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BUDGET MESSAGE – 2006 OPERATING BUDGET

December 14, 2005

To The Public:

We are pleased to present the 2006 Metropolitan Airports Commission budget that was adopted by the Commission on December 14, 2005. Total operating revenue for 2006 is projected to be \$247,153,640 and operating expense is \$237,023,775. The fourth quarter of 2005 and the final preparation of the 2006 budget continued to be a very difficult time for all involved in the air transportation system.

When staff began the 2006 budget process last summer, the economic forecast continued to be cautious. There was still concern over when the aviation industry would recover. The Finance, Development and Environment Committee, staff, and the airlines worked very hard to put together a budget package for 2006. In addition, staff and the airlines agreed to continue to review the budget throughout 2006 for cost savings as well as to identify areas where a change in policy may be in order. An example of this review process is that during the first quarter of 2006, staff agreed to work with the airlines to determine what changes and/or adjustments can be made regarding certain rates.

The aviation industry continues to struggle economically. Major airlines currently in Chapter 11 bankruptcy include: ATA, USAir, United, Mesaba, Northwest and Delta. These airlines carry in excess of 80% of the seats flown out of MSP International Airport. There appears to be a mild recovery in sight as the industry adjusts their costs to be competitive and as fuel prices stabilize (and decline). The Commission has tried to aid the industry as much as possible. Some of this aid includes:

- Holding rates level for 2003 and 2004 (\$9.8 million)
- Airline rate credit in 2003 (\$13.0 million)
- Not charging the extraordinary portion of pension and post retirement charges (\$4.8 million)

These relief items (\$27.6 million) were over and above the amounts deferred (\$26 million) as part of the Airline Agreement.

\$ = 000	2003 Actual	2004 Actual	2005 Estimate	2005 Budget	2006 Final Budget	% Change Final 2006 vs 2005 Est.
Operating Revenue	\$ 181,182	\$ 196,142	\$ 222,700	\$ 207,597	\$ 247,154	10.98%
Operating Expense	(96,841)	(101,796)	(114,685)	(108,020)	(119,059)	3.81%
Net Operating Revenue	84,341	94,346	108,015	99,577	128,095	18.59%
Depreciation	(79,399)	(83,273)	(95,677)	(94,889)	(117,965)	23.30%
Subtotal	4,942	11,073	12,338	4,688	10,130	
2003 Airline Rate Relief (Additional)	(13,000)	-	-	-	-	
Net Revenues	\$ (8,058)	\$ 11,073	\$ 12,338	\$ 4,688	\$ 10,130	

The budget process for 2006 started in May of 2005. The Finance, Development and Environment Committee approved targets in June. Targets were established in the areas of Operating Revenue/Operating Expense, Airline Cost/Enplaned Passenger, Debt Service Coverage and Operating Reserve.

BUDGET MESSAGE – 2006 OPERATING BUDGET**FINANCE, DEVELOPMENT AND ENVIRONMENT COMMITTEE**

In late 2004, the Commission made the decision to change the Committee structure of the MAC. The table below shows the previous structure and the revised structure for the Standing Committees.

<u>Previous</u>	<u>Revised</u>
Planning & Environment – Monthly Finance – Monthly Management & Operations – Monthly Diversity – As Required	Finance, Development and Environment – Monthly Management and Operations – Monthly Human Resources & Affirmative Action - Quarterly

During 2005, the Finance, Development and Environment Committee reviewed and/or acted on the following major financial activities:

- Audits
 - Financial Audit
 - Tenant Audits
 - Internal Policy/Procedure Audits
- Bonds/Debt
 - Underwriter Team Selection
 - Renewal of Commercial Paper Program
 - 2005 General Airport Revenue Bond Series A & B (new debt)
 - 2005 General Airport Revenue Bond Series C (Refinance Series 2000A)
 - Extension of Finance Consultant contacts (Bond Counsel, Airport Consultant and Financial Advisor)
- Operating Budget
 - 2005 – 2007 Capital Plan Funding
 - 2020 Plan Funding
 - Distribution of 2004 Net Revenues/Unrestricted Cash
 - Ratification of 2004 Expenditures
 - 2006 Budget and Targets
- Other Items
 - Passenger Facility Charge Application #9 (2005 Capital Equipment)
 - Metro Office Park Sale
 - Northwest/Mesaba Airlines Bankruptcy

With regard to the Operating Budget for 2006, in June the Committee established the following general financial targets:

Target 1:	Debt Coverage Ratio would be maintained at 1.4x
Results:	2.01 (without transfer)
Target 2:	Maintain 5-month reserve in the Operating Fund
Result:	\$49,608,000 (transfer will be made 1/2/06)
Target 3:	Airline Cost/Enplaned Passenger will be in lower half of large hub airports
Result:	MSP ranked 11 th out of 15 airports at \$5.99
Target 4:	The percentage increase in Operating Expense, Net of Depreciation, will be less than the percentage increase in Operating Revenue
Result:	Operating Revenue Increases 10.98%
	Operating Expense Increase 3.81%

Staff also committed to work with the airlines during the first quarter of 2006 to determine what changes and/or adjustments could be made during these challenging times for the airline industry.

BUDGET MESSAGE – 2006 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 five months working capital (\$49.6 million by year-end 2005). This balance is larger than most airports. Some maintain a 4-month balance, however under the current economic conditions, the Commission has decided to maintain a 5-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 – 2006 OPERATING BUDGET

Consolidated Enterprise Fund	2004	2005	2006	2007	2008
\$ = 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	374,385	509,504	658,797	531,158	581,595
Operating Fund Revenues					
Airline Rates & Charges	71,577	81,700	96,337	100,071	103,750
Concessions	85,971	96,000	99,830	104,000	108,000
Other Operating Revenues	38,593	45,000	50,986	52,000	53,500
Interest Earnings	6,291	7,400	7,500	7,500	7,500
Other & Self-Liquidating Revenue	3,154	2,727	3,003	3,000	3,000
Construction Fund Revenues					
PFC Funding	69,747	69,900	65,007	66,632	68,298
Federal Grants	14,744	15,291	14,125	13,800	14,150
State Grants	1,581	1,581	1,400	1,400	1,400
Interest Earnings	2,633	8,891	6,724	4,213	4,869
Bond Proceeds	101,538	233,060	-	-	-
Commercial Paper Program	40,350	9,500	-	-	-
Principal Amount of Bonds	-	-	-	154,413	-
Federal Letter of Intent (LOI)	8,000	8,000	7,500	7,000	5,000
Transfers In	26,699	8,710	60,920	73,600	73,785
Debt Fund Revenues					
Interest Earnings	6,797	8,052	7,700	7,575	7,714
Bond Proceeds	7,824	158,435	-	22,390	-
Self-Liquidating Payments	27,197	26,697	26,557	26,750	26,370
Transfers In (PFCs and Garb Require.)	<u>92,592</u>	<u>92,479</u>	<u>103,090</u>	<u>109,428</u>	<u>111,949</u>
Total All Receipts	979,673	1,382,927	1,209,476	1,284,930	1,170,880
<u>Uses All Funds</u>					
Operating Fund Expenses					
Personnel	(50,429)	(60,000)	(59,641)	(60,000)	(63,000)
Administration	(1,089)	(1,260)	(1,214)	(1,300)	(1,350)
Professional Services	(3,745)	(3,825)	(3,700)	(3,900)	(4,000)
Utilities	(12,684)	(14,300)	(15,751)	(16,500)	(17,400)
Operating Services	(13,394)	(13,700)	(16,075)	(16,500)	(17,000)
Maintenance	(17,249)	(17,950)	(19,294)	(21,000)	(22,000)
Other/Insurance	(3,206)	(3,650)	(3,384)	(3,800)	(3,900)
Equipment Purchases	(2,873)	(13,792)	(9,117)	(9,250)	(9,250)
Transfers Out - Reserved Cash	(19,763)	(8,710)	(55,120)	(55,000)	(53,785)
Transfers Out - Debt	(70,309)	(63,728)	(73,473)	(76,723)	(79,229)
Other Operating Expenses	(1,531)	(23,909)	-	-	-
Construction Fund Expenses					
Capital Project Costs	(120,716)	(147,982)	(251,597)	(249,589)	(232,182)
Bond Anticipation Notes/Comm. Paper	(7,000)	(64,689)	-	-	-
Debt Service Reserve	(22,283)	(28,751)	(29,617)	(32,705)	(32,722)
Capitalized Interest	(1,844)	(2,002)	-	(6,000)	(12,000)
Debt Fund Expenses					
Bond Principal & Interest Payments	<u>(125,075)</u>	<u>(251,466)</u>	<u>(141,714)</u>	<u>(147,846)</u>	<u>(157,548)</u>
Total All Costs	(473,190)	(719,714)	(679,697)	(700,113)	(705,366)
Working Capital Changes and Transfers	<u>3,021</u>	<u>(4,416)</u>	<u>1,379</u>	<u>(3,222)</u>	<u>(2,482)</u>
Net Balance All Funds	509,504	658,797	531,158	581,595	463,032
1 Includes Operating Fund, Construction Fund and Debt Service Fund.					

BUDGET MESSAGE – 2006 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 2004 Actual, 2005 Estimate, 2005 Budget and 2006 Budget revenue and expenses. (It does not include non-operating items such as interest income, other & self-liquidating revenue equipment purchases or transfers.)

\$ = 000	2005 Estimate vs 2006 Budget Comparison					
	2004	2005	2005	2006		
	<u>Actual</u>	<u>Budget</u>	<u>Estimate</u>	<u>Budget</u>	<u>Dollars</u>	<u>Percentage</u>
OPERATING REVENUE						
Airline Rates and Charges	\$ 71,577	\$ 81,905	\$ 81,700	\$ 96,337	\$ 14,637	17.9%
Concessions	85,971	83,468	\$ 96,000	\$ 99,830	3,830	4.0%
Other	38,593	42,224	\$ 45,000	\$ 50,986	5,986	13.3%
Airline Rate Relief	-	-	-	-	-	
Total Operating Revenue	196,141	207,597	222,700	247,153	24,453	11.0%
OPERATING EXPENSE						
Personnel	50,429	53,991	60,000	59,641	(359)	-0.6%
Administrative Expenses	1,089	1,253	1,260	1,214		-3.7%
					(46)	
Professional Services	3,745	3,813	3,825	3,700	(125)	-3.3%
Utilities	12,684	13,599	14,300	15,751	1,451	10.1%
Operating Services	13,394	13,693	13,700	16,075	2,375	17.3%
Maintenance	17,249	17,984	17,950	19,294	1,344	7.5%
Other	<u>3,206</u>	<u>3,686</u>	<u>3,650</u>	<u>3,384</u>	<u>(266)</u>	-7.3%
Total Operating Expenses	101,796	108,019	114,685	119,059	4,374	3.8%
Depreciation	<u>83,273</u>	<u>94,889</u>	<u>95,677</u>	<u>117,965</u>	<u>22,288</u>	23.3%
Total Expenses	<u>185,069</u>	<u>202,908</u>	<u>210,362</u>	<u>237,024</u>	<u>26,662</u>	12.7%
Net Revenues*	\$ 11,072	\$ 4,689	\$ 12,338	\$ 10,129	\$ (2,209)	
*Required as a contribution to debt service and if available for use in construction program financing.						

