Paul International</u>					
Runway Deicing/Holding Pad	0	0	0	0	0
Runway 17/35	66,100	0	0	0	66,100
Runway 4/22 Development	3,400	0	0	0	3,400
Noise Mitigation	7,425	24,700	19,700	16,200	68,025
Taxiway C/D Complex Construction	7,000	13,000	10,000	0	30,000
Airfield Rehabilitation	13,100	4,300	4,000	4,000	25,400
Runway Rehabilitation	0	0	15,000	20,000	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	1,300	1,900	1,200	0	4,400
Humphrey Terminal Development	0	2,000	0	0	2,000
Landside Rehabilitation & Repair	10,900	3,100	3,100	12,400	29,500
Miscellaneous Field & Runway	400	900	900	1,600	3,800
Miscellaneous Landside	700	57,560	7,440	0	65,700
New Projects	<u>103,225</u>	<u>10,800</u>	<u>33,300</u>	<u>54,500</u>	<u>201,825</u>
Total Minneapolis/St. Paul International	213,550	118,260	94,640	108,700	535,150
<u>Reliever Airports</u>					
Reliever Airports	26,000	61,080	6,000	37,300	130,380
Reliever Airports Utility Extension	<u>3,400</u>	<u>2,350</u>	<u>500</u>	<u>0</u>	<u>6,250</u>
Total Reliever Airports	<u>29,400</u>	<u>63,430</u>	<u>6,500</u>	<u>37,300</u>	<u>136,630</u>
Total All Facilities	242,950	181,690	101,140	146,000	671,780

The seven-year total of approximately \$671.8 million represents a decrease of \$95.6 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 – 2005 OPERATING BUDGET

The Construction Budget below represents anticipated sources and uses of funds during the years 2004-2007. The information for 2004 indicates expected transactions during the fourth quarter.

CONSTRUCTION BUDGET 2005

(\$ = 000)

	<u>Estimated 2004</u>	<u>Budget 2005</u>	<u>Projected 2006</u>	<u>Projected 2007</u>	<u>Projected Total</u>
Sources of Funds					
Balance 12/31/03	\$ 111,245				\$ 111,245
Balance Carried Forward		\$ 205,156	\$ 140,896	\$ 48,201	
Transfer From Operating Fund	\$ -	27,457	45,892	48,249	121,598
PFC Funding	69,789	70,302	72,060	73,861	286,012
Federal Grants	14,744	61,165	29,765	22,680	128,354
State Grants	1,581	1,400	1,400	1,400	5,781
Interest Income (1)	2,633	5,266	2,113	723	10,735
Net Bond Proceeds (See Above)	6,936	0	0	0	6,936
Commercial Paper Program (2)	40,350	27,489	14,171	0	82,010
Principal Amount of Bonds	101,538	182,151	0	0	283,689
Federal Letter Of Intent (LOI)	8,000	8,000	7,500	7,000	30,500
Total Sources of Funds	<u>\$ 245,571</u>	<u>\$ 383,230</u>	<u>\$ 172,901</u>	<u>\$ 153,913</u>	<u>\$ 955,616</u>
Uses of Funds					
CIP Project Costs	\$ (120,533)	\$ (299,076)	\$ (237,125)	\$ (126,687)	\$ (783,420)
Commercial Paper Retired	(7,000)	(96,313)	0	(16,535)	(119,848)
Debt Service Reserve Transfer	(22,283)	(27,252)	(28,472)	(33,568)	(111,575)
Capitalized Interest/Issuance Exp	(1,844)	(24,849)	0	0	(26,693)
Total Use of Funds	<u>\$ (151,660)</u>	<u>\$ (447,490)</u>	<u>\$ (265,597)</u>	<u>\$ (176,790)</u>	<u>\$ (1,041,536)</u>
Balance Carried Forward	<u>\$ 205,156</u>	<u>\$ 140,896</u>	<u>\$ 48,201</u>	<u>\$ 25,325</u>	<u>\$ 25,325</u>

1 Interest Rate Assumed 3.0% for the period 2004 through 2007.

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

Funding Source Summary	
Current Balance	10.43%
Transfer From Operating Fund	11.40%
PFC Funding	26.81%
Federal Grants	12.03%
State Grants	0.54%
Interest Income	1.01%
Net Bond Proceeds-(See Current)	0.65%
Commercial Paper Program	7.69%
Principal Amount of Bonds - PFCs	16.09%
Principal Amount of Bonds - Garbs	10.50%
Federal Letter Of Intent (LOI)	2.86%
Total Sources of Funds	100.00%

SOURCES AND USES – 2005 OPERATING BUDGET

SOURCES AND USES

From 12/31/04 through 2007, MAC has identified nine funding sources totaling \$1,066,861,000 including a beginning balance of \$111,245,000. During this period, MAC will expend \$1,041,536,000 leaving a net balance of \$25,325 at the end of 2007. This balance represents a portion of the 2006 and 2007 projects that were started but not yet completed by 12/31/07.

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. It is intended that beginning in 2005 and continuing in the future, the Commission will once again make this transfer. These transfers total \$121.6 million or 11.4%.

PFC funding or Passenger Facility Charge funding is the second largest funding source at \$286.0 million or 26.81% 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 – 2005 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	15,476	-	15,476
	<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	119,684	-	119,684
	<u>\$513,633</u>	<u>\$364,109</u>	<u>\$877,742</u>

Staff is currently in the process of amending this application further now that both bond issues have been sold.

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 \$128.4 million or 12.03% 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 \$5.8 million or 0.54% of the total funding through 2007.

Interest Income is based on the balance in the fund. As noted above, a 3.0% rate is assumed for 2004 through 2007. This figure can vary significantly depending upon approval of projects and their starting dates. Interest Income of \$10.7 million or 1.01% of sources is projected.

Net Bond Proceeds represent the payment of \$6.936 million or 0.65% of total funding from UPS for their new facility.

Commercial Paper is used as an interim funding source. For the period 2004-2007 the Commission anticipates issuing \$82.0 million in Commercial Paper. Based on current forecasted data the estimated paper balance will be:

<u>(\$=000)</u>	<u>Issued</u>	<u>Refinanced/Retired</u>	<u>Running Balance</u>
Prior Period	\$136,650	\$ 0	\$136,650
2004	40,350	<7,000>	170,000
2005	27,489	<96,313>	101,176
2006	14,171	0	115,347
2007	\$ 0	<\$16,535>	\$ 98,812

SOURCES AND USES – 2005 OPERATING BUDGET

Bond Funding - PFCs (Passenger Facility Charges) represents the second largest source and makes up \$171.668 million of the Bond Total of \$283.089 million or 16.09% of total funding. This amount is the principal portion only and represents the 2004 issue of \$101.5 million and the 2005 issue of \$70.13 million. The final amount issued will be dependent if some projects are possibly deferred.

Bond Funding – GARBS (General Airport Revenue Bonds) are at \$112.0 million of the \$283.089 million Bond total and 10.50% of total funding. This amount represents 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 2003 was \$11.0 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 \$30.5 million or 2.86%.

USES

There are four general categories of uses listed. The first, CIP project costs (\$783.4 million) represent 75.2% of the total. The second area is Commercial Paper Retired (\$119.8) and represents 11.5% of the total. This mechanism is to be used as an interim funding source. The other two categories relate to the bond issues described above and in the Debt Service Budget and comprise the other 13.3% 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 2007 can be attributed to a number of projects scheduled to begin in early 2007. 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 – 2005 OPERATING BUDGET

The table below indicates the amount of projects currently in process.

Projects in Process (As of December 3, 2004) (\$ = 000)

<u>Project Description</u>	<u>Estimated Project Cost</u>	<u>Payments To Date</u>
2004 Pavement Reconstruction	\$ 4,000	\$ 3,680
Runway 12R Deicing Pad	17,000	15,029
Runway 17/35 Land Acquisitions & Developments	695,981	525,753
Green Concourse People Mover	44,395	43,049
North Terminal Expansion	36,230	11,880
Lindbergh Terminal EDS Baggage Screening	80,300	2,212
Parking/RAC Expansion - Transit Center	5,965	5,957
Airport Fire Station - Runway 17/35	14,500	3,940
Humphrey Terminal - Gate 10 Expansion	4,170	3,399
LRT Tunnel/Station and Developments	87,000	83,656
Cargo Facilities - MAC Cargo Air Freight	3,900	3,594
Champion Hangar	4,500	3,180
Part 150 Sound Insulation Projects (Homes & Multi-Family)	30,306	21,737
All Other Projects in Process	<u>226,355</u>	<u>34,887</u>
Totals	\$ 1,254,602	\$ 761,953

CAPITAL IMPROVEMENT PROJECT SUMMARIES – 2005 OPERATING BUDGET

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

CAPITAL IMPROVEMENT PROJECTS (Dollars in Thousands)

MSP INTERNATIONAL	<u>2005</u> \$	<u>2006</u> \$
 <u>Runway 17/35 Program</u>		
<u>MAC Equipment and Materials Storage Facilities</u>	\$9,200	
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. An attached facility will provide for storage of sand, salt and other deicing agents to be used on the aircraft operational areas and vehicular service roads.		
<u>Runway 17 Deicing Pad Construction</u>	\$18,000	
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. The deicing pads also serve as holding pads for aircraft that are not cleared to take off.		
<u>Runway 17/35 Land Acquisition</u>	\$24,400	
During 2005, 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 residences 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.		