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

Operating Revenues are projected to increase \$24.5 million or 11.0% to \$247.2 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 \$14.6 million. (See Revenue Assumptions explaining airline rates and charges.) Concessions are projected to increase \$3.8 million. The increase can be directly attributed to parking and the implementation of the new concessions program. (See Revenue Assumptions – Concessions.) Other revenue is forecasted to increase \$6.0 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 \$26.7 million or 12.7%. Several areas of the budget, except Personnel (decrease \$359,000), Administrative (decrease \$46,000), Professional Services (decrease \$125,000) and Other (down \$266,000), are anticipated to increase. Personnel costs are down due to pension adjustments (MERF) in the 2005 estimate. Personnel costs for 2006 do include wage increases, MERF pension funding and additional headcount. (Twenty positions in 2005 will be on for a full year in 2006.) Utilities are increasing because of rate changes primarily for Natural Gas and Electricity. Operating Services are up because of the Loading Dock Contract which will be in place for a full year in 2006 as well as a federal security mandate. 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 decrease in Other can be attributed to General Insurance. (See Expense Assumptions section for detailed explanations of all expense categories.)

BUDGET MESSAGE – 2006 OPERATING BUDGET**CAPITAL IMPROVEMENT PROGRAM**

Each year the MAC approves Capital Projects which 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 2006 total \$229.0 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 2006 compared with 2005 is as follows:

CAPITAL IMPROVEMENT PLAN (CIP) SUMMARY		
(\$=000)		
	<u>2005</u>	<u>2006</u>
Minneapolis/St. Paul International Airport		
Field & Runway	\$ 97,100	\$ 18,900
Environmental	7,425	15,300
Terminals & Landside	109,025	90,035
2020 Plan Projects	-	89,800
Total Minneapolis/St. Paul International	213,550	214,035
Reliever Airports	29,400	15,000
Total All Airports	\$ 242,950	\$ 229,035

As stated earlier, the industry economic conditions and forecasts continue to impact the construction program for 2006. Only essential projects (primarily rehab or repair) or specific projects agreed upon between MAC and the tenants will move forward. These total approximately \$84.2 million. The remainder of the 2006 construction program, \$144.8 million, is tied to the 2020 Plan (\$89.8 million – Humphrey Terminal Gate expansion and the Humphrey Terminal Parking Facility expansion - \$55.0 million). In September 2005, the Commission deferred the decision to proceed with these projects until April, 2006. This decision was based on the industry conditions and, in particular, the Chapter 11 bankruptcy filing by Northwest Airlines. Both of these projects will be evaluated in April to determine a new timetable.

DEBT ACTIVITY – 2003-2006Commercial Paper

The Commission in September 2002 approved an additional \$75 million Commercial Paper Program. This new Commercial Paper Issue was in addition to the existing \$125 million issue. The current program has \$46 million outstanding. Both of these programs were renewed in 2005 and the agreement with the Letter of Credit Providers was extended through 2010 and 2015. The outstanding amount of Commercial Paper is anticipated to decrease in 2007 through 2010.

2005 Activity and New Issues

In 2005, the Commission continued the construction and funding of the 2010 Expansion Program. The 2005 Bond Issue, in all likelihood, will be the last debt financing for that Program. There were three series of bonds issued totaling \$249.3 million. The 2005 Series A & B were new construction while 2005 Series C refinanced the 2000 Series A Bonds at present value savings of \$7.8 million or 6.78%.

The 2006 Capital Plan identifies a need to issue new debt in late 2006 totaling \$154 million. This debt is associated with the implementation of the 2020 Expansion Plan. As a result of the Northwest Airlines Bankruptcy filing, the decision to move forward with this Plan has been deferred until April 2006. If the Commission defers this Plan again, no new debt will be required in 2006.

BUDGET MESSAGE – 2006 OPERATING BUDGET**FUTURE OUTLOOK**

There are two key issues which will continue to have a significant impact on MAC operations in 2006. The first, and by far most important, is the continued economic recovery of the airline industry and the outcome of the Northwest Airlines bankruptcy. The second issue is Strategic Planning/Goals and Objectives.

Airline Industry & Bankruptcy

The Commission's revenue sources and the travel industry (passenger wise) have rebounded significantly since the events of September 11, 2001. The airline industry, however, continues to struggle. It appears that every time there seems to be improvement, a new issue arises. Between the industry's labor problems, war and record high fuel prices, 2006 will again be a very difficult year. As mentioned earlier, approximately 80% of the seats flown out of MSP International are by those carriers in Chapter 11 Bankruptcy. The next 18 to 24 months will continue to be a very important period for the Metropolitan Airports Commission. Staff and the Commission will move forward very cautiously with all decisions and evaluate alternatives to possibly aid the carriers.

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, 2005.

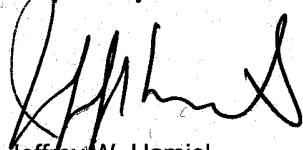
In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

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 – 2006 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, Development and Environment Committee. A special thanks to all MAC staff who worked especially hard under the current circumstances to develop the final 2006 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

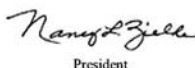
*Distinguished
Budget Presentation
Award*

PRESENTED TO

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

For the Fiscal Year Beginning

January 1, 2005


President


Executive Director

OTHER AWARDS – 2006 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
2003, 2002, 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)
2002, 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)
2002	International Air Transport Association	Airport Service Excellence Award – "Best Airport for Domestic Passenger Satisfaction"	Airports throughout the world (up to 52 in number)

OTHER AWARDS – 2006 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.
2005, 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
2003, 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 – 2006 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.
2005, 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 – 2006 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	

2005 ORGANIZATIONAL GOALS AND OBJECTIVES - PROGRESS REPORT

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

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

Strategy	Goal	2005 Objectives	Results
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 is to remain in the lower ½ of large hub airports.
		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"> Five-month cash reserve approved in 2005.

2005 ORGANIZATIONAL GOALS AND OBJECTIVES - PROGRESS REPORT

Strategy	Goal	2005 Objectives	Results
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"> Department level M&O needs in response to the CIP are being identified.
		Integrate maintenance and operations personnel into planning and design phase of CIP.	<ul style="list-style-type: none"> Maintenance and operation staff have been integrated into the design/planning phase of capital projects on a regular basis.
		Begin to develop a multi-year operating plan.	<ul style="list-style-type: none"> 3 yr. business plan model has been developed. Implementation has begun at the departmental level.
	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 transition plan.	<ul style="list-style-type: none"> Transition plan model was adopted.
		Plan for anticipated turnover at executive levels and develop recruitment strategies.	<ul style="list-style-type: none"> Executive level recruitment strategies have been identified.
		Develop 3-year workforce strategy	<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, and use of technology and/or additional headcount.
		Develop 3 year staffing forecast.	<ul style="list-style-type: none"> 1-Year staffing forecast in place and a three year rolling forecast is being developed.
		Identify and make appropriate adjustments for negatively impacted recruitment areas.	<ul style="list-style-type: none"> Needs were identified. Policies have been reviewed and revised and will be implemented in 2006.
		Maintain competitive benefits package and wage structure.	<ul style="list-style-type: none"> Market-based surveys were completed and recommendations implemented to keep MAC competitive in the labor market.
		Reinstate supervisory and leadership training.	<ul style="list-style-type: none"> Supervisory management training was reinstated. Initial leadership development program design was completed for 2006 implementation.

2005 ORGANIZATIONAL GOALS AND OBJECTIVES - PROGRESS REPORT

Strategy	Goal	2005 Objectives	Results
Lead the Aviation Industry in Environmental Stewardship	Continue Part 150 Program implementation.	Complete 2007 65 DNL Noise Mitigation Program.	<ul style="list-style-type: none"> Awarded contract for single family homes insulation in 2007 65DNL contour.
	Minimize negative environmental impacts.	Evaluate ways to minimize environmental impacts on air, noise and water.	<ul style="list-style-type: none"> Participated in EPA water quality discussions and surveys concerning national deicing operations and future requirements Met with communities to encourage compatible development around MAC airports Incorporated new or revised lease language to identify leasee environmental responsibilities Completed NOC 2005 work schedule Conducted over 50 community public information meetings, published four quarterly newsletters and implemented a new noise complaint records system
	Continue implementation of environmental management system (EMS).	Identify, evaluate and prioritize elements of an EMS.	<ul style="list-style-type: none"> EMS elements were reviewed and a draft document created to guide future evaluation and implementation
	Implement MAC-wide tenant environmental compliance plan (ECP).	Develop conceptual ECP for MSP.	<ul style="list-style-type: none"> Identified elements of existing ECP for modification and began a facility inventory for MSP
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"> Standards have been established in the Field Maintenance Department and will expand into all departments.
		Develop Business Partner Index to measure partner satisfaction.	<ul style="list-style-type: none"> This objective has been deferred to 2006.
	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"> New leases have Customer service standards incorporated.
		Create airport-wide customer service index at MSP.	<ul style="list-style-type: none"> A single index was determined to be unworkable by the Customer Service Action Council. An alternative plan is being developed that will create a "family" of customer service indices with input from the tenant community. Development will be completed and implementation begun in 2006

2005 ORGANIZATIONAL GOALS AND OBJECTIVES - PROGRESS REPORT

<i>Strategy</i>	<i>Goal</i>	<i>2005 Objectives</i>	<i>Results</i>
Enhance Customer Service & Expand Consumer Choice	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"> Reliever Task Force report has been accepted by the Commission and action will be taken in 2006 on the recommendations.
		Identify marketing strategies.	<ul style="list-style-type: none"> Item was deferred pending the results of the Reliever Task Force initiative.
	Identify and expand air cargo opportunities.	Develop plan to increase cargo operations at MSP.	<ul style="list-style-type: none"> Work continues on the regional distribution center (RDC) concept.
	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.

2006 ORGANIZATIONAL GOALS & OBJECTIVES

In 2006, the organization strategic planning process continued to evolve. Three of the 2005 strategies were dropped: Ensure a Safe and Secure System of Airports, Address On-going Development and Increased Maintenance and Operations Needs and Lead the Aviation Industry in Environmental Stewardship. They were removed because it is felt they are really part of our job description and statements of philosophy. The five-year strategies listed below are designed to focus the organization on the future by increasing our capabilities and exploiting our strengths.

2006-2010 Organizational Strategies

1. Ensure Long Term Financial Viability
2. Match Employee Talent with Changing Business Needs
3. Enhance Customer Service
4. Leverage Technology
5. Strengthen Partnerships & Alliances

Strategy	Goal	2006 Key Initiatives	Measurable Outcome
Ensure Long Term Financial Viability	Ensure MAC has the financial resources necessary to operate our airport system and meet all debt service obligations and maintain our AA- bond rating.	Develop Financial contingency plans.	<ul style="list-style-type: none"> Contingency plans in place for best case, worst case, and most likely financial scenarios.
		Maintain appropriate financial reserves.	<ul style="list-style-type: none"> Five-month cash reserve maintained in 2006. 1.4x debt service ratio maintained Maintained AA- bond rating.
		Transition from 2010 Plan to 2020 MSP Development Plan.	<ul style="list-style-type: none"> Annual Capital Improvement Plan developed and approved by the Commission. All design/planning meetings for capital projects have appropriate maintenance and operation staff in attendance and participating in design decisions.
		Implement cost saving measures: <ul style="list-style-type: none"> Energy conservation Process improvement Cost/Benefit analysis Service levels 	<ul style="list-style-type: none"> Cost saving measures identified and implemented at the departmental level.
Match Employee Talent with Changing Business Needs	Ensure that MAC has the right people with the right skills and experience to fulfill its mission.	Document transition plan for executive leadership.	<ul style="list-style-type: none"> Executive Leadership transition plan in place.
		Ensure knowledge transfer for key technical and professional positions.	<ul style="list-style-type: none"> Key technical and professional positions identified where the organization has vulnerability due to possible retirement or single incumbents. Strategies in place to insure transfer of knowledge.
		Implement first phase of leadership development.	<ul style="list-style-type: none"> Ongoing Leadership Development program designed and approved. A minimum of three formal development events implemented in 2006. Action plan for 2007 developed and approved.
		Ensure employee wages and benefits remain competitive.	<ul style="list-style-type: none"> MAC is able to attract and retain people with the knowledge, skills and abilities necessary to maintain high performance.

2006 ORGANIZATIONAL GOALS & OBJECTIVES

Strategy	Goal	2006 Key Initiatives	Measurable Outcome
Enhance Customer Service	Ensure that MAC provides and champions excellent customer service.	Promote MAC's airport system to regional businesses and communities.	<ul style="list-style-type: none"> Regional businesses and communities have a greater understanding of the value of the airport system to their business plans.
		Aggressively market MSP to the traveling public.	<ul style="list-style-type: none"> Media campaign developed promoting services and amenities at MSP.
		Promote reliever airport system to corporate customers.	<ul style="list-style-type: none"> Marketing program aimed at corporate aviation departments in place.
Leverage Technology	Improve performance, increase productivity and deliver cost effective services.	Take full advantage of existing technology to maximize productivity by: <ul style="list-style-type: none"> Enhancing employee knowledge of current capabilities. Investing in skills training. Strengthening technical support capabilities. 	<ul style="list-style-type: none"> Training conducted to enhance employee knowledge and skill levels with existing technologies. Recommendations developed for strengthening technical support capabilities.
		Benchmark innovative uses of technology in: <ul style="list-style-type: none"> Airports Private industry Municipalities Government agencies 	<ul style="list-style-type: none"> Benchmark studies completed and recommendations developed for implementation in 2007.
		Work with our partners and customers to identify technology needs	<ul style="list-style-type: none"> Request for Qualifications (RFQ)/ Request for Proposals (RFP) for Computer-Aided Dispatch and Public Safety Records Management system completed and awarded.
Strengthen Partnerships and Alliances	Strengthen our effectiveness through interdepartmental relationships and alliances with regional businesses, public agencies and governmental units.	Strengthen partnerships with Federal and State agencies.	<ul style="list-style-type: none"> Improved communications and coordination of efforts .
		Strengthen existing and form new partnerships with regional business community.	<ul style="list-style-type: none"> Greater understanding of regional business community needs for passenger and air cargo services.
		Create mutually beneficial alliances with airline.	<ul style="list-style-type: none"> Identification of areas of mutual interest where we can coordinate resources.
		Enhanced internal partnering.	<ul style="list-style-type: none"> Improved cross department communication, coordination and sharing of resources.

OPERATING BUDGET SUMMARY AND TARGETS – 2006 OPERATING BUDGET

The 2006 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, Other, and Gross Depreciation. 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.

2006 OPERATING BUDGET SUMMARY - 2006 OPERATING BUDGET							
	2004 Actual	2004 Budget	2005* Budget	2005 Estimate	2006 Budget	2005 Estimate vs 2006 Budget Dollar Change	% Change
REVENUE							
Airline Rates & Charges	71,577,898	71,577,878	81,905,346	81,700,000	96,337,586	14,637,586	17.92%
Concessions	85,971,066	75,648,061	83,468,278	96,000,000	99,830,393	3,830,393	3.99%
Other	<u>38,592,646</u>	<u>35,972,192</u>	<u>42,223,588</u>	<u>45,000,000</u>	<u>50,985,661</u>	<u>5,985,661</u>	13.30%
Total Operating Revenue	196,141,610	183,198,131	207,597,212	222,700,000	247,153,640	24,453,640	10.98%
EXPENSE							
Personnel	50,429,414	47,791,511	53,990,776	60,000,000	59,640,357	(359,643)	-0.60%
Administrative Expenses	1,089,282	1,002,449	1,253,302	1,260,000	1,213,734	(46,266)	-3.67%
Professional Services	3,745,216	3,655,492	3,813,200	3,825,000	3,699,551	(125,449)	-3.28%
Utilities	12,683,905	11,747,048	13,599,090	14,300,000	15,751,077	1,451,077	10.15%
Operating Services/Expenses	13,393,715	12,309,006	13,692,706	13,700,000	16,075,369	2,375,369	17.34%
Maintenance	17,249,261	17,482,088	17,984,297	17,950,000	19,294,127	1,344,127	7.49%
Other	<u>3,205,603</u>	<u>3,574,737</u>	<u>3,686,925</u>	<u>3,650,000</u>	<u>3,384,323</u>	<u>(265,677)</u>	-7.28%
Total Operating Expense (Excludes Depreciation)	101,796,395	97,562,330	108,020,295	114,685,000	119,058,538	4,373,538	3.81%
Gross Depreciation	<u>83,273,036</u>	<u>84,721,935</u>	<u>94,888,799</u>	<u>95,677,000</u>	<u>117,965,237</u>	<u>22,288,237</u>	23.30%
Total Operating Expense	<u>185,069,431</u>	<u>182,284,265</u>	<u>202,909,094</u>	<u>210,362,000</u>	<u>237,023,775</u>	<u>26,661,775</u>	12.67%
Operating Income	<u>11,072,179</u>	<u>913,866</u>	<u>4,688,118</u>	<u>12,338,000</u>	<u>10,129,865</u>	<u>(2,208,135)</u>	-17.90%
*Commission approved expense budget adjustments for the following service centers:							
	Environment		\$16,066				
	Public Affairs		\$325,000				
	Information Services		\$203,100				

OPERATING BUDGET SUMMARY AND TARGETS – 2006 OPERATING BUDGET**Revenue**

MAC's total Operating Revenues of \$247.2 million is \$24.5 million or 10.98% above the 2005 estimate of \$222.7 million.

The projected budget for Airline Rates and Charges, which are 39.0% of total Revenue, is \$96.3 million for 2006. 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 and 2006 incorporates the actual rates and charges formula in the Airline Agreement resulting in a \$14,637,586 increase. In 2006, the rates and charges formula includes a provision that no longer eliminates the deferred charges applicable to the 17/35 Runway totaling \$5.1 million.

Concessions, which is 40.4% of total Revenue, is estimated to increase 3.99% or \$3,830,393 from 2005 estimate to 2006 budget. The increase is due to Parking, Food and Beverage, and Merchandise. Parking increased \$2.6 million due to a full year of rate increases while Food and Beverage and Merchandise increased from the 2005 estimate as a result of the impact of the new Concessions agreement. A decrease in revenue occurred in Auto Rental as the budget is based upon the minimum guarantees only. (See Revenue Assumptions for details.)

Other comprises 20.6% of the total Revenue and is projected to rise \$6.0 million or 13.30%. The increase is based on the revision of the rates charged for the Humphrey Terminal, increased activity at that facility, lease rental increases and new ground rent fees from an updated ground appraisal.

Expense

MAC's total Operating Expense of \$237 million is \$26.7 or 12.7% above the 2005 estimate of \$210.4 million. Detailed explanations are provided in the Expense Assumptions section of the budget book.

The expenses for Personnel are projected in 2006 to be decreased by .6% over the 2005 estimate. The decrease is attributable to additional funding included in the 2005 estimate for Minneapolis Employees Retirement Fund (MERF) pension expense. This is a result of a greater number of MERF employees retiring in 2005 than anticipated in the budget. Wages and benefits for a full year of the 20 additional FTEs budgeted in 2005, and wage adjustments for all employees, are also included in the 2006 budget.

Administrative expenses have decreased 3.67% due to a reduction in supplies and travel costs.

The budget for 2006 in the Professional category reflects a decrease in expense from the 2005 estimate. Hiring of additional employees in 2005, in some cases, eliminated the need for consultants along with elimination of one-time fees associated with the opening of Runway 17/35.

Utilities in 2006 are 10.15% greater than the 2005 estimate primarily due to the increase of heating fuel and electricity for new facilities along with rate changes.

The expenses for Operating Services has increased \$2.4 million or 17.34% primarily as a result of a full year of budgeting for the loading dock and the addition of checkpoint security expenses (no longer covered by the TSA).

The Maintenance category indicates an increase of \$1.3 million or 7.49% which is attributable to imbedded contract costs, snow removal expenses, maintenance consortium costs and cleaning and maintenance of the additional facilities.

Other expenses are decreasing 7.28% or \$265,677 primarily due to the reduction in cost of liability insurance.

Depreciation expense has the largest increase in both percentage (23.30%) and dollars (\$22.3 million). The increase is the result of the completion of several projects including a significant portion related to the North Terminal and Runway 17/35. The budget is based upon Gross Depreciation, which is used for both the operating budget and financial statements.

OPERATING BUDGET SUMMARY AND TARGETS – 2006 OPERATING BUDGET

TARGETS

The targets for the 2006 Operating Budget were approved at the June 20, 2005 Commission meeting. All of the four 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	<u>Budget 2006</u>	<u>Target</u>	<u>2005 Bond Feasibility Report for 2005</u>
With Transfer	2.01		1.74
Without Transfer	1.65	1.4	1.58

Target 2: Airline Rates and Charges in Operating Fund would maintain a 5-month reserve.

	<u>Budget 2006</u>	<u>Target</u>
Operating Fund Reserve	\$49,608,000	\$49,608,000

Target 3: Airline Cost/Enplaned Passenger will be in the lower half of Large Hub Airports.

Budget 2006
MSP ranked 11 th out of the 15 airports listed.

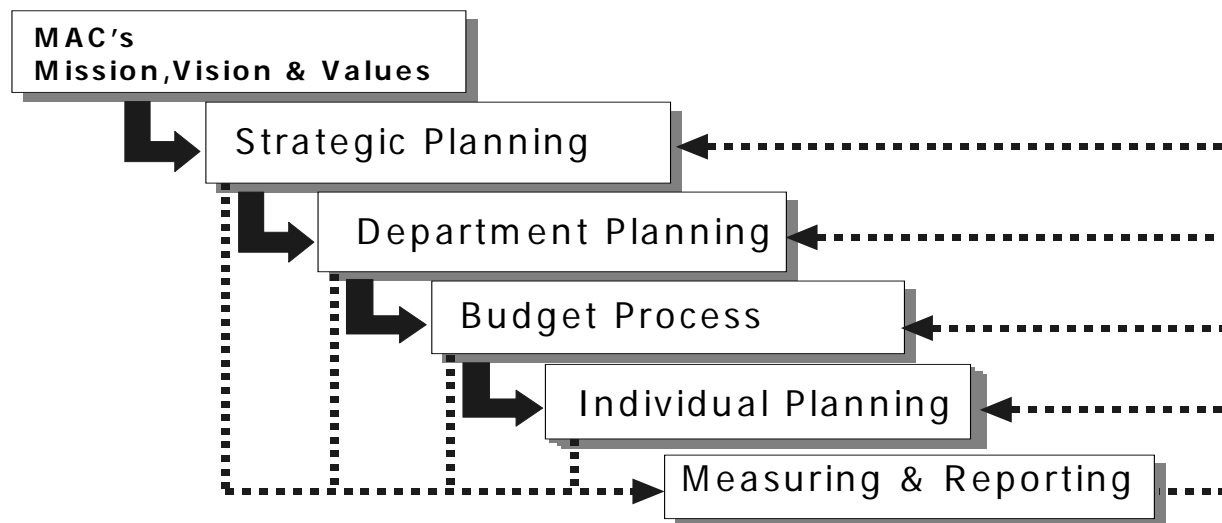
Target 4: The percentage increase in Operating Expense, Net of Depreciation will be less than the percentage increase in Operating Revenue.

Budget 2006
Result: Operating Revenue Increase 10.98%
Operating Expense Increase 3.81%

BUDGETING AND AMENDMENT PROCESS – 2006 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 the Standards for Excellence in Airports", MAC's Mission – "We Provide and Promote Safe, Convenient, Environmentally Sound and Cost-Competitive Aviation Services for our Customers" and MAC's Values – "Integrity, Fiscal Responsibility, 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. Departments develop and link their objectives to these priorities following this process:



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	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 2004, 2005 and 2006.