CAPITAL IMPROVEMENT PROJECT SUMMARIES – 2005 OPERATING BUDGET

	2005 \$	2006 \$
MSP International		
Other Runway 17/35 Program Projects Less Than \$5,000,000	<u>\$ 14,500</u>	<u>\$ -0-</u>
Total Runway 17/35 Program Projects	<u>\$66,100</u>	<u>\$ -0-</u>
<u>Runway 4/22 Development Program</u>		
Total Runway 4/22 Development Program	<u>\$3,400</u>	<u>\$ -0-</u>
<u>Noise Mitigation Program</u>		
<u>Residential Sound Insulation (Inside 2007 65 DNL)</u>	\$7,425	
This series of projects will complete the program to insulate single family residential houses within the certified 2007 DNL 65-noise contour. The number of homes and subsequent costs for the projects will be determined once the noise contour has been defined.		
<u>Residential Sound Insulation (60-64 2007 DNL)</u>		\$16,200
This series of projects will be the start of the program to provide noise mitigation for single family residential houses within the certified 2007 DNL 60-64 noise contour. The mitigation will consist of a mechanical package that will provide air conditioning for homes that do not have air conditioning. Residential homeowners would be subject to a copay based on the following percentages: 64 DNL – 10%. 63DNL – 20%, 62 DNL – 30%, 61 DNL – 40%, 60DNL – 50%.		
<u>Multi-family Sound Insulation (Inside 2007 65 DNL)</u>		\$3,500
This project is the first phase in providing sound insulation to 461 multi-family units within the 2007 65 DNL contour.		
<u>School Sound Mitigation</u>		\$5,000
This project provides for the sound insulation of Trinity School at River Ridge in Bloomington including window and vestibule treatments and the installation of a new mechanical cooling system.		
Noise Mitigation Program Projects Less Than \$5,000,000	<u>-0-</u>	<u>\$ -0-</u>
Total Noise Mitigation Program Projects	<u>\$ 7,425</u>	<u>\$ 24,700</u>
<u>CD Complex</u>		
<u>Taxiway C/D Complex</u>	\$7,000	
This project is the first phase in a multi-phase program to reconstruct and reconfigure Taxiways C and D between Runway 12L/30R and Runway 12R/30L. This project will relocate both taxiways further to the west which will allow unrestricted access of Group V aircraft around the west side of Concourses E and F. This year's project centers around the Taxiway A/B/C/H area and includes concrete pavement, bituminous shoulders, utilities installation and electrical construction.		
<u>Taxiway C/D Complex</u>		\$13,000
This project is the second phase of a multi-phase program to reconstruct and reconfigure Taxiways C and D between Runway 12L/30R and Runway 12R/30L. This project provides for the reconstruction of the center segments of Taxiways C and D and the associated crossover taxiways.		
Total C/D Complex Projects	<u>\$7,000</u>	<u>\$13,000</u>
<u>Airfield Rehabilitation Program</u>		
<u>Pavement Rehabilitation – Aprons</u>	\$6,700	
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 25,000 square yards of apron pavement between the north side of Concourse E and Taxiway Q.		

CAPITAL IMPROVEMENT PROJECT SUMMARIES – 2005 OPERATING BUDGET

	2005 \$	2006 \$
MSP International		
<u>Pavement Rehabilitation – Taxiway A/H</u>	\$ 5,400	
This project provides for the reconstruction of the pavement on Taxiway A between Taxiways D and A7. This section of deteriorated pavement is the last section of original pavement adjacent to Concourses F and G. In addition, Taxiway H between Runway 4/22 and Taxiway C will be reconstructed and realigned as part of this project. The realignment is required to be compatible with the proposed reconstruction of Taxiways C and D as well as the newly constructed Taxiway B.		
Total Airfield Rehabilitation Program Projects Less Than \$5,000,000	<u>\$ 1,000</u>	<u>\$ 4,300</u>
Total Airfield Rehabilitation Program Projects	<u>\$ 13,100</u>	<u>\$ 4,300</u>
<u>Lindbergh Terminal Rehab & Development Program</u>		
Total Lindbergh Terminal Rehab & Development Program Projects	<u>\$ 1,300</u>	<u>\$ 1,900</u>
<u>Humphrey Terminal Development</u>		
Total Humphrey Terminal Development Program Projects	<u>\$ -0-</u>	<u>\$2,000</u>
<u>Landside Rehabilitation & Repair Program</u>		
<u>Lindbergh Terminal Interior Rehabilitation</u>	\$6,900	
An ongoing program to renovate areas within the interior of the Lindbergh Terminal. Projects can include flooring replacements, seating replacement, lighting and signage revisions and MAC/tenant space modifications. This year's project includes replacement of the flooring in the Ticketing area, the east mezzanine and on the two skyways and repair of the concrete underflooring on Concourse C.		
Landside Rehabilitation & Repair Program Projects Less Than \$5,000,000	<u>\$ 4,000</u>	<u>\$ 3,100</u>
Landside Rehabilitation & Repair Program Projects Total	<u>\$ 10,900</u>	<u>\$3,100</u>
<u>Reliever Airport Program</u>		
<u>Runway 9/27 Extension/Widening</u>	\$6,400	
This project will provide for the widening to 100 feet and extension to 5,000 feet of Runway 9/27 including all required airfield lighting modifications.		
<u>Runway 9/27 MALSR/ILS</u>	\$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. MAC staff is working with both FAA and MnDOT Office of Aeronautics to allocate funds to this project.		
<u>Wetland Mitigation</u>	\$2,500 *	
This project provides for the mandated wetland mitigation and includes the costs associated with applicable wetland permit and/or escrow fees, the purchase of wetland credits and the construction of new wetlands. The restored wetlands and purchased credits will provide mitigation for the Runway 9/27 extension, taxiway extension, ILS/MALSR, two building area expansions and the Xylite Street relocation.		
*Under discussion with Anoka County, Blaine and developer for funding.		
<u>Army Guard Redevelopment</u>	\$3,000	\$3,000
In support of the construction of new and expanded facilities for the Minnesota Air National Guard Aviation, the MAC is making available 22 acres of property at the St. Paul Downtown Airport. The site will be cleared of existing tenant facilities and the existing Remote Transmitter Receiver (RTR) site will be relocated to location on the airfield. This project will cover the costs associated with the site clearance, demolition of facilities and relocation of tenants as required as well as the relocation of the RTR site. This project will be phased over 2005 and 2006 with the National Guard starting construction in the spring of 2007.		

CAPITAL IMPROVEMENT PROJECT SUMMARIES – 2005 OPERATING BUDGET

MSP International	2005 \$	2006 \$
<p><u>Airfield Sub-drain System</u></p> <p>This project provides for the installation of a subsurface drainage system throughout the airport. This system will consist of a network of pipes and three pumping stations that will collect subsurface drainage and pump it back into the Mississippi River. Controlling the subsurface drainage will stabilize the airfield pavements by stabilizing the pavement subgrade.</p>	\$6,600	
<p><u>Airlake</u></p> <p><u>South Building Area Development</u></p> <p>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. The paving of a section of 225th Street to connect to Cedar Avenue is also included in this project.</p>		\$2,700
<p><u>Anoka County – Blaine</u></p> <p><u>Building Area Development – Northwest</u></p> <p>This project provides for the construction of a new building area with sanitary sewer water main and infiltration basins for storm water. This project also includes the construction of a service road to Radisson Road.</p>		\$5,900*
<p><u>Runway 10R/28L Widening/Extension</u></p> <p>This project provides for the extension of the newly numbered Runway 10R/28L from 3,900 feet to 5,000 feet, widening to 100 feet and shifting 120 feet to the west. The project includes grading, pavement construction, VOR, localizer and MALSR light relocations, glide slope and VASI replacement and signage changes to reflect taxiway changes.</p>		\$9,700
<p><u>South Building Area Development</u></p> <p>This project will provide for the first phase in the construction of the new South Building Area and will include grading and sanitary sewer and water main installation.</p>		\$5,200
<p><u>Lake Elmo</u></p> <p><u>East Building Area Development</u></p> <p>This project involves the site development of the new East Building Area including grading and paving, demolition of abandoned buildings and all earthwork associated with the new taxiways, taxilanes and roadway access. Also included with this project is storm water management and minor wetland mitigation.</p>		\$2,100
<p><u>Flood Protection Dike</u></p> <p>This project provides for the construction of a flood control perimeter dike at the St. Paul Downtown Airport including sheetpile walls, earthen berms and temporary deployment walls, storm water management and subgrade improvements. Also included in this project is compensatory riverbank excavation and airfield improvements including modifications to taxiways (primarily A and E) and runways.</p> <p>*Funding for this project will be provided by others.</p>		\$22,400*
<p><u>Runway Safety Area Enhancements</u></p> <p>This project consists of improvements to the end of all runway safety areas to meet current FAA requirements. The project involves the following described work for each runway:</p> <p style="margin-left: 40px;"><u>Runway 9/27:</u> the end of Runway 9 would be shortened and the threshold displaced. Construction would include restriping of the runway, removal and installation of runway lights, removal of the VASI and installation of a PAPI for Runway 27.</p>		\$6,400

CAPITAL IMPROVEMENT PROJECT SUMMARIES – 2005 OPERATING BUDGET

MSP International	2005 \$	2006 \$
<p><u>Runway 13/31</u>: the end of Runway 31 would be shortened. Construction would include restriping the runway, removal and installation of runway lights, removal of the VASI, installation of a PAPI for Runway 31 and relocation of the REILS and Guidance Signs.</p> <p><u>Runway 14/32</u>: An EMAS system would be installed at both ends of the runway, Bayfield Street crossing of Runway 14 would be removed and a new airport access road constructed from Ridder Circle.</p>		
Total Reliever Airport Program Projects Less Than \$2,000,000	\$ 5,000	\$ 4,680
Total Reliever Airport Program Projects	\$ 26,000	\$ 61,080
<u>Reliever Airports Utility Extension Program</u>		
<u>Flying Cloud</u>		
<u>Sanitary Sewer/Water Main Extensions</u>	\$3,400	
<p>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 plane wash facility.</p>		
<u>Sanitary Sewer/Water Main Installation – North Building Area</u>		\$2,200
<p>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.</p>		
Total Reliever Airports Utility Extension Program Less Than \$2,000,000	\$ -0-	\$150
Total Reliever Airports Utility Extension Program	\$ 3,400	\$2,350
<u>Miscellaneous Field & Runway Program</u>		
Total Miscellaneous Field & Runway Program	\$ 400	\$ 900
<u>Miscellaneous Landside Program</u>		
<u>Overflow Ramp Parking Structure</u>		\$48,560
<p>The new Humphrey Terminal development included two parking structures to provide parking for users of the Humphrey Terminal and airport employees and to provide over flow parking for the Lindbergh Terminal. The Humphrey Ramp was constructed following the opening of the Humphrey Terminal and serves the Humphrey patrons and airport employees. As the number of patrons using the Humphrey has increased, construction of the Overflow Ramp is being considered.</p>		
<u>MAC Cargo Buildings – Airline Belly Cargo Facility</u>		\$6,600
<p>Previously, a majority of MSP's airline belly-cargo was accommodated within a 36,000 SF 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>		
Total Miscellaneous Landside Projects Less Than \$5,000,000	\$ 700	\$ 2,400
Total Miscellaneous Landside Projects	\$ 7000	\$57,560