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 AMENDMENT PROCESS – 2006 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 to ensure, at the minimum, a balanced budget. A balanced budget refers to budgeted operating revenue equal to budgeted operating expense plus depreciation. 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 2006 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 AMENDMENT PROCESS – 2006 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 AMENDMENT PROCESS – 2006 OPERATING BUDGET

This calendar gives an overview of the process:

Month	Responsibility	Task
April	Finance, Development and Environment Committee Finance Department Department Manager 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 – 2006 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 five 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 five months working capital.

FINANCIAL POLICIES – 2006 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 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 – 2006 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 five-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 debt 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):

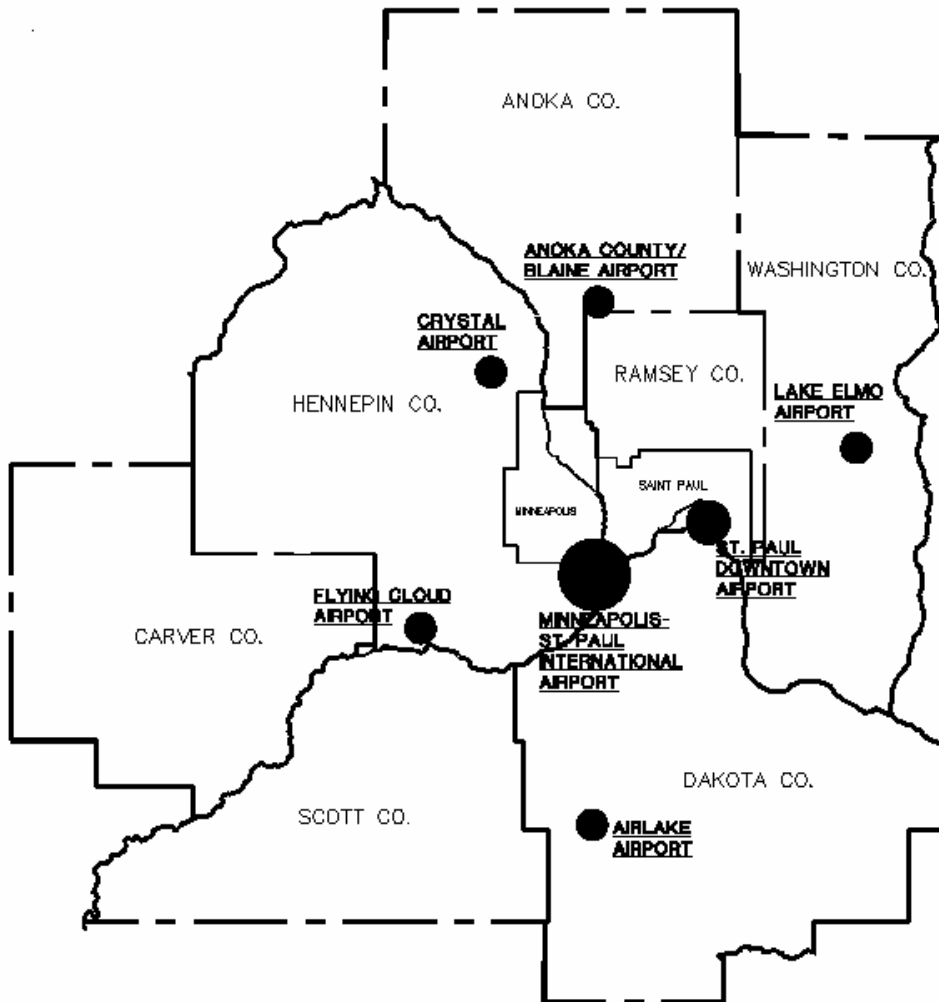
- The activity is financed with debt that is secured *solely* by a pledge of the net revenues from fees and charges of the activity.
- Laws or regulations require that the activity’s costs of providing services, including capital costs (such as depreciation or capital debt service), be recovered with 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.

GENERAL DESCRIPTION – 2006 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 – 2006 OPERATING BUDGET

Fourteen Commissioners and a Chair 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 Chair of the Commission is appointed by the Governor for a four-year term.

Chair: 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

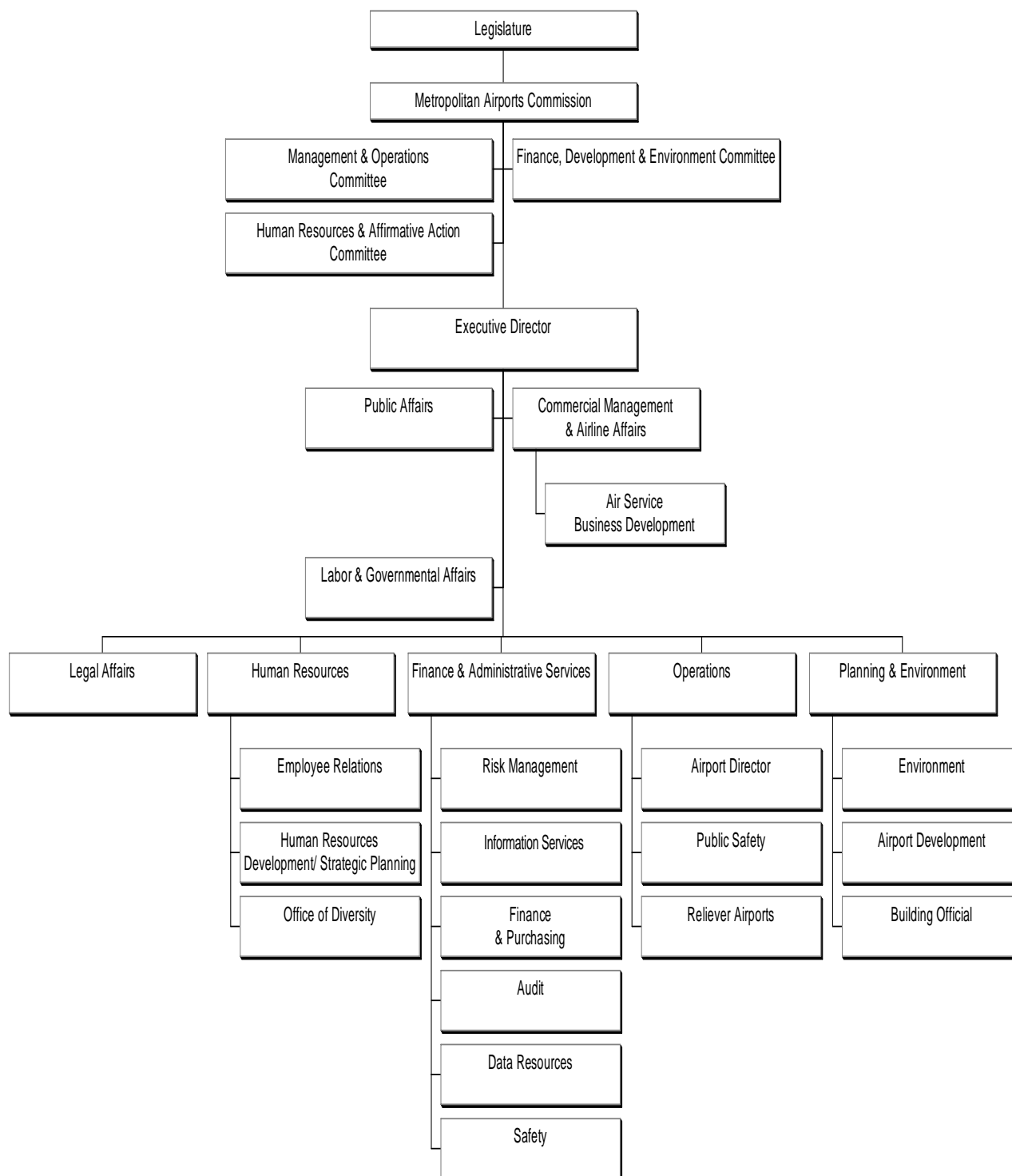
Minnesota Area:	Greg Warner
	Mike Landy
	Paul Rehkamp
	Robert Mars

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 – 2006 OPERATING BUDGET

This section details information on the organizational structure. The organizational chart below identifies the structure by division and department levels. Supporting detail for this chart is shown on the next page. The next table lists the divisions, associated departments and service centers roll-up. The six divisions are: Executive, Finance & Administrative Services, Human Resources, Legal Affairs, Operations and Planning and Environment. In the past, Labor and Governmental Affairs were identified as a separate division. In the 2006 budget, this service center has been moved to be a part of the Executive Division to better reflect their responsibilities. The six 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 – 2006 OPERATING BUDGET**Divisions**

MAC services are provided through six divisions. The Executive Director and four Deputy Executive Directors lead, manage and integrate the business at MAC. The Deputy Executive Directors also lead the operations and staff for the departments and service centers within their respective divisions. 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 budget specialist acts as the department's budget expert and liaison to the Finance Department. 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 – 2006 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
	Labor and Governmental Affairs	79500	Labor and Governmental Affairs
	Commercial Management / Airline Affairs	80000	Commercial Management / Airline Affairs
		76100	Air Service Business Development
Human Resources	Human Resources	75700	Human Resources
	Human Resources Development/Strategic Planning	76600	Human Resources Development/Strategic
	Employee Relations	81500	Employee Relations
	Office of Diversity	80600	Office Of Diversity
Finance & Administrative Services	Administrative Services	75600	Administrative Services /Data Resources
	Wellness	76700	Wellness
	Risk Management	76800	Risk Management
		85400	Safety
	Information Services	79000	Information Services
	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

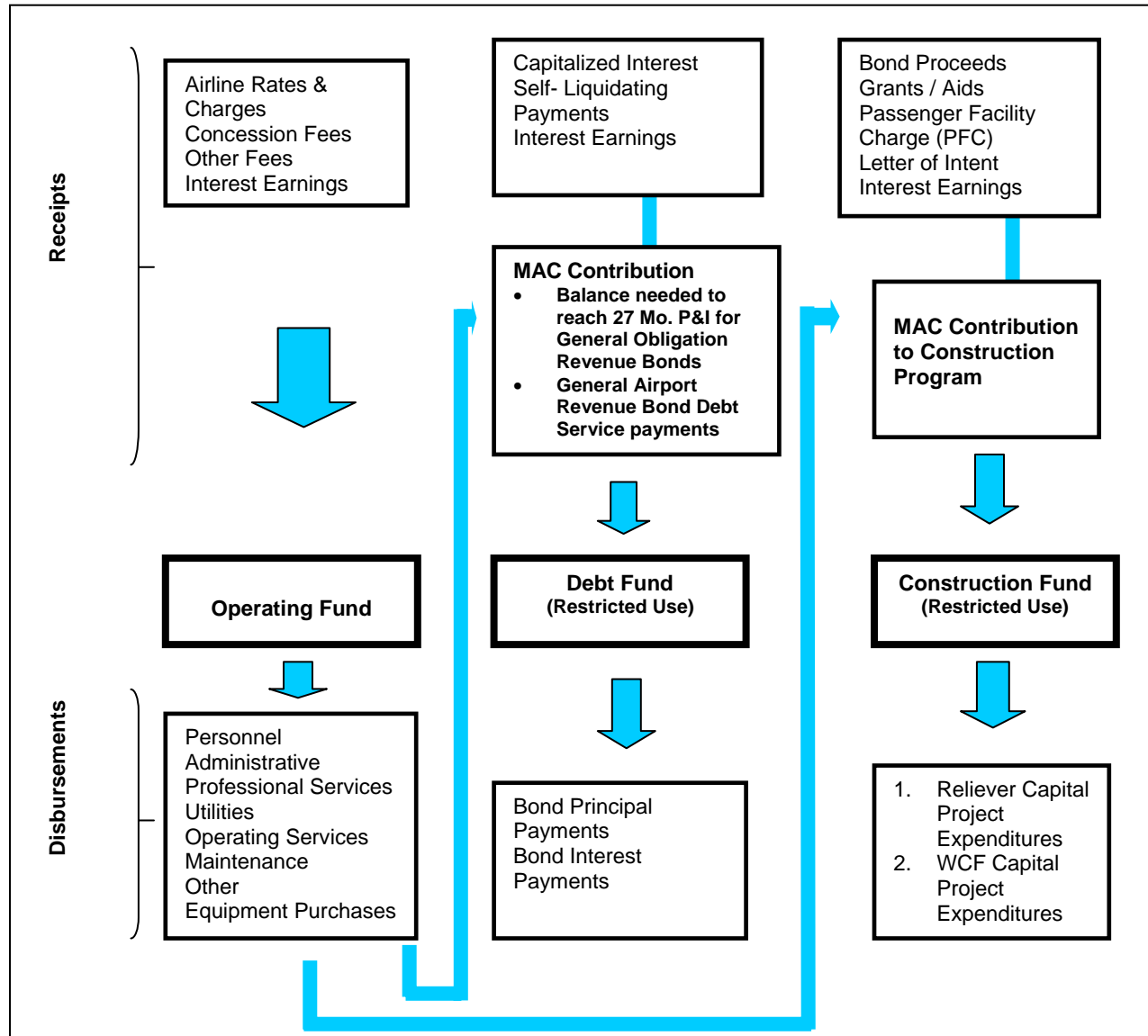
DEPARTMENT LIST – 2006 OPERATING BUDGET

Organizational Structure by Division, Department, and Service Center			
Division	Department	Service Center	
		Number	Name
Operations	Deputy – Operations	75800	Deputy – Operations
	Airport Directors Office	82000	ADO – General
		82050	Conference Center
		82060	Call Center
	Airside Operations	82600	Airside Operations
		83000	Landside – Operations
	Landside Operations	83300	Landside – Parking
	Airline Operation/Facility	83400	Landside – Administration
	Facilities – Lindbergh Terminal	85500	Airline Operation/Facilities
		86100	Facilities – Lindbergh Terminal
		86300	Facilities – Energy Management Center
	Trades	88000	Trades – Electricians
		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 – 2006 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 – 2006 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 - 2006 BUDGET					
(\$ = 000)					
	2004	2005	2006	2007	2008
	<u>Actual</u>	<u>Estimated</u>	<u>Budget</u>	<u>Projection</u>	<u>Projection</u>
OPERATING FUND					
1/1 Balance	32,447	44,782	49,608	51,874	51,250
Total Sources of Funds	205,586	232,827	257,656	266,571	275,750
Total Uses of Funds	(196,272)	(224,824)	(256,769)	(263,973)	(270,914)
Transfers & Working	<u>3,021</u>	<u>(3,177)</u>	<u>1,379</u>	<u>(3,222)</u>	<u>(2,482)</u>
Capital Changes					
Ending Balance	44,782	49,608	51,874	51,250	53,604
CONSTRUCTION FUND					
1/1 Balance	111,245	224,694	336,203	210,665	243,429
Total Sources of Funds	265,292	354,933	155,676	321,058	167,502
Total Uses of Funds	<u>(151,843)</u>	<u>(243,424)</u>	<u>(281,214)</u>	<u>(288,294)</u>	<u>(276,904)</u>
Ending Balance	224,694	336,203	210,665	243,429	134,027
DEBT SERVICE FUNDS					
1/1 Balance	230,693	240,028	274,225	269,858	288,155
Total Sources of Funds	134,410	285,663	137,347	166,143	146,033
Total Uses of Funds	<u>(125,075)</u>	<u>(251,466)</u>	<u>(141,714)</u>	<u>(147,846)</u>	<u>(157,548)</u>
Ending Balance	240,028	274,225	269,858	288,155	276,640
TOTAL ALL FUNDS					
1/1 Balance	374,385	509,504	660,036	532,397	582,834
Total Sources of Funds	605,288	873,423	550,679	753,772	589,285
Total Uses of Funds	(473,190)	(719,714)	(679,697)	(700,113)	(705,366)
Transfers & Working	<u>3,021</u>	<u>(3,177)</u>	<u>1,379</u>	<u>(3,222)</u>	<u>(2,482)</u>
Capital Changes					
Ending Balance	509,504	660,036	532,397	582,834	464,271
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.					

The major change in the total of all funds balance from actual 2004 (\$509.5 million) to estimated 2005 (\$660.0 million) can be attributed to the timing of the 2005 debt issue (Construction Sources) vs. the construction of the projects (Construction Uses) associated with that bond issue. This is further shown in the comparison of 2005 estimate vs. 2006 budget. The change from \$660.0 million to estimated \$532.4 million is the result of construction funds being used to complete the projects. This same scenario occurs again when you look at the increase from 2006 to 2007 and the corresponding decrease when 2007 and 2008 are compared.

TAXING AUTHORITY – 2006 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 2004/2005 taxable market value, the maximum amount available for maintenance and operations of the Commission would have been approximately \$15.0 million.

TOTAL OPERATING BUDGET SUMMARY – 2006 OPERATING BUDGET

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

The summary below illustrates how dollars are received and disbursed.

OPERATING FUND (\$ = 000)	2004 <u>Actual</u>	2005 <u>Estimated</u>	2005 <u>Budget</u>	2006 <u>Budget</u>	2007 <u>Projection</u>	2008 <u>Projection</u>
<u>Sources</u>						
1/1 Balance	32,447	44,782	35,825	49,608	51,874	51,250
Airline Rates & Charges	71,577	81,700	81,905	96,337	100,071	103,750
Concessions	85,971	96,000	83,468	99,830	104,000	108,000
Other Operating Revenues	38,593	45,000	42,224	50,986	52,000	53,500
Interest Earnings 1	6,291	7,400	1,496	7,500	7,500	7,500
Other & Self-Liquidating Revenue	3,154	2,727	7,843	3,003	3,000	3,000
Total Sources	238,033	277,609	252,761	307,264	318,445	327,000
<u>Uses</u>						
Personnel	(50,429)	(60,000)	(53,991)	(59,641)	(60,000)	(63,000)
Administration	(1,089)	(1,260)	(1,253)	(1,214)	(1,300)	(1,350)
Professional Services	(3,745)	(3,825)	(3,813)	(3,700)	(3,900)	(4,000)
Utilities	(12,684)	(14,300)	(13,599)	(15,751)	(16,500)	(17,400)
Operating Services	(13,394)	(13,700)	(13,693)	(16,075)	(16,500)	(17,000)
Maintenance	(17,249)	(17,950)	(17,984)	(19,294)	(21,000)	(22,000)
Other/Insurance	(3,206)	(3,650)	(3,687)	(3,384)	(3,800)	(3,900)
Equipment Purchases	(2,873)	(13,792)	(12,047)	(9,117)	(9,250)	(9,250)
Transfers Out - Reserved Cash	(19,763)	(8,710)	(27,457)	(55,120)	(55,000)	(53,785)
Transfers Out - Debt	(70,309)	(63,728)	(68,320)	(73,473)	(76,723)	(79,229)
Other Operating/Non Operating Exp.	(1,531)	(23,909)	-	-	-	-
Total Uses	(196,272)	(224,824)	(215,844)	(256,769)	(263,973)	(270,914)
Working Capital Changes/ Transfers 2	3,021	(3,177)	(1,060)	1,379	(3,222)	(2,482)
Ending Balance	44,782	49,608	35,857	51,874	51,250	53,604
1 Interest Rate Assumed 3% - 4% for 2004 - 2008.						
2 Change in working capital represents fluctuations in year end operating payments, receivables and transfers.						

SOURCES AND USES – 2006 OPERATING BUDGET**SOURCES AND USES****SOURCES**

Generally, there are four sources of revenues within the Operating Fund.

1. The 1/1 Balance reflects the Operating Reserve established by the Commission. Prior to 2005, this amount was four months of operating expenses. In early 2005, the Commission changed this to five months of operating expenses.
2. Operating Revenues consist of Airline Rates & Charges, Concessions and Other Operating Revenues. The changes in each of these areas is explained in detail in the Revenue Assumptions Section. In general, Airline Rates and Charges increased because of the changes from holding them flat in 2004 to charging according to the lease agreement for 2006–2008. Concessions rose because of the continued growth in passenger traffic. Other Revenue increases can be attributed to both the growth in passenger traffic and the opening of new facilities.
3. Interest Earnings are assumed to be in the 3-4% range for 2004-2008. 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 the tenant).
4. Other and Self-Liquidating revenue represents primarily principal payments from tenants for facilities constructed with MAC cash, not debt (bond) related.

USES

In general, there are five uses of operating revenues.

1. Operating expenses consist of Personnel, Administration, Professional Services, Utilities, Operating Services, Maintenance and Other/Insurance. Details of changes for each of these areas are identified in the Expense Assumption Section.
2. Equipment Purchases represent capital equipment (cost greater than \$5,000) approved by the Commission.
3. Transfers Out – Reserved Cash represents the amount of internally generated funds that are transferred to the Construction Fund after payment of all operating expenses have been made, all debt service requirements accounted for, and the Operating Reserve is funded at five months of Operating Expenses.
3. Transfers Out – Debt is the required transfers that are made to cover all debt service. 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). (See Debt Service Budget for complete details.) In December, the Commission must then transfer the required amount for the GARB (General Airport Revenue Bond) reserve.
5. Other Operating/Non-Operating Expenses represent uses of funds other than transferring to the Construction Fund. In the past, the Commission transferred any excess revenue to the Construction Fund. However, in 2004 and 2005, other uses such as increasing the Operating Reserve from four months to five months (2004), extraordinary Pension and Post Retirement expenses have been identified as alternative uses. The amount listed for 2005 (\$23.9 million) has not yet been designated. It is also not yet known whether the total amounts shown in the Transfers Out – Reserved Cash for 2006-2008 will remain in that category.

SOURCES AND USES – 2006 OPERATING BUDGET

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2006 OPERATING BUDGET SUMMARY - 2006 OPERATING BUDGET

						2005 Estimate vs 2006 Budget	
	2004 Actual	2004 Budget	2005* Budget	2005 Estimate	2006 Budget	Dollar Change	% Change
REVENUE							
Airline Rates & Charges	71,577,898	71,577,878	81,905,346	81,700,000	96,337,586	14,637,586	17.92%
Concessions	85,971,066	75,648,061	83,468,278	96,000,000	99,830,393	3,830,393	3.99%
Other	38,592,646	35,972,192	42,223,588	45,000,000	50,985,661	5,985,661	13.30%
Total Operating Revenue	<u>196,141,610</u>	<u>183,198,131</u>	<u>207,597,212</u>	<u>222,700,000</u>	<u>247,153,640</u>	<u>24,453,640</u>	<u>10.98%</u>
EXPENSE							
Personnel	50,429,414	47,791,511	53,990,776	60,000,000	59,640,357	(359,643)	-0.60%
Administrative Expenses	1,089,282	1,002,449	1,253,302	1,260,000	1,213,734	(46,266)	-3.67%
Professional Services	3,745,216	3,655,492	3,813,200	3,825,000	3,699,551	(125,449)	-3.28%
Utilities	12,683,905	11,747,048	13,599,090	14,300,000	15,751,077	1,451,077	10.15%
Operating Services/Expenses	13,393,715	12,309,006	13,692,706	13,700,000	16,075,369	2,375,369	17.34%
Maintenance	17,249,261	17,482,088	17,984,297	17,950,000	19,294,127	1,344,127	7.49%
Other	3,205,603	3,574,737	3,686,925	3,650,000	3,384,323	(265,677)	-7.28%
Total Operating Expense (Excludes Depreciation)	<u>101,796,395</u>	<u>97,562,330</u>	<u>108,020,295</u>	<u>114,685,000</u>	<u>119,058,538</u>	<u>4,373,538</u>	<u>3.81%</u>
Gross Depreciation	83,273,036	84,721,935	94,888,799	95,677,000	117,965,237	22,288,237	23.30%
Total Operating Expense	<u>185,069,431</u>	<u>182,284,265</u>	<u>202,909,094</u>	<u>210,362,000</u>	<u>237,023,775</u>	<u>26,661,775</u>	<u>12.67%</u>
	<u>11,072,179</u>	<u>913,866</u>	<u>4,688,118</u>	<u>12,338,000</u>	<u>10,129,865</u>	<u>(2,208,135)</u>	<u>-17.90%</u>