CAPITAL IMPROVEMENT PROJECT SUMMARIES – 2005 OPERATING BUDGET

MSP International	2005	2006
	\$	\$
<u>New Projects Program</u>		
<u>Lindbergh Terminal EDS Baggage Screening</u> 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.	\$ 80,300	
<u>Runway 30R Safety Area Improvements</u> The Runway 30R safety area does not meet FAA standards. To achieve a compliant runway safety area, the landing threshold will be relocated 200 feet to the west that will require pavement striping, signage and airfield lighting revisions. Once these revisions have been implemented, impact to airline operations will be monitored as there will a 200-foot decrease in landing length. If there is an intolerable impact to airline operations, an Engineered Materials Arresting System (EMAS) will need to be constructed in 2006. An EMAS is comprised of cellular cement blocks located beyond the end of the runway and is designed 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. This year's project will provide for the installation of the EMAS. A similar system has been installed on Runway 30L.		\$8,300
Total New Projects Program Less Than \$5,000,000	\$ 22,925	\$2,500
Total New Projects Program	\$ 103,225	\$10,800
Total All Programs	\$242,950	\$181,690

Program Summary 2005 - 2006

\$ = 000

	<u>2005</u>	<u>2006</u>
Runway Deicing/Holding Pad	\$ -	\$ -
Runway 17/35	66,100	-
Runway 4/22 Development	3,400	-
Noise Mitigation	7,425	24,700
Taxiway C/D Complex	7,000	13,000
Airfield Rehabilitation	13,100	4,300
Runway Rehabilitation	-	-
Lindbergh Terminal Rehab & Development	1,300	1,900
Humphrey Terminal Development	-	2,000
Landside Rehabilitation & Repair	10,900	3,100
Reliever Airports	29,400	63,430
Miscellaneous Field & Runway	400	900
Miscellaneous Landside	700	57,560
New Projects	<u>103,225</u>	<u>10,800</u>
TOTAL ALL PROGRAMS	\$ 242,950	\$181,690

CAPITAL IMPROVEMENT PROJECT SUMMARIES – 2005 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 2005 and 2006. The 2005 budget dollars for operating expenses include the figures listed in the "Budget Year 2005" column. As stated in the Budget Message, the two year capital program (2005 & 2006) totals \$424.6 million. This total is comprised of the following major projects:

17/35 Completion	\$66.1 million	16%
Noise Program	32.1 million	8%
Humphrey Terminal Parking Expansion	48.6 million	11%
Baggage Screening	80.3 million	19%
Anoka Cty, Flying Cloud and St. Paul	<u>80.4 million</u>	<u>19%</u>
Reliever Airport Projects		
	\$307.5 million	72%

Maintenance & Operating Budget Impact of 2005 - 2006 Projects

\$ = 000	2005-2006 Project Cost Totals	Impact Budget Year 2005	Impact Budget Year 2006
Program/Project Areas			
Field & Runway/Airside			
1 Rehab/Other Projects	\$ 60,300	\$ -	\$ -
Completion 2004 - 2006	43,300	200	500
1 Post 2006 Completion	<u>20,000</u>	<u>-</u>	<u>-</u>
Totals	\$ 123,600	\$ 200	\$ 500
Environmental			
1 Rehab/Other Projects	\$ 32,125	\$ -	\$ -
Completion 2004 - 2006	-	-	-
1 Post 2006 Completion	<u>-</u>	<u>-</u>	<u>-</u>
Totals	\$ 32,125	\$ -	\$ -
Terminals & Landside			
1 Rehab/Other Projects	\$ 120,425	\$ -	\$ -
Completion 2004 - 2006	7,100	1,200	2,600
1 Post 2006 Completion	<u>48,560</u>	<u>-</u>	<u>-</u>
Totals	\$ 176,085	\$ 1,200	\$ 2,600
Reliever Airports			
1 Rehab/Other Projects	\$ 18,080	\$ -	\$ -
Completion 2004 - 2006	39,900	50	300
1 Post 2006 Completion	<u>34,850</u>	<u>-</u>	<u>-</u>
Totals	\$ 92,830	\$ 50	\$ 300
Total All Areas			
1 Rehab/Other Projects	\$ 230,930	\$ -	\$ -
Completion 2004 - 2006	90,300	1,450	3,400
1 Post 2006 Completion	<u>103,410</u>	<u>-</u>	<u>-</u>
Totals	\$ 424,640	\$ 1,450	\$ 3,400
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 2006.			

CAPITAL IMPROVEMENT PROJECT SUMMARIES – 2005 OPERATING BUDGET

<u>Category</u>	<u>2005-2006 Maintenance & Operating Expense Impact</u>
Field & Runway	Of the \$123.6 million of projects listed, \$60.3 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 2005 or 2006. Approximately \$20.0 million of projects relate to Taxiway C/D Complex. This project will not be completed until 2007. Of the \$43.3 million in projects listed as being completed in 2005/2006, \$2.9 million relates to roadway work, \$20.2 million for taxiway deicing areas, \$8.3 for safety areas, \$3.6 for runway protection zone areas and \$3.4 for storm sewer improvement. Most of these are scheduled for late 2005 and are associated with Runway 17/35. The 2005 budget includes a partial year of M & O costs. The largest increase is in personnel. The increase, however, is offset by a movement from 2 operator pieces of equipment to 1 operator piece of equipment.
Environmental	There are no expected maintenance and operating costs associated with projects in this category.
Landside	Of the \$176.1 million of projects, \$120.4 million are rehab or other projects and result in no new areas or facilities so there is no budget impact. Approximately \$48.6 million of projects will be completed post 2006. The balance of the projects, \$7.1 million, will have a budget impact of \$1.2 million in 2005 and \$2.6 million in 2006. The majority of the projects to be completed in 2004-2006 can be attributed to completion of a new loading dock. It is likely that this facility will be managed by an outside firm.
Relievers	Of the \$92.8 million of projects, \$18.1 million are rehab or associated projects and result in no new areas or facilities so there is no budget impact. Approximately \$34.8 million in projects are expected to be completed in late 2006 and are currently anticipated to have no budget impact until 2007. The balance of the projects, \$39.9 million, relate to a runway extension/widening and flight approach system at Anoka County Airport (\$10.0 million), an airfield subdrain system at St. Paul (\$6.6 million) and Sewer/Watermain project at Flying Cloud (\$3.4 million) completed in late 2005 with little 2005 impact. Also, in late 2006 the major completed project is the runway extension/widening at Flying Cloud Airport for \$15.6 million. This project will have no M & O impact in 2005 and very little in 2006.

CAPITAL IMPROVEMENT PROJECT SUMMARIES – 2005 OPERATING BUDGET
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DEBT SERVICE POLICIES – 2005 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. In July 2004, the Commission along with its Financial Advisor and Bond Counsel refined this policy further. The refinements include establishing separate savings criteria and efficiency criteria in dealing 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 – 2005 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, 2005	\$65,110
October 10, 2006	\$64,063
October 10, 2007	\$64,440
October 10, 2008	\$64,820
October 10, 2009	\$65,342

(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, 2003 Series A and 2004 Series A is:

January 1, 2005	\$95,942
January 1, 2006	98,152
January 1, 2007	97,911
January 1, 2008	97,882
January 1, 2009	97,857

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

The table below shows future debt requirements for existing debt on an annual calendar year basis after December 31, 2004 for the next five years as well as a cumulative total for the period 2010-2032. The dollars shown are in thousands.

		General	General			
(\$ = 000)		Obligation	Airport Rev-	Total		Total
	Notes	Bonds	enue Bonds	Outstanding	Total All	Principal
Year(s)	Payable	(Principal)	(Principal)	Bonds	Interest	& Interest
2005	60,826	13,820	20,590	34,410	95,432	190,668
2006	-	13,810	24,005	37,815	93,547	131,362
2007	-	13,185	25,090	38,275	91,535	129,810
2008	-	14,165	26,435	40,600	89,446	130,046
2009	-	15,085	27,855	42,940	87,193	130,133
2010-2032	-	<u>264,370</u>	<u>1,306,330</u>	<u>1,570,700</u>	<u>1,048,925</u>	<u>2,619,625</u>
	60,826	334,435	1,430,305	1,764,740	1,506,078	3,331,644
Notes Payable represents Commercial Paper						

(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 and again does not include any new bond issues.)

LONG TERM DEBT – 2005 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.

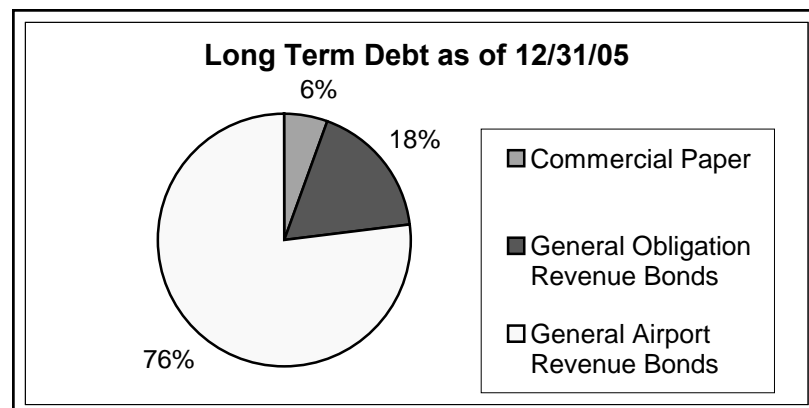
The 1996 Minnesota State Legislature authorized the Commission to issue General Airport Revenue Bonds (GARBs). These bonds would be secured by the pledge of all operating revenues of the Commission. The Commission's authority to issue additional GARBs is subject to an additional bonds debt service coverage 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 1.66x. With the optional coverage transfer this figure goes to 1.82x.