*Commission approved expense budget adjustments
for the following service centers:

Environment	\$16,066
Public Affairs	\$325,000
Information Services	\$203,100

OPERATING REVENUES - 2006 OPERATING BUDGET

						2005 Estimate vs 2006 Budget	
	2004 Actual	2004 Budget	2005 Budget	2005 Estimate	2006 Budget	Dollar Change	% Change
Airline Rates & Charges							
Landing Fees	37,235,170	35,703,489	44,249,630	43,829,235	52,022,149	8,192,914	18.69%
Ramp Fees	5,108,956	5,095,996	5,155,129	5,100,000	5,994,807	894,807	17.55%
Terminal Rentals - Agreement	26,195,526	27,603,516	29,148,285	29,500,000	35,061,200	5,561,200	18.85%
Terminal Rentals - Other	420,765	420,765	420,765	420,765	420,765		0.00%
Terminal Rentals - IAF	2,309,078	2,486,092	2,642,110	2,600,000	2,658,393	58,393	2.25%
Carrouseles & Conveyors	308,404	268,020	289,427	250,000	180,272	(69,728)	-27.89%
Total Airline Rates & Charges	71,577,898	71,577,878	81,905,346	81,700,000	96,337,586	14,637,586	17.92%
Concessions							
Landside							
Parking	50,466,078	44,208,749	52,884,972	60,900,000	63,538,867	2,638,867	4.33%
Auto Rental	14,219,740	13,294,130	12,392,136	14,200,000	10,552,065	(3,647,935)	-25.69%
Ground Transportation Fees	3,738,063	3,293,782	3,472,500	4,000,000	3,889,790	(110,210)	-2.76%
Total Landside	68,423,881	60,796,661	68,749,608	79,100,000	77,980,722	(1,119,278)	-1.42%
Terminal/Other							
Food & Beverage	7,311,163	5,206,000	5,700,000	8,100,000	10,889,408	2,789,408	34.44%
Merchandise	6,038,219	5,400,000	5,115,000	4,900,000	6,908,877	2,008,877	41.00%
Terminal Services	2,782,748	2,763,400	2,446,670	2,500,000	2,653,411	153,411	6.14%
Other Concessions	1,415,055	1,482,000	1,457,000	1,400,000	1,397,975	(2,025)	-0.14%
Total Terminal/Other	17,547,185	14,851,400	14,718,670	16,900,000	21,849,671	4,949,671	29.29%
Total All Concessions	85,971,066	75,648,061	83,468,278	96,000,000	99,830,393	3,830,393	3.99%
Other							
Building Rentals	15,823,988	16,106,633	16,088,758	16,400,000	16,749,740	349,740	2.13%
Lobby Fees - HHH Terminal	3,511,556	3,054,534	4,245,291	5,300,000	5,423,963	123,963	2.34%
Ground SW/Westside Develop	704,091	253,784	1,527,846	1,500,000	2,080,991	580,991	38.73%
Infield Development	2,733,896	2,876,277	3,035,181	3,400,000	4,937,456	1,537,456	45.22%
Ground - Other	1,641,801	1,011,331	1,679,010	1,700,000	2,180,503	480,503	28.26%
Utilities	1,743,354	1,544,474	1,663,774	1,700,000	2,436,975	736,975	43.35%
Other	9,338,234	8,796,159	10,810,728	11,800,000	14,076,033	2,276,033	19.29%
Reimbursed Expense	3,095,725	2,329,000	3,173,000	3,200,000	3,100,000	(100,000)	-3.13%
Total Other	38,592,646	35,972,192	42,223,588	45,000,000	50,985,661	5,985,661	13.30%
Total Operating Revenue	196,141,610	183,198,131	207,597,212	222,700,000	247,153,640	24,453,640	10.98%

OPERATING REVENUES - 2006 OPERATING BUDGET

	2006 Budget		2005 Budget	2005 Estimate	2006 Budget	2005 Estimate vs 2006 Budget	
	Mpls.- St.Paul	Reliever Airports				Dollar Change	% Change
Airline Rates & Charges							
Landing Fees	52,022,149		44,249,630	43,829,235	52,022,149	8,192,914	18.69%
Ramp Fees	5,994,807		5,155,129	5,100,000	5,994,807	894,807	17.55%
Terminal Rentals - Agreement	35,061,200		29,148,285	29,500,000	35,061,200	5,561,200	18.85%
Terminal Rentals - Other	420,765		420,765	420,765	420,765		0.00%
Terminal Rentals - IAF	2,658,393		2,642,110	2,600,000	2,658,393	58,393	2.25%
Carrouseles & Conveyors	180,272		289,427	250,000	180,272	(69,728)	-27.89%
Total Airline Rates & Charges	96,337,586		81,905,346	81,700,000	96,337,586	14,637,586	17.92%
Concessions							
Landside							
Parking	63,538,867		52,884,972	60,900,000	63,538,867	2,638,867	4.33%
Auto Rental	10,552,065		12,392,136	14,200,000	10,552,065	(3,647,935)	-25.69%
Ground Transportation Fees	3,889,790		3,472,500	4,000,000	3,889,790	(110,210)	-2.76%
Total Landside	77,980,722		68,749,608	79,100,000	77,980,722	(1,119,278)	-1.42%
Terminal/Other							
Food & Beverage	10,889,408		5,700,000	8,100,000	10,889,408	2,789,408	34.44%
Merchandise	6,908,877		5,115,000	4,900,000	6,908,877	2,008,877	41.00%
Terminal Services	2,653,411		2,446,670	2,500,000	2,653,411	153,411	6.14%
Other Concessions	1,397,975		1,457,000	1,400,000	1,397,975	(2,025)	-0.14%
Total Terminal/Other	21,849,671		14,718,670	16,900,000	21,849,671	4,949,671	29.29%
Total All Concessions	99,830,393		83,468,278	96,000,000	99,830,393	3,830,393	3.99%
Other							
Building Rentals	16,729,340	20,400	16,088,758	16,400,000	16,749,740	349,740	2.13%
Lobby Fees - HHH Terminal	5,423,963		4,245,291	5,300,000	5,423,963	123,963	2.34%
Ground SW/Westside Develop	2,080,991		1,527,846	1,500,000	2,080,991	580,991	38.73%
Infield Development	4,937,456		3,035,181	3,400,000	4,937,456	1,537,456	45.22%
Ground - Other	2,180,503		1,679,010	1,700,000	2,180,503	480,503	28.26%
Utilities	2,436,975		1,663,774	1,700,000	2,436,975	736,975	43.35%
Other	9,469,030	4,607,003	10,810,728	11,800,000	14,076,033	2,276,033	19.29%
Reimbursed Expense	3,100,000		3,173,000	3,200,000	3,100,000	(100,000)	-3.13%
Total Other	46,358,258	4,627,403	42,223,588	45,000,000	50,985,661	5,985,661	13.30%
Total Operating Revenue	242,526,237	4,627,403	207,597,212	222,700,000	247,153,640	24,453,640	10.98%

REVENUE ASSUMPTIONS – 2006 OPERATING BUDGET

Total revenue for 2006 is \$247,153,640 which is a \$24,453,640 or a 10.98% increase compared to 2005 estimates. The greatest increase in revenue is due to Airline Rates and Charges (increase of \$14,637,586). The detailed explanations for major changes in revenue are included in this section.

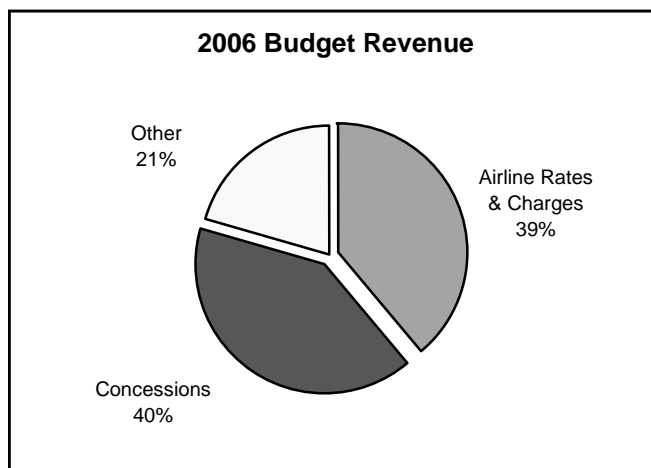
	<u>2004 Actual</u>	<u>2004 Budget</u>	<u>2005 Budget</u>	<u>2005 Estimate</u>	<u>2006 Budget</u>	2005 Estimate vs 2006 Budget	
						<u>Dollar Change</u>	<u>% Change</u>
REVENUE							
Airline Rates & Charges	71,577,898	71,577,878	81,905,346	81,700,000	96,337,586	14,637,586	17.92%
Concessions	85,971,066	75,648,061	83,468,278	96,000,000	99,830,393	3,830,393	3.99%
Other	<u>38,592,646</u>	<u>35,972,192</u>	<u>42,223,588</u>	<u>45,000,000</u>	<u>50,985,661</u>	<u>5,985,661</u>	13.30%
Total Operating Revenue	<u>196,141,610</u>	<u>183,198,131</u>	<u>207,597,212</u>	<u>222,700,000</u>	<u>247,153,640</u>	<u>24,453,640</u>	10.98%

The revenue budget is divided into three categories, Airline Rates and Charges, Concessions, and Other. Airline Rates and Charges, which is \$96,337,586 or 39.0% of MAC total revenue for 2006, 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 and 2006 incorporates the actual rates and charges formula in the Airline Agreement resulting in a \$14,637,586 increase. In addition, the rates and charges formula includes a provision that no longer eliminates the deferred charges applicable to the 17/35 Runway totaling \$5.1 million.

The Concession category, which is \$99,830,393 or 40.4% of total revenue for 2006, includes revenue from the following areas: parking, ground transportation fees, taxicab license fees, auto rental, food, beverage, merchandise and personal 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 personal services are based on various lease agreements, which allow the concessionaires to operate in MAC facilities. Concessions are projected to increase in 2006 due to the completion of construction and remodeling of various tenant facilities as identified in the new contract and lease agreements.