LONG TERM DEBT – 2005 OPERATING BUDGET

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

					Outstanding as of	
Bonds Payable, due serially		Issue	Original	Final	Year End	
(\$ = 000):		Date	Amount	Payment In	2005	2004
Notes Payable:						
Series A - 1.10 to 1.25%		*	83,000	2003	\$ 42,076	\$ 83,000
Series B - 1.15 to 1.65%		*	42,000	2003	59,100	42,000
Series D - 1.05 to 1.10%		*	49,000	2004	-	45,000
Total Notes Payable					\$ 101,176	\$ 170,000
General Obligation Revenue Bonds:						
Series 10 - 3.6 to 5.0% (Refund Series 1 & 6)	05/01/93	29,025	2006	\$ 1,515	\$ 3,750	
Series 13 - 4.0 to 5.25% (Refund Series 7)	11/01/98	38,750	2015	27,985	30,285	
Series 14 - 5.0 to 5.5% (Refund Series 8)	11/01/01	25,690	2011	21,910	20,980	
Series 15 - 3.0 to 6.85% (Refund Series 9)	01/01/02	287,825	2022	269,205	275,955	
Total General Obligation Revenue Bonds				\$ 320,615	\$ 330,970	
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	10,060	16,110	
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	118,605	122,875	
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	80,110	83,145	
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	90,650	93,505	
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	58,235	62,415	
2003 Series A - 4.5% to 5.25%	06/01/03	102,690	2031	102,690	102,690	
2004 Series A - 5.2%	06/01/04	109,950	2031	109,950	109,950	
Total General Airport Revenue Bonds				\$1,409,715	\$1,430,105	
TOTAL BONDS OUTSTANDING				\$1,831,506	\$1,931,075	
* Issue dates for the Notes Payable are various.						



LONG TERM DEBT – 2005 OPERATING BUDGET

BOND REFUNDING

No refundings are planned for 2005.

DEBT ACTIVITY – 2004

In May 2004, the Commission issued General Airport Revenue Bonds 2004 Series A. This subordinated debt issue is being funded with Passenger Facility Charge (PFC) Revenue from PFC Application #6. (See Construction Budget Section). The +\$109 million auction rate bond series was the second 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 auction series issued in 2004.

NEW ISSUES

Based on the Capital Improvement Plan (CIP) presented in late fall 2004, and the current status of Runway 17/35, it appears that in 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 two 2005 issues will likely be a regular General Airport Revenue Bond issue and an issue supported by PFC revenue. PFC #8 application is currently being reviewed by the FAA with approval expected in April 2005.

The table below illustrates gross proceeds, net proceeds and capitalized interest/issuance costs attributed to the anticipated Bonds to be issued for 2005:

(\$ = 000)	<u>Gross Bond Proceeds</u>	<u>Net Bond Proceeds</u>	<u>Capitalized Interest/Is- suance Costs</u>
2005 General Airport Revenue Bond Issue	127,000	112,021	14,979
2005 PFC 8	<u>80,000</u>	<u>70,130</u>	<u>9,870</u>
	\$ 207,000	\$ 182,151	\$ 24,849

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

The Commission at the present time has no plans for a bond issue in 2006. This, however could change if the FAA defers approval on some of the projects that are included in the current PFC application or if there are changes to the 2020 Plan Expansion (See Construction Section).

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 – 2005 OPERATING BUDGET

DEBT SERVICE BUDGET

The Debt Service Budget is shown below.

2005 DEBT SERVICE BUDGET						
(\$=000)						
	Actual	Estimated	Budget	Budget	Projected	Projected
	<u>2003</u>	<u>2004</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
January 1 Balance	221,490	230,693	248,330	240,027	246,007	245,132
Source Of Funds:						
Transfer from Operating Fund	72,264	70,309	72,461	68,320	69,303	63,935
Transfer from PFCs 3	16,896	22,283	19,162	27,252	28,472	33,568
Coverage Account	-	-	-	-	-	-
Interest earnings 1	4,665	6,796	5,400	6,500	6,500	6,500
Bond Proceeds 2	8,993	7,824	8,500	7,500	15,000	7,500
NWA payments	<u>25,297</u>	<u>27,197</u>	<u>26,221</u>	<u>26,250</u>	<u>26,250</u>	<u>26,250</u>
Total Sources Of Funds	128,115	134,409	131,744	135,822	145,525	137,753
Uses Of Funds						
Principal/Interest payments 2	<u>(118,912)</u>	<u>(125,075)</u>	<u>(128,919)</u>	<u>(129,842)</u>	<u>(146,400)</u>	<u>(144,848)</u>
Ending Balance	230,693	240,027	251,155	246,007	245,132	238,037
1 Interest Rate Assumed 3.0% 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 SOURCES AND USES – 2005 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 2005-2007 reflect new bond issues (GARBs).

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

Interest earnings are assumed at 3.0% for 2004 through 2007. 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 and 2004 represent the Passenger Facility Charge (PFC) backed GARB issues, while the amounts in 2005 represent the proceeds from the projected GARB (PFC) and regular GARB issues for that year. (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 issues in 2003 and 2004. The 2006 increase reflects the two bond issues in 2005.

DEBT SERVICE BUDGET SOURCES AND USES – 2005 OPERATING BUDGET

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HISTORICAL REVENUE/EXPENSE COMPARISONS - 2005 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 1994 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 for the years of 2003, 2004 and 2005. Significant changes occur when comparing the percentage in categories to the total between the years 1994 and 2003. Depreciation represented 30% of the expense budget in 1994 with the 2005 budget projected to be 46.9%. This large increase is due to closing of construction projects associated with the 2010 expansion program. Other Expenses have also increased from .4% in 1994 to 1.6% in 2003. 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 1994 VS 2003						
(\$ = 000)						
	1994		2003		1994-2003	Annual
	\$	% of Total	\$	% of Total	Change	% Change
Operating Revenue						
Airline Rates & Charges	\$ 31,960	41.8%	\$ 71,874	42.7%	\$ 39,914	9.4%
Concessions	35,579	46.6%	72,337	43.0%	36,758	8.2%
Other	8,854	11.6%	36,971	22.0%	28,117	17.2%
Airline Rent Credit			(13,000)		(13,000)	
Total Operating Revenue	\$ 76,393	100.0%	\$ 168,182	100.0%	\$ 91,789	9.2%
Operating Expenses						
Personnel	\$ 23,293	33.2%	\$ 48,273	27.4%	\$ 24,980	8.4%
Administrative Expenses	839	1.2%	844	0.5%	5	0.1%
Professional Services	4,681	6.7%	2,821	1.6%	(1,860)	-5.5%
Utilities	5,287	7.5%	11,779	6.7%	6,492	9.3%
Operating Services	7,995	11.4%	13,928	7.9%	5,933	6.4%
Maintenance	6,743	9.6%	16,453	9.3%	9,710	10.4%
Depreciation	21,048	30.0%	79,399	45.1%	58,351	15.9%
Other	289	0.4%	2,744	1.6%	2,455	28.4%
Total Operating Expenses	\$ 70,175	100.0%	\$ 176,240	100.0%	\$ 106,065	10.8%
Net Revenues	\$ 6,218	a)	\$ (8,058)	a)	\$ (14,276)	

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

HISTORICAL REVENUE/EXPENSE COMPARISONS - 2005 OPERATING BUDGET

This first comparison 1994 versus 2003 emphasizes the following results:

1. Changes in revenue are as follows:

- ◆ The largest growth occurred in the Other Revenue category (17.2%), 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 (9.4%). 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 1994 and 2003 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 8.2% between the years of 1994 and 2003. 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 1994 to 2003 (9.2%) is slightly less than the annual percentage increase in expenses from 1994 to 2003 (10.8%). Over this ten-year period, revenue grew at a slightly lower rate than expenses. In the 2005 budget, the spread between 1994 and 2003 revenue to expense is 1.6 % with expense growth exceeding revenue (or the difference between 9.2% revenue growth and 10.8% expense growth). This percent is due to the economic conditions of the industry that resulted in airline rates and charges being held constant for the years 2002, 2003 and 2004. The 2005 budget reflects rates and charges calculated as per the Airline Agreement.

3. Expense changes are as follows:

- ◆ Personnel expenses have increased from 1994 to 2003 by \$25.0 million. This equates to an average annual increase of 8.4%, however, the percentage of total expense for personnel was reduced from 33.2% in 1994 to 27.4% in 2003.
- ◆ Professional Services decreased from 6.7% of the 1994 budget to 1.6% of total expenses for 2003. In addition, Operating Services have been reduced from 11.4% in the 1994 expense budget to 7.9% in 2003. This is a direct result of cost cutting measures that were implemented in response to the economic conditions of the industry. Reductions were made in consulting fees along with contract decreases related to parking management fees.
- ◆ Depreciation by contrast, rose at an average rate of 15.9 % or \$58.4 million, resulting in the depreciation percent of total increasing from 30.0% in 1994 to 45.1% in 2003. 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 largest category increase is Other at 28.4%. 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 - 2005 OPERATING BUDGET

B.

HISTORICAL OPERATING REVENUE & EXPENSE SUMMARY 2003 VS 2005								
	Actual 2003		Estimated 2004		Budget 2005		2003-2005	Annual
	\$	% of Total	\$	% of Total	\$	% of Total	Change \$	% Change
Operating Revenue								
Airline Rates & Charges	\$ 71,874	42.7%	\$ 71,578	36.8%	\$ 82,025	39.5%	\$ 10,152	6.8%
Concessions	72,337	43.0%	84,850	43.6%	83,468	40.2%	11,131	7.4%
Other	36,971	22.0%	38,012	19.5%	42,104	20.3%	5,133	6.7%
Airline Rent Credit	(13,000)							
Total Operating Revenue	\$168,182	100.0%	\$ 194,440	100.0%	\$ 207,597	100.0%	\$ 39,415	11.1%
Operating Expenses								
Personnel	\$ 48,273	27.4%	\$ 50,000	27.0%	\$ 53,991	26.7%	\$ 5,718	5.8%
Administrative Expenses	844	0.5%	1,100	0.6%	1,253	0.6%	409	21.9%
Professional Services	2,821	1.6%	4,050	2.2%	3,602	1.8%	781	13.0%
Utilities	11,779	6.7%	12,300	6.7%	13,599	6.7%	1,820	7.4%
Operating Services	13,928	7.9%	13,300	7.2%	12,160	6.0%	(1,768)	-6.6%
Maintenance	16,453	9.3%	17,700	9.6%	19,184	9.5%	2,732	8.0%
Other	2,744	1.6%	3,400	1.8%	3,687	1.8%	943	15.9%
Total Operating Expenses without Depreciation	\$ 96,841	54.9%	\$ 101,850	55.1%	\$ 107,476	53.1%	\$ 10,635	5.3%
Depreciation	\$ 79,399	45.1%	\$ 83,000	44.9%	\$ 94,889	46.9%	\$ 15,490	9.3%
Total Operating Expenses Including Depreciation	\$176,240	100.0%	\$ 184,850	100.0%	\$ 202,365	100.0%	\$ 26,125	7.2%
Net Revenues	\$ (8,058)	a)	\$ 9,590	a)	\$ 5,232	a)	\$ 13,290	

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

The second table illustrates 2003 actual, 2004 estimated and 2005 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 11.1% annually from actual 2003 to Budget 2005. The greatest increase is in the Concessions category of 7.4%
- ◆ Airline Rates and Charges that include landing fees, ramp fees and terminal building rentals, are increasing 6.8%. Rates and Charges for the airlines were frozen in the years 2002, 2003, and 2004 due to the economic condition of the aviation industry. The 2005 budget calculates revenue for rates and charges as per the Airline Agreement.
- ◆ Concessions are predicted to increase by 7.4% as parking revenue for the 2005 budget is projected to increase by \$11.6 million from the 2003 actual. The increase is attributed to a gradual increase in patrons along with a rate increase in short term and long term parking rates. Auto Rental is projected to decrease between actual 2003 and budget 2005 by \$2.4 million due to contract extensions and the budget allowing for minimum guarantees only, while Ground Transportation will increase \$1.3 million. This increase over the same time period, is attributable to changes in the Ordinance rates for Commercial vehicles. Food & Beverage, Merchandise and other Concessions are also expected to increase as the current long time lease expires and the new proposal will raise the percentage of dollars MAC receives. (See Revenue Assumptions.)
- ◆ Other Revenue is increasing 6.7% or \$5.1 million primarily attributable to the reemergence of Sun Country Airlines increase in activity and new cargo facilities that became necessary to accommodate the construction of the new 17/35 runway.

HISTORICAL REVENUE/EXPENSE COMPARISONS - 2005 OPERATING BUDGET

2. Changes in Expenses are as follows:

- ◆ Increases in Expenses (excluding depreciation) are projected to be 5.3% from Actual 2003 to Budget 2005 and will be summarized below. (See Operating Expense Assumptions).
- ◆ Personnel expenses have increase by 5.8% or \$5.7 million between the years 2003 and 2005 budget. Annual wage and step increases have been included in the 2005 budget for both organized and non-contract employees. 10 new employees were added in 2004 along with 20 FTEs scheduled to be hired in 2005. (See Expense Assumptions for details). 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 5.8% increase is employee benefits with an increase of \$2.4 million associated with the additional FTEs and cost increases.
- ◆ Administrative costs have increased 21.9%. The increased amount is related to computer supplies and various software upgrades along with travel expenses reflecting 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 13%. Engineering costs are projected to increase due to the Environmental department regulatory requirements for NPDES stipulation agreement (glycol impacts) including pond study, perimeter well system, and baseline assessment of plug/pump deice locations. (See Operating Expense Assumptions).
- ◆ The category for Utilities indicates a 7.4% increase attributable to the rising costs of utilities along with the completion of additional facilities, Westside Ramp area and runway 17/35. Heating fuel reflects the largest increase and is based upon projected rate increases. (See Operating Expense Assumptions).
- ◆ Operating Services reflects a 6.6% decrease. The majority of the decrease is related to the parking management contract and the shuttle bus contract. New automated parking methods have reduced labor costs and the new Light Rail (LRT) is anticipated to be used in place of buses reducing the expenses related to the Shuttle services.
- ◆ Maintenance increases of 8.0% between the 2003 actual data and the 2005 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 2005. Moving walks and escalators will be off of warranty for the full year in 2004 with maintenance contract increases. Also, contributing to the Maintenance increase of 8.0% is Field expenses. The new runway 17/35, along with additional cargo facilities have added to the snow removal equipment and materials expenses.
- ◆ The majority of the 15.9% 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. Minor equipment (items under \$5,000) has also impacted the Other category. Replacement and procurement of equipment has been deferred for the past 3 years resulting in an increase of 105.7% between actual 2003 and budget 2005.
- ◆ Depreciation expenses show a 9.3% increase due to completion of major projects, both new and renovations. (See Operating Expense Assumptions).

HISTORICAL REVENUE/EXPENSE COMPARISONS - 2005 OPERATING BUDGET

C.

Facility Expansion

Lindbergh and HHH

	<u>1994</u>	<u>2004*</u>	<u>Increase</u>	<u>% Increase</u>
Lindbergh & Regional				
Terminal Square Footage	1,585,032	2,649,413	1,064,381	67.2%
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	18,171 **	6,939	61.8%
*Actual as of 10/04				
** 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 2004. The significance of this growth impacts both revenue and expenses. 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.)

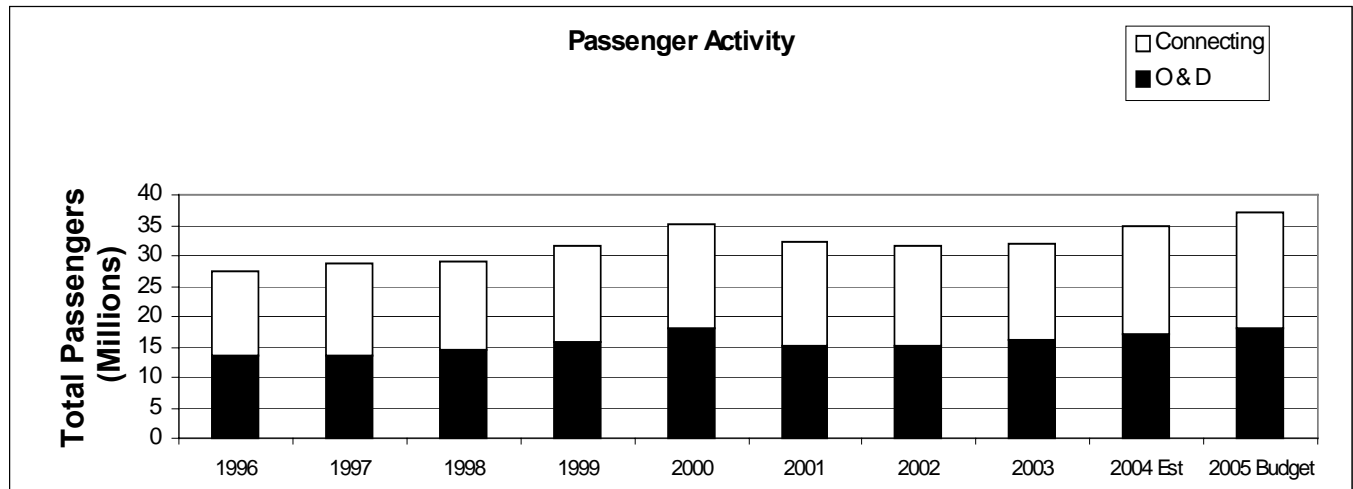
ACTIVITY/OPERATIONS COMPARISONS – 2004 OPERATING BUDGET

ACTIVITY/OPERATIONS STATISTICS

This section contains the historical and forecasted levels of activity for the period 1996 through 2005 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 1996 to 2000. Approximately 50% of passengers were connecting passengers (those transferring directly to another flight) in 1996 and has remained consistent though the 2005 budget. The number of passengers is projected to increase in 2004 (attaining the 2000 level of passengers) with the budget for 2005 showing an increase of 3.0% (based upon airline projections). (O & D = Originating and Destination).

B.

Passenger Type Comparisons 2002 to 2005				
Passenger Type	2002 Actual	2003 Actual	2004 Estimate	2005 Budget
Enplaned	7,567,091	8,212,271	9,024,100	9,294,823
Deplaned	7,566,234	7,405,159	8,136,910	8,381,175
Connecting	16,394,435	16,689,454	18,338,990	18,889,160
Total Passengers	31,527,760	32,306,884	35,500,000	36,565,158

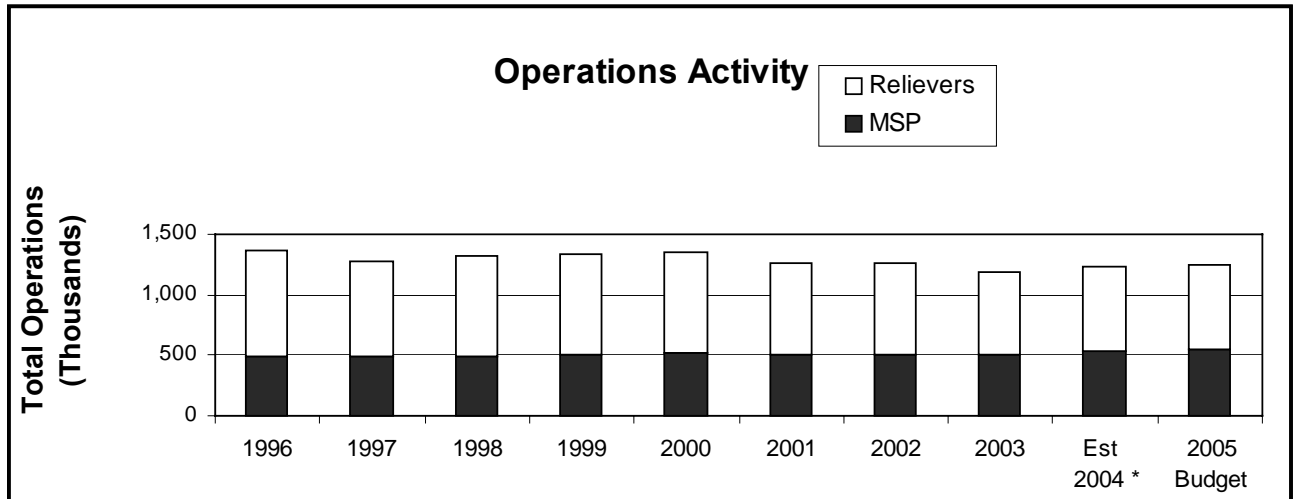
Estimates of passenger activity form an important element in forecasting revenue each year. The second chart represents actual passenger statistics for 2002 and 2003 with estimates for 2004 and budget 2005. The following categories are each used in a specific manner when calculating revenue:

- ◆ Enplaned (originating) passengers plus connecting passengers are used in forecasting most concession revenue.