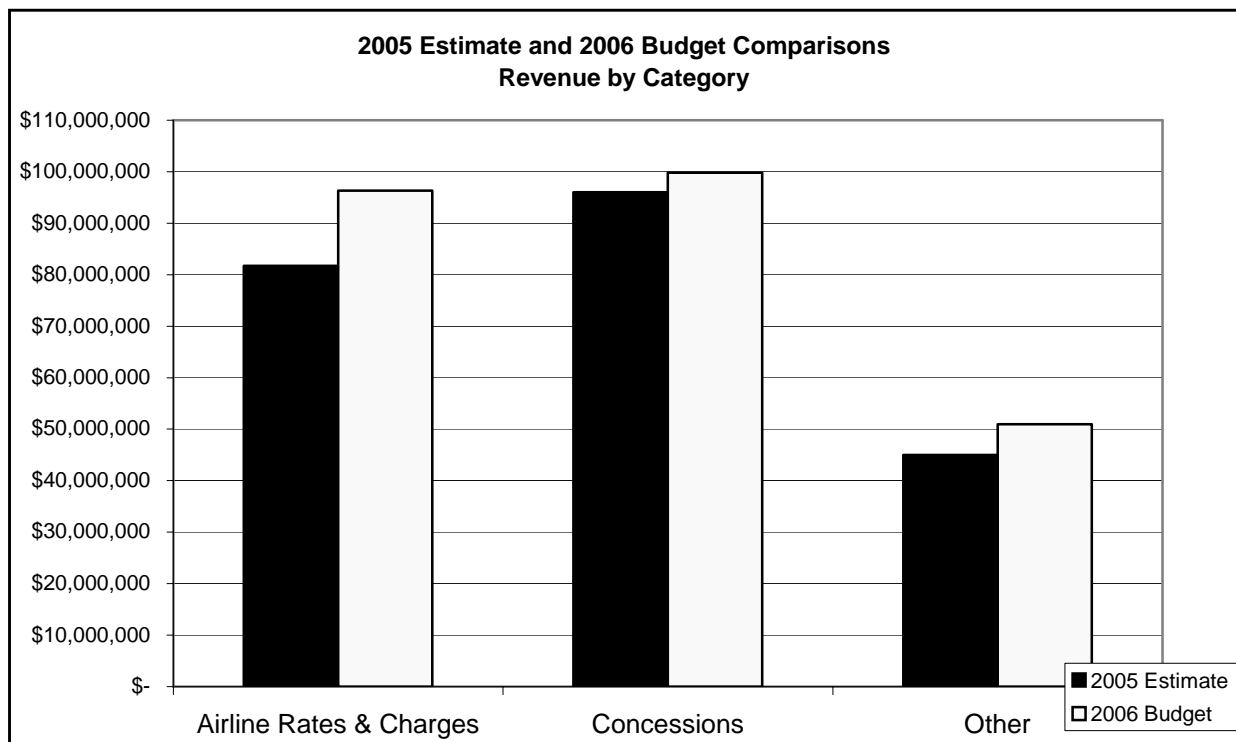
Other revenue, which is \$50,985,661 or 20.6% of total revenue, consists of building rental (excluding the terminal building), ground space, utilities, general aviation fees and Reliever Airport fees. All of these Other revenue sources are based on leases and agreements, except Ground Rent and the HHH Terminal Common Use Fees which are based on MAC Ordinances.

The following chart shows the revenue sources:



REVENUE ASSUMPTIONS – 2006 OPERATING BUDGET

The following chart compares 2005 estimate and 2006 budget revenue by category.

**Revenue Assumptions and Guidelines**

The revenue projections for 2006 are based on the following assumptions and guidelines:

- Revenue will be prepared on an accrual basis
- The revenue projections are based on estimates compiled from the following sources:
 - Lease agreements
 - Contracts
 - Projected enplaned passengers and operations activity provided by the airlines and other users of MAC facilities
 - Expense projections which determine rates and charges per the Airline Agreement
 - Historical trends

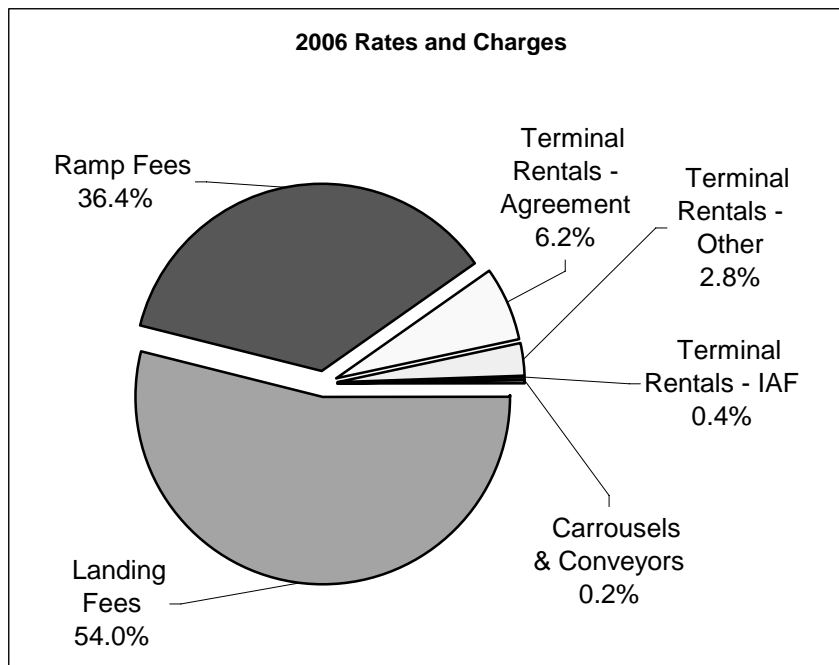
The explanations for revenue assumptions are based on a comparison of 2005 estimates versus 2006 budget figures.

REVENUE ASSUMPTIONS – 2006 OPERATING BUDGET**AIRLINE RATES AND CHARGES**

	<u>2004 Actual</u>	<u>2004 Budget</u>	<u>2005 Budget</u>	<u>2005 Estimate</u>	<u>2006 Budget</u>	<u>2005 Estimate vs 2006 Budget Dollar Change</u>	<u>% Change</u>
Airline Rates & Charges							
Landing Fees	37,235,170	35,703,489	44,249,630	43,829,235	52,022,149	8,192,914	18.69%
Ramp Fees	5,108,956	5,095,996	5,155,129	5,100,000	5,994,807	894,807	17.55%
Terminal Rentals - Agreement	26,195,526	27,603,516	29,148,285	29,500,000	35,061,200	5,561,200	18.85%
Terminal Rentals - Other	420,765	420,765	420,765	420,765	420,765		0.00%
Terminal Rentals - IAF	2,309,078	2,486,092	2,642,110	2,600,000	2,658,393	58,393	2.25%
Carrouseles & Conveyors	308,404	268,020	289,427	250,000	180,272	(69,728)	-27.89%
Total Airline Rates & Charges	<u>71,577,898</u>	<u>71,577,878</u>	<u>81,905,346</u>	<u>81,700,000</u>	<u>96,337,586</u>	<u>14,637,586</u>	17.92%

Approximately \$96.3 million or 39% of MAC's \$247 million in revenues 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). 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 2006 all rates in this category (Landing Fees, Ramp, all Terminal and Carrouseles & Conveyors) will be calculated as per the Airline Agreement.

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



REVENUE ASSUMPTIONS – 2006 OPERATING BUDGET**LANDING FEES**

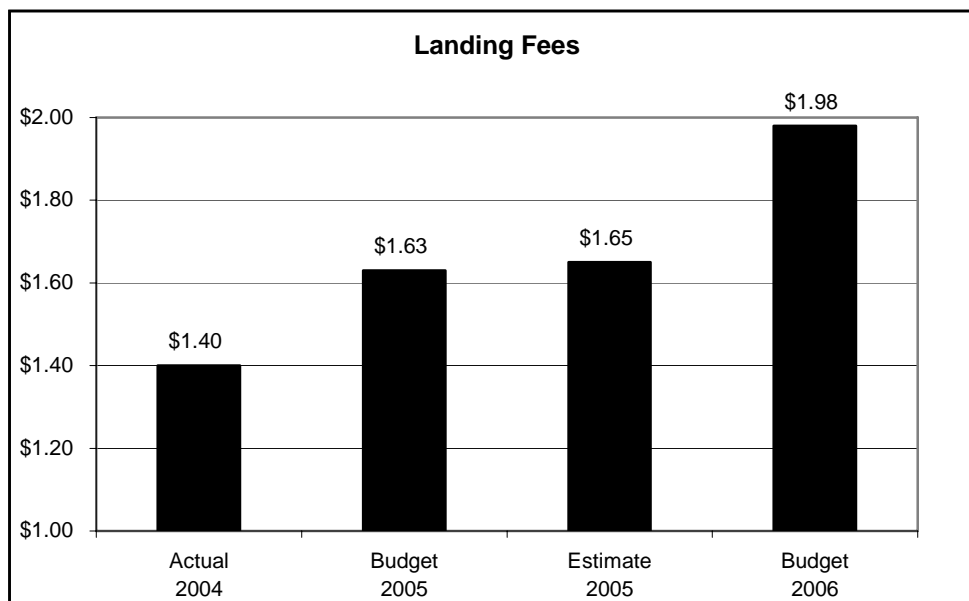
The Landing Fee is based upon total estimated expense in the Field & Runway service center. By dividing total field and runway expenses by the estimated landed weight (provided by the airlines and historical data), a budgeted landing fee is established for use during the year. In 2004 the landing fee rate was based upon a break even philosophy in which total revenue equals total expense, except for the airline rate reduction necessary to bring airline rates and charges to the same level as the 2003 budget. The formula used in calculating the rates for 2005 and 2006 are in accordance with the Airline Agreement for all Airline Rates and Charges including Landing Fees.

The change in the landing fee from the 2005 estimate (\$1.65) to the 2006 budget (\$1.98) can be attributed to three factors.

- Depreciation and Interest associated with Runway 17/35. This increased the rate \$.14. The Runway opened in October 2005 resulting in 3 months of Depreciation & Interest vs. a full year in 2006.
- Elimination of the Deferral of costs for Runway 17/35. This increased the fee \$.03. Per the Airline Agreement, the 2006 rate would include 100% of the costs of the Runway.
- Allocations for Labor, Equipment, Police, Fire and Administration increased the rate \$.08. Additional personnel from 2005 (Maintenance 11, Fire 3, Police 8, and Administration 6) will be employed for a full year in 2006 vs. a partial year in 2005. In addition, wage and contract adjustments, along with employee insurance and pension increases, result in the extra costs.

A comparison of actual 2004, 2005 budget, 2005 estimate and 2006 budget for landing fee rates, landed weight and revenue of the signatory carriers follows:

Landing Fee	2004 <u>Actual</u>	2005 <u>Budget</u>	2005 <u>Estimate</u>	2006 <u>Budget</u>
Landing Fee	\$1.40	\$1.63	\$1.65	\$1.98
Landed Weight	26,563	27,204	25,915	26,230
Revenue (000)	\$37,235	\$44,250	\$43,829	\$52,022



REVENUE ASSUMPTIONS – 2006 OPERATING BUDGET**RAMP FEES**

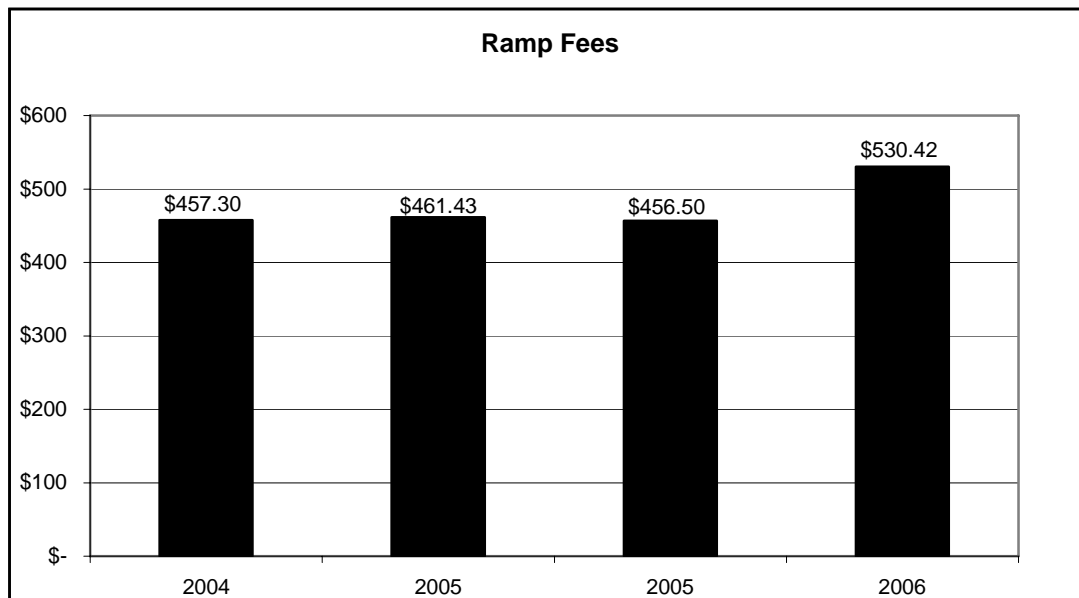
Aircraft parking ramp fees are calculated in the same manner as landing fees. Ramp fees are determined by dividing the total estimated Terminal Ramp expenses by total lineal feet of ramp available. The rate is based upon a break even philosophy.