ACTIVITY/OPERATIONS COMPARISONS – 2004 OPERATING BUDGET

- ◆ 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.

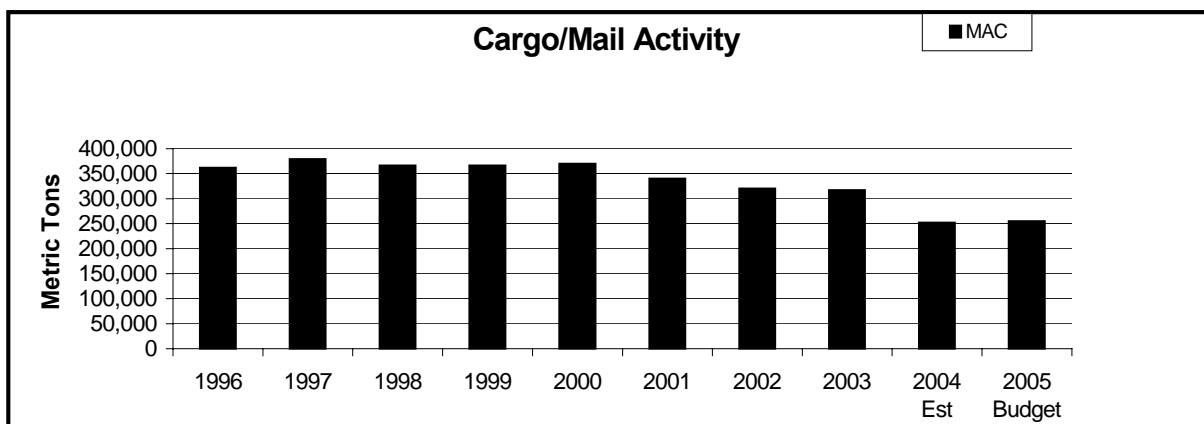
C.



*Reliever airport activities are estimated to be the same as 2003 activities.

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 1996 as shown above. From 2004 estimate to 2005 budget, operations are expected to increase about 2% or approximately 17,500 operations based upon the current trend.

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 were being constructed. The estimate in 2004 is less than the actual for 2003 due to Northwest Airlines loss of the USPS contract in the last quarter of 2003. The 2005 budget anticipates the same volume level as 2004.

NATIONAL COMPARISONS – 2005 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.

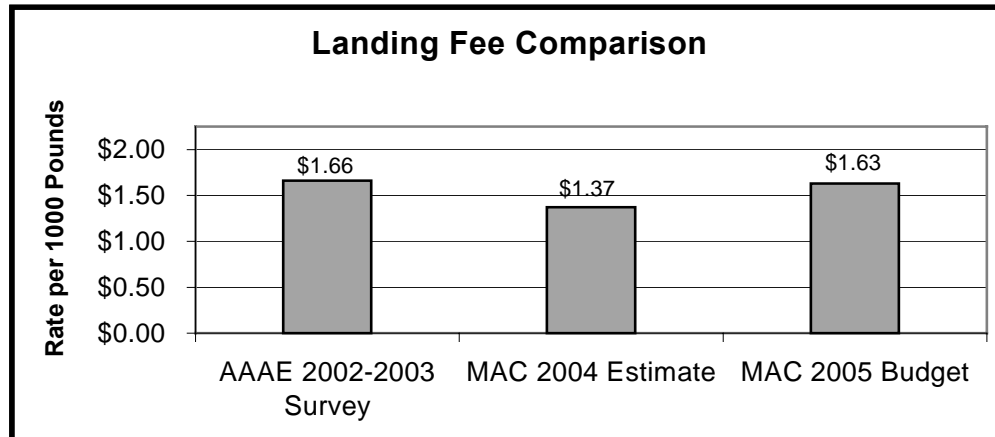
The following two subjects are addressed:

Rates and Concessions
Industry

RATES AND CONCESSIONS

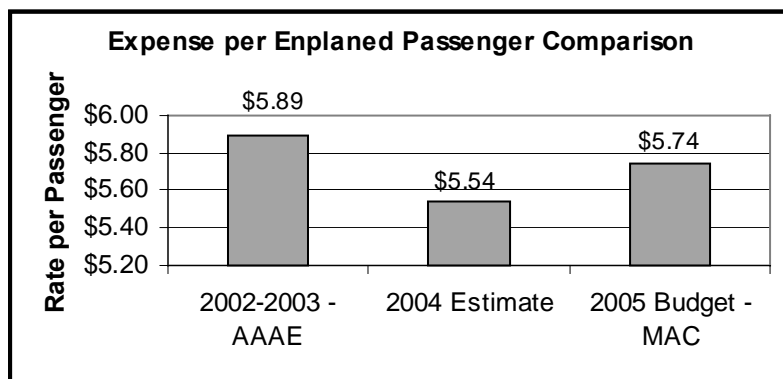
Four comparisons will be reviewed in this section utilizing the national statistics from the most recent survey (2002-2003) and MAC's data from the 2005 budget. The charts reflect reclassification of revenue from the 2004 budget book for more accurate comparisons.

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 \$1.37 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 \$1.63 represents the actual fee with no rate relief and is calculated in accordance with the airline agreement for all Airline Rates and Charges. The 2005 budget for landing fees is below the national average from 2002/2003 of \$1.66.

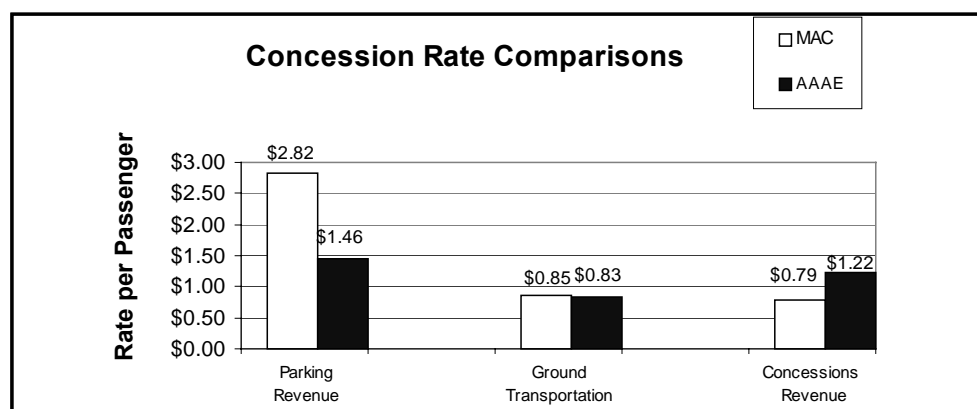
B.



NATIONAL COMPARISONS – 2005 OPERATING BUDGET

The second graph (Expense Comparison) relates MSP's operating expenses (less depreciation) per enplaned passenger to the average as indicated in the AAEE survey. In the 2005 budget, MAC's expense of \$5.74 per passenger is less than the national average of \$5.89. This is due in part to the time frame of the statistics. AAEE statistics are based upon 2002-2003 survey while MAC's expenses are for the budget of 2005 with greater passengers anticipated.

C.



The third graph compares passenger revenue from selected concessions. As shown, parking revenue (\$2.82) is higher than the national hub average (\$1.46). This is directly attributable to an increase in parking fees for 2004, an increase in patrons budgeted for 2005, and actively marketing the parking facilities. Ground transportation (\$.85) is also slightly higher than the survey average of \$.83. Concession revenue includes Food and Beverage, Merchandise, Terminal Services (Advertising-Indoor, Telephones, Games and Vending) and Other Concessions (In-Flight catering, Advertising-Outdoor and Auto Services). A decrease is projected in 2005 for Concession revenue due to the construction and remodeling of various tenants as identified in the new contract and lease agreements. (See Revenue Assumptions.)

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
2003	41,330	16,870	4,864	5,219	4,055	72,338
2004 Est	51,000	17,600	6,800	5,400	4,050	84,850
2005 Budget	52,885	15,865	5,700	5,115	3,904	83,469

This table presents historical concession revenues from 1998 to 2005.

- ♦ 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

NATIONAL COMPARISONS – 2005 OPERATING BUDGET

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 parking revenue along with 2004 estimates and the 2005 budget, predicts a continued rise in patrons and revenue. An increase in parking fees in November 2004 also accounts for the higher revenue.

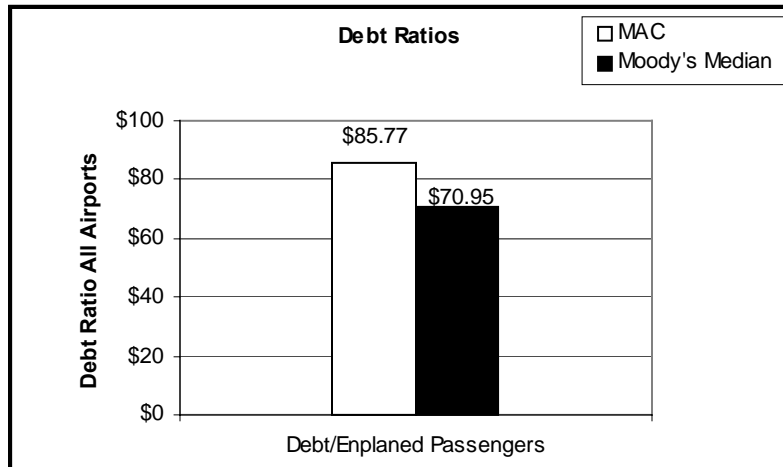
- ◆ Rental car revenue can be associated with the level of destination traffic and rental car agreements. The large increase in the year 2000, can be attributable to the expanded facilities. For the 2005 budget, auto rentals are anticipated to decrease as the budget is based only upon the minimum rental fee each firm pays. Ground transportation will also decrease and can be attributable to changes in the Ordinance rates for Commercial vehicles and an updated traffic count study.
- ◆ Food and beverage had been steadily increasing due to the expanded facilities through 2003, as well as increased dwell time in 2002 and 2003. However, a decrease is projected in 2005 for Concession revenue due to the construction and remodeling of various tenants as identified in the new contract and lease agreements. The full impact of the new agreement will occur in 2006. (See Revenue Assumptions.)
- ◆ The 2004 budget for General Merchandise reflects a decrease related to construction and remodeling as identified in the food and beverage category. (See Revenue Assumptions).
- ◆ Other revenue consists of advertising both indoor and outdoor, telephones, vending and miscellaneous concession revenue. The decrease in the 2005 budget is primarily related to a reduction in telephone services.
- ◆ See Revenue assumptions for further details.

NATIONAL COMPARISONS – 2005 OPERATING BUDGET

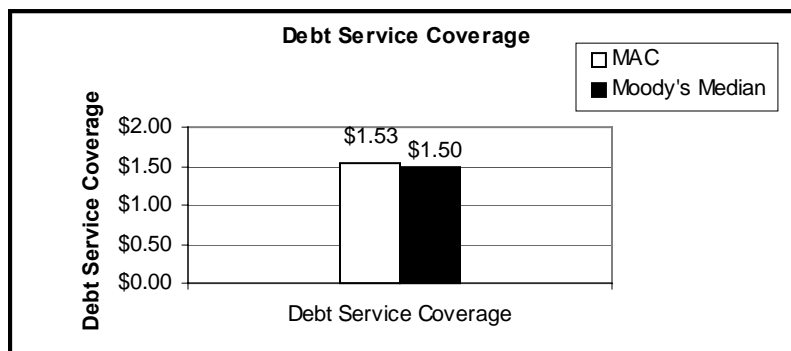
INDUSTRY

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 (the most recent available) and have been used for purposes of comparison. The medians published by Moody's are intended to serve as broad indicators. Significant deviation from the median is not necessarily an indicator of credit quality, and may, in fact, highlight a significant event or unusual characteristic of an enterprise. All MAC data is based upon estimated 2004 information.

A.



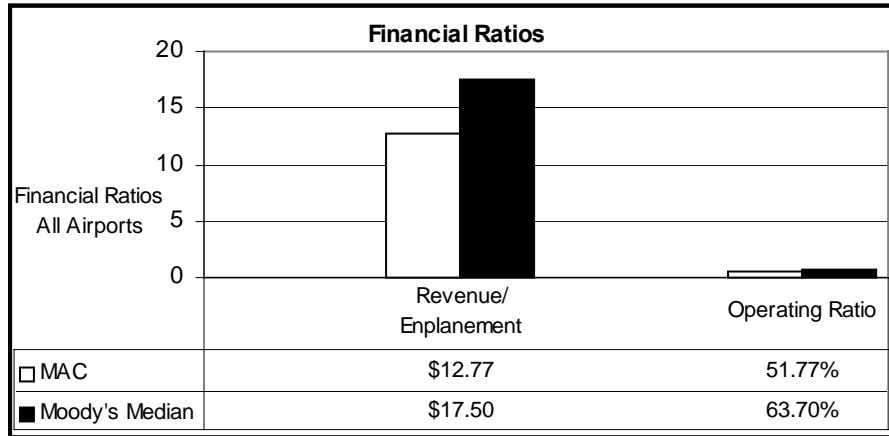
Debt per enplaned passenger is calculated by dividing total outstanding debt by the number of enplaned passengers. MAC's ratio of debt/enplaned passenger is above the industry average because of the current construction program. In addition, Moody's Median is from 2002 as current data was not available. (See Debt Service Section.)



Debt service coverage demonstrates the current ability to repay debt. MAC's coverage ratio as shown, is at 1.53x for Estimated 2004. With the optional coverage account established by the Commission, this ratio would be 1.68. Debt service coverage indicates MAC's ability to repay the debt from revenue sources is not quite at the average of other airports. (See also Debt Service Section.)

NATIONAL COMPARISONS – 2005 OPERATING BUDGET

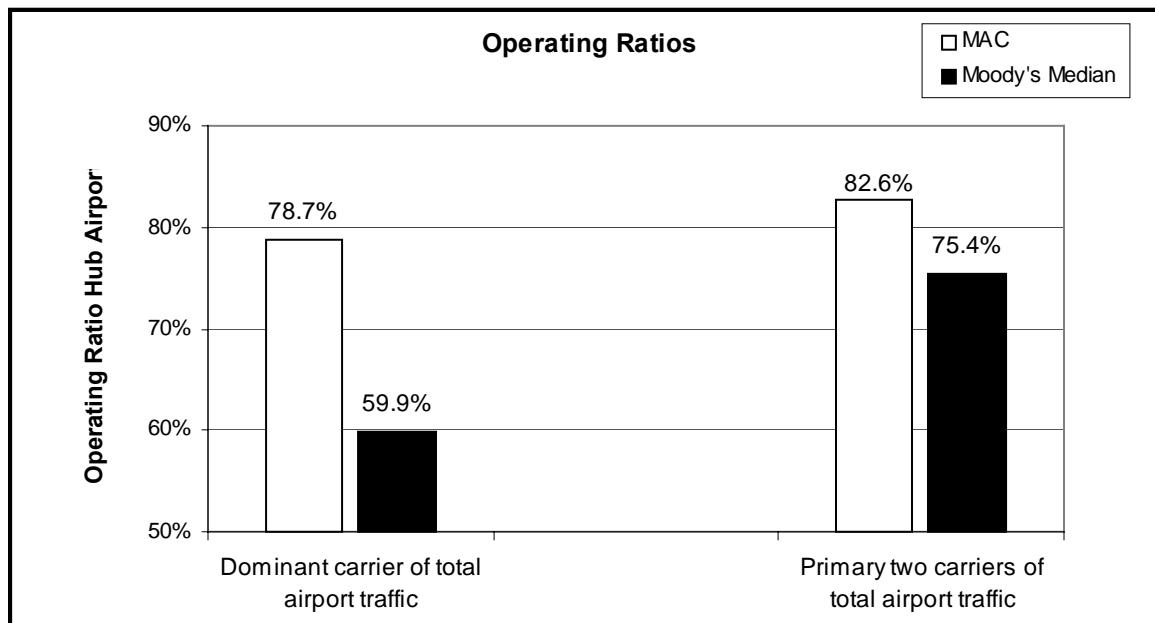
B.



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 \$4.73/enplanement. Moody's outlook was published for the year 2002 (the latest available). MAC's revenue is based upon the 2005 budget dollar amounts. MAC total revenue for 2005, consists primarily of revenue paid by the airlines as user fees for landing fees, ramp fees, and terminal building rates. 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 the date of Moody's statistics.

C.



The dominant carrier at MSP is Northwest Airlines. Their percentage of total traffic is 78.7% compared to the industry median of 59.9%. The second largest carrier is United which serves 4.0% of total airport traffic.

OTHER INFORMATIONAL STATISTICS – 2005 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 in terms of 2003 population estimates, and also ranked 21st in percent population growth between 1990 and 2000 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	1.1%	60.4%
2001E	285,094	4,985	3,025	1.1%	60.7%
2002E	287,974	5,025	3,055	1.1%	60.8%
2003E	290,810	5,059	n.a.	n.c.	n.c.
Sources: John F. Brown Co., U.S. Depart. of Commerce, Bureau of the Census					
MSA = Metropolitan Statistical Area 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 – 2005 OPERATING BUDGET

B.

CIVILIAN UNEMPLOYMENT RATE			
Calendar Year	United States	Minnesota	Minneapolis- St. Paul MSA**
1972	5.6%	4.3%	5.0%
1980	7.1%	5.9%	4.5%
*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%	2.6%
*2001	4.7%	3.7%	3.2%
2002	5.8%	4.4%	4.3%
2003	6.0%	n.a.	n.a.
<p>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., Official Statement dated 4/30/04</p> <p>*Indicates national recession during all or part of year</p> <p>**The MSA consisted of 9 counties in 1972 (the first year of data) and 1980, 11 counties in 1990-1992, and 13 counties in 1993 and beyond.</p>			

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 2005 budget.

OTHER INFORMATIONAL STATISTICS – 2005 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.

2003 RANKING OF U.S. AIRPORTS					
(For the 12 months ending December 31, 2003)					
Total Passengers*			Total Cargo		
(in millions)			(freight and mail, in thousands of metric tons)		
Rank	Airport	Passengers	Rank	Airport	Cargo
1	Atlanta	79.1	1	Memphis	3,390.5
2	Chicago-O'Hare	69.5	*		
3	Los Angeles	55.0	14	Philadelphia	524.5
4	Dallas/Ft. Worth	53.3	15	Ontario	518.7
5	Denver	37.5	16	Honolulu	421.9
6	Phoenix	37.4	17	Cincinnati	392.7
7	Las Vegas	36.3	18	Houston	382.0
8	Houston	34.2	19	Boston Logan	363.1
9	Minneapolis-St. Paul	33.2	20	Seattle-Tacoma	351.4
10	Detroit	32.7	21	Dayton	327.3
11	New York-Kennedy	31.7	22	Denver	325.4
12	Miami	30.0	23	Minneapolis-St. Paul	316.0
13	Newark	29.4	24	Phoenix	288.4
14	San Francisco	29.3	25	Dulles-Washington	285.4

Source: Airports Council International website 12/04
 Note: *Enplaned and deplaned volume
 John F. Brown debt service publication dated 4/30/04

MSP is one of the highest-activity airports in the United States. Approximately 50% of the passengers are connecting while the other 50% were origin-destination. International travelers and a strong demand for charter services also contribute to providing MSP with a strong and diverse passenger base. The 2003 statistics indicate MSP has remained in 9th place as in 2002.

When ranked with total cargo, MSP again as in 2002, placed 23rd in the U.S. The cargo volume is expected to increase upon completion of new expanded cargo facilities (as a result of the new runway 17/35) 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 – 2005 OPERATING BUDGET

B.

DOMESTIC SCHEDULED PASSENGER JET SERVICE MINNEAPOLIS-ST. PAUL INTERNATIONAL AIRPORT (for the second week of March, 2004)					
	1996	2001	2004	Change	
				1996-2001	2001-2004
U.S. cities served*					
Total Jet	74	82	106	+8	+24
Large Jet	73	77	83	+4	+6
Regional Jet	2	19	52	+17	+33
Turboprop	45	31	30	-14	-1
Average weekly departures**					
Total Jet	2,756	3,362	3,854	+606	+492
Large Jet	2,721	3,023	2,890	+302	-133
Regional Jet	35	339	964	+304	+625
Turboprop	997	794	572	-203	-222
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 2005 was obtained from the April 04 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 between 1996 and 2001 along with the growth change between the years 2001 and 2004.

OTHER INFORMATIONAL STATISTICS – 2005 OPERATING BUDGET

C.

Major International Passenger Markets¹ Minneapolis-St. Paul International Airport

International Market Area	12 months ended December 31				6 months ended June 30				
	1996	2000	2002	2002	AAG 1996- 2000	% Change 2000- 2002	2002	2003	% Change 2002- 2003
Total	939,095	1,286,398	1,171,223	1,136,778	8.2%	-11.6%	556,309	595,021	7.0%
Scheduled	826,682	1,177,854	1,089,952	1,059,582	9.3%	-10.0%	494,722	492,133	-0.5%
Canada	426,046	574,299	522,783	552,059	7.8	-3.9	247,167	244,371	-1.1
Europe (excluding U.K.)	211,882	281,853	245,677	235,726	7.4	-16.4	110,222	105,680	-4.1
United Kingdom	78,562	80,153	69,082	75,328	0.5	-6.0	35,446	33,108	-6.6
Japan	39,755	153,117	129,941	123,964	40.1	-19.0	54,766	49,220	-10.1
Mexico	13,963	34,504	65,086	34,028	25.4	-1.4	29,023	41,897	44.4
Caribbean	7,174	13,272	10,230	9,740	16.6	-26.6	6,319	7,258	14.9
Other	49,300	40,656	47,153	28,737	-4.7	-29.3	11,779	10,599	-10.0
Non- Scheduled (charter)	112,413	108,544	81,271	77,196	-0.9%	-28.9%	61,587	102,888	67.1%
Mexico	89,318	85,771	61,032	66,561	-1.0	-22.4	52,712	88,475	67.8
Caribbean	15,123	21,080	19,619	9,752	8.7	-53.7	8,455	13,636	61.3
Other	7,972	1,693	620	883	n.c.	n.c.	420	777	85.0

Source: DOT, Schedule T-100. John F. Brown Company 4/30/04

Notes: 1. Includes both O&D and connecting passengers departing from MSP.

AAG=Average annual compound growth.n.c.=not calculated.

Between 1996 through 2002, 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.

OTHER INFORMATIONAL STATISTICS – 2005 OPERATING BUDGET

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GLOSSARY – 2005 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.

AIP Entitlements – Funding available under the FAA's Airport Improvement Program (AIP). Entitlement grants are based on the number of enplaning passengers and landed cargo weight.

AIP Grants – Noise – Funding available under the FAA's Airport Improvement Program (AIP). Environmental Mitigation Projects are discretionary grants that are approved on a project by project basis.

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.

Balanced Budget – Refers to Budgeted Operating Revenue equal to Budgeted Operating Expense plus depreciation.

BANS – Bond Anticipation Notes – Bonds/Notes issued as a short-term (less than 1 year) funding source in anticipation of a near term issuance of long term debts (bonds)

BIDS – Baggage Information Display System

Bonds – A formal promise to pay a specified principal at a certain date in the future along with periodic interest on that principal at a specified rate per period.

CAD – Computer Aided Design

CSAC – Customer Service Action Council

CSOs – Community Service Officers.

Capital Equipment – Represents equipment with a cost of at least \$5,000 that will be depreciated.

Capital Expenditure – Refers to a project or piece of equipment that will be depreciated over its useful life (\$5,000 minimum cost)

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.

GLOSSARY – 2005 OPERATING BUDGET

Capitalized Interest – Interest costs incurred from date of capital project commencement through date of beneficial occupancy (substantial completion).

The Commission – Metropolitan Airports Commission.

Commercial Paper – Short-term debt obligation sold with maturity dates of 270 days or less.

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 – Represents issuers obligation to repay the principal and interest.

Debt Serve Account – An account which MAC is required by law to maintain whereby the balance on hand on October 10th of each year is equal to all principal and interest due on all Airport Improvement Bonds and General Obligation Revenue Bonds payable therefrom to the end of the second following year.

Debt Redemption Fund (Sinking Fund) – A special account whose monies are set aside to retire debt. (See Debt Service Budget.)

Defeased – Refers to Bond Refundings where the old debt is replaced by a new debt schedule. In most cases at a lower interest rate.

Deficit – Represents the negative difference between operating revenues less operating expenses (including depreciation).

Depreciation – The accounting process of allocating against periodic revenue the cost expiration of tangible plant, property and equipment over their useful lives.

Derivative Financing Products – A transaction or contract whose value depends on or, as the name implies, derives from the value of underlying assets such as stock, bonds, or mortgages. One party with exposure to unwanted risk can pass some or all of the risk to a second party. The first party can assume a different risk from a second party, pay the second party to assume the risk, or as is often the case, create a combination. Derivatives are normally used to control exposure or risk.

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.

EDS – Explosive Detection Systems -Machine that scans baggage for explosives.

EMS – Emergency Medical Services

Encumbered – Refers to the fact that funds have been committed for payment for goods or services.

Enplaned Passengers – The number of passengers boarding an aircraft, including originating and stopover or on-line transfer passengers.

GLOSSARY – 2005 OPERATING BUDGET

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

FTE – Full Time Equivalent – used for counting employees

Fuel Storage Facility – Operated by Airline Consortium and used to provide fuel to the airlines.

Funds – Refers to the Commission three funds segregated for accounting purposes – Operating, Debt, and Construction.

Fund Balance – Refers to the balance (year-end) in the three Commission Funds (Operating, Debt and Construction)

GAAP (Generally Accepted Accounting Principles) – Conventions, rules and procedures necessary to describe accepted accounting practice at a particular time.

GASB 34 – Basis of Account – Effective January 1, 2002, the Commission adopted GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments, Statement No. 37, Basic Financial Statements – Management's Discussion and Analysis for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statement Disclosures (GASB Statement No. 34). These statements establish comprehensive, new financial reporting requirements for governmental units. Under GASB Statement No. 34, the Commission is considered to be a special purpose government engaged primarily in business type activities (BTA). As a BTA, the Commission prepares its financial statements using the accrual basis of accounting and the economic resources measurement focus.

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 – 2005 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

Issuance Costs – Represents costs associated with issuing debt. These include but are not limited to underwriter fees, consultant fees and bond insurance.

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".

Line Items – Refers to specific accounts (line items) within the Commission's accounting system.

LRT – Light Rail Transit

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.

MAC Funds – Amounts generated from operations that the Commission intends to apply toward the cost of the 2010 Plan after payment of all operating expenses, debt service and other payment obligations.

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.

GLOSSARY – 2005 OPERATING BUDGET

Noise Surcharge – The surcharge established in the airline agreement. All Stage II and Stage III jet aircraft landings are subject to this surcharge.

NOTAMS – Notice to Airmen System

O & D Passengers – Originating and final destination passengers-originating passengers initiate their travel from Mpls./St. Paul International. Destination (final) passengers arrive at Mpls./St. Paul International and are not transferring to another flight.

OAG – Official Airline Guide

Operating Fund – A special fund used to pay all operating expenses such as personnel, maintenance, utilities, supplies, insurance, miscellaneous, and equipment purchases. (See discussion on Operating Budget.)

Operating Services – One of the main expense categories and includes the parking management and contract, shuttle bus, advertising costs, copy agreement, bank charges, pollution control, service contracts, storm water monitoring, and other charges.

Operation – The aircraft operation which represents a takeoff or landing.

Other Expenses – One of the main expense categories and includes general insurance, safety materials and miscellaneous items.

Other Revenue – One of the three revenue categories and includes other building rents, ground rents, utilities, and miscellaneous items.

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

RAAC – Reliever Airports Advisory Committee

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.

Revenue Bonds – Represent bonds that are paid with an entity's operating revenue generated from rents, fees and charges.

SAAC – Secured Area Access Control System

GLOSSARY – 2005 OPERATING BUDGET

SCAN – Spot Challenge and Notify – An airport employee watch guard program

Scope – Non-traditional or derivative financial products are those products other than traditional long-term fixed rate debt obligations and traditional short-term variable rate products (including variable rate demand obligations, commercial paper and auction rate notes). Such non-traditional financial products include, but are not limited to, “swaps”, “swaptions”, “municipal warrants” and “interest rate caps”.

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.

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.

Subordinated Debt – Debt that is paid after Senior obligations have been met.

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.

Unencumbered – Funds not yet committed for purchase of goods or services.

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.

Working Capital – Current assets minus current liabilities.