The increase in the fee from 2005 estimated (\$456.50) to 2006 budget (\$530.42) can be attributed to the following:

- Elimination of the Deferral associated with the Concourses A-D ramp (\$50.90). Per the Airline Agreement, the 2006 rate would include 100% of the Ramp costs.
- Maintenance Labor and Equipment Allocation account for \$39.97 of the rate increase. Personnel additions (see Landing fees) employee insurance and pension increases along with equipment, gas and materials account for the majority of this increase.
- Depreciation and Interest result in a decrease in the fee of \$24.17. This decrease is due to the application of Passenger Facility Charges (PFCs) for a project that was previously not anticipated to be funded with PFCs.

The following is a comparison of actual 2004, estimated 2005, budgeted 2005, and budgeted 2006 ramp rates and revenue.

Ramp Fee	2004 <u>Actual</u>	2005 <u>Budget</u>	2005 <u>Estimate</u>	2006 <u>Budget</u>
Ramp Fee (Per Lineal Ft.)	\$457.30	\$461.43	\$456.50	\$530.42
Ramp Footage	11,172	11,172	11,172	11,302
Revenue	\$5,108,956	\$5,155,096	\$5,100,018	\$5,994,807



REVENUE ASSUMPTIONS – 2006 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.

The primary reason for the increase in the rates between 2005 estimates and 2006 budget is:

- Depreciation/Interest associated with the North Terminal addition and the inclusion of the Deferral associated with the A-D Concourses. Per the Airline Agreement, 100% of the costs are to be charged in 2006.

A comparison of actual 2004, estimated 2005, budgeted 2005 and 2006 rates follows:

Terminal Rates				
	2004	2005	2005	2006
	<u>Actual</u>	<u>Budget</u>	<u>Estimate</u>	<u>Budget</u>
Exclusive (Per Sq. Ft.)	\$43.54	\$48.00	\$49.00	\$58.95
Exclusive Janitored (Per Sq. Ft.)	\$49.35	\$53.94	\$55.00	\$64.95
Total Revenue (000)	\$26,195	\$29,148	\$29,500	\$35,061

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 2004, estimated 2005, budgeted 2005 and budgeted 2006:

	2004	2005	2005	2006
	<u>Actual</u>	<u>Budget</u>	<u>Estimated</u>	<u>Budget</u>
<u>Int'l Arrival Fee (IAF)</u>				
Total Cost	\$2,309,078	\$ 2,642,110	\$2,600,000	\$ 2,689,340
Passengers	625,767	625,010	700,000	755,433
Fee Per Passenger	\$ 3.69	\$ 4.24	\$ 3.71	\$ 3.56

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

CARROUSELS AND CONVEYORS

Carrouseles and conveyors charges are based on contract expenses. The change from 2005 estimate (\$250,000) to 2006 budget (\$180,272) is a decrease of \$69,728. This decrease can be attributed to a reduction in costs and changes in the maintenance schedule.

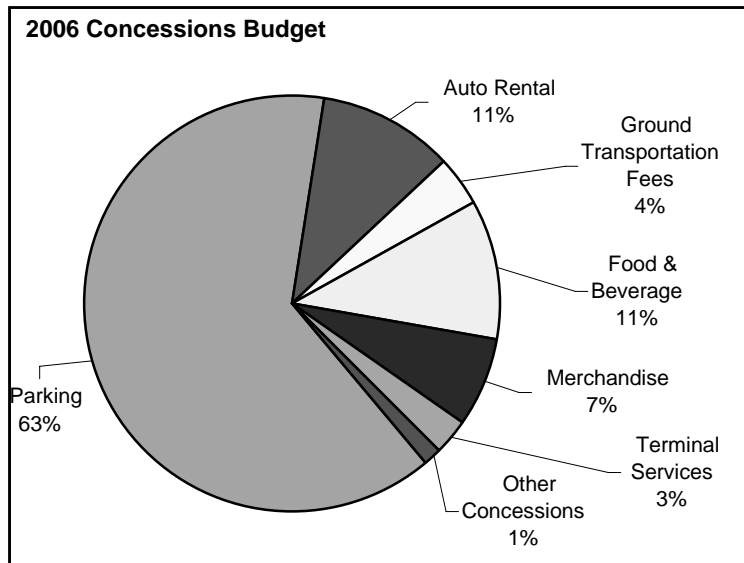
REVENUE ASSUMPTIONS – 2006 OPERATING BUDGET**CONCESSIONS**

The 2006 Budget for Concessions revenue is projected to increase \$3,830,393 or 3.99% from the 2005 estimate. Concession revenue consists of the following categories:

Concessions Revenue

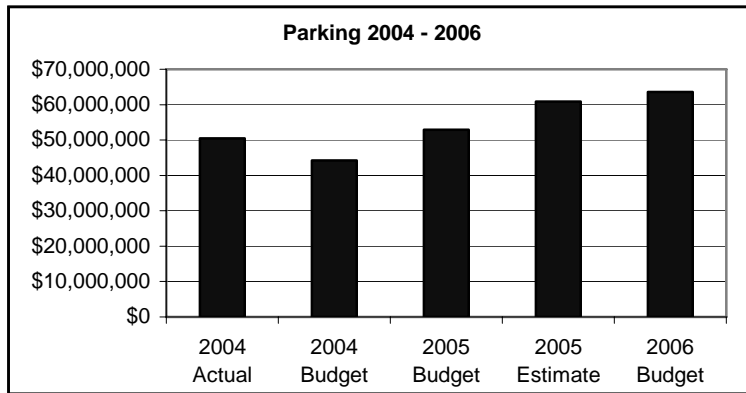
	<u>2004 Actual</u>	<u>2004 Budget</u>	<u>2005 Budget</u>	<u>2005 Estimate</u>	<u>2006 Budget</u>	<u>2005 Estimate vs 2006 Budget Dollar Change</u>	<u>% Change</u>
Concessions							
Parking	50,466,078	44,208,749	52,884,972	60,900,000	63,538,867	2,638,867	4.33%
Auto Rental	14,219,740	13,294,130	12,392,136	14,200,000	10,552,065	(3,647,935)	-25.69%
Ground Transportation Fees	3,738,063	3,293,782	3,472,500	4,000,000	3,889,790	(110,210)	-2.76%
Food & Beverage	7,311,163	5,206,000	5,700,000	8,100,000	10,889,408	2,789,408	34.44%
Merchandise	6,038,219	5,400,000	5,115,000	4,900,000	6,908,877	2,008,877	41.00%
Terminal Services	2,782,748	2,763,400	2,446,670	2,500,000	2,653,411	153,411	6.14%
Other Concessions	<u>1,415,055</u>	<u>1,482,000</u>	<u>1,457,000</u>	<u>1,400,000</u>	<u>1,397,975</u>	<u>(2,025)</u>	-0.14%
Total All Concessions	<u>85,971,066</u>	<u>75,648,061</u>	<u>83,468,278</u>	<u>96,000,000</u>	<u>99,830,393</u>	<u>3,830,393</u>	3.99%

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

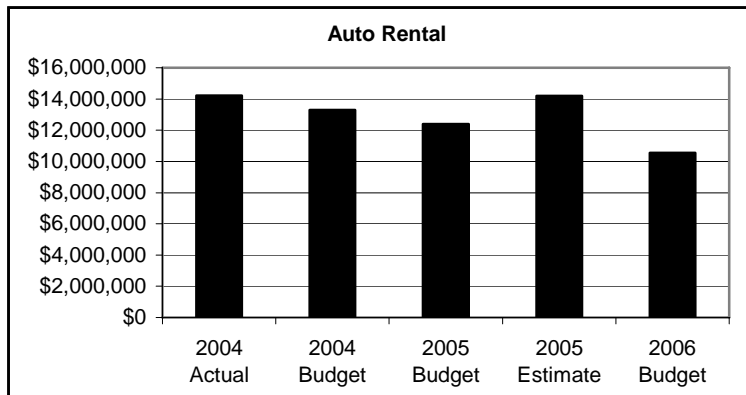


REVENUE ASSUMPTIONS – 2006 OPERATING BUDGET**PARKING**

Parking as shown is projected to increase \$2,638,867 or 4.33%. Parking activity for the period 2004 and 2005 increased at a larger percentage than the increase in passengers. A full year in 2006 of the rate increase in May of 2005 is the main reason for the increase.

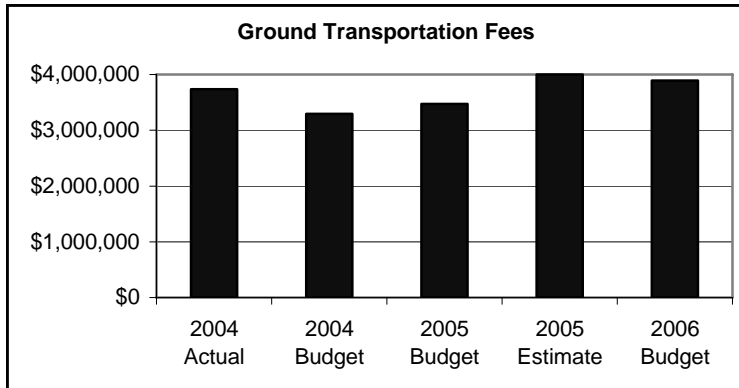
**AUTO RENTAL**

Auto rental fees are projected to decrease by \$3,647,935 or 25.69% from the 2005 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 2006 budget is based on the minimum guarantees only. The contract for auto rental firms expired in May 2004 with two one-year options. Based on current conditions in the industry, staff extended the contract for the two option years. The estimated new contract (May 2006) anticipates substantially reduced minimum guarantees.

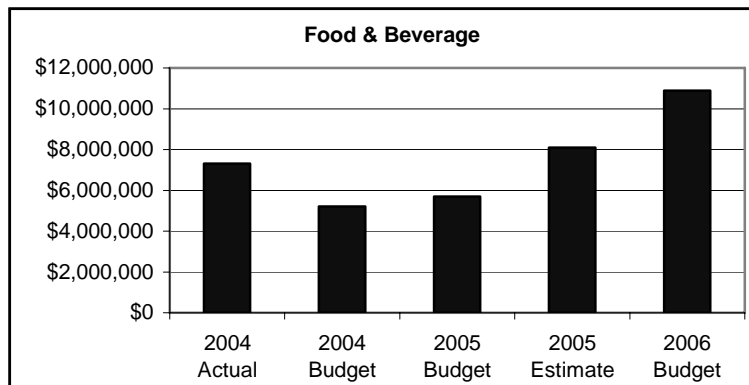


REVENUE ASSUMPTIONS – 2006 OPERATING BUDGET**GROUND TRANSPORTATION FEES**

Ground Transportation Fees are projected to decrease 110,210 or 2.76%. This decrease is a result of the one-time payment of fees applicable to previous years (as identified by Internal Audit) that are included in the 2005 estimate. Also included are rate change increases in the Ordinance rates for Commercial vehicles and an updated traffic count study. Types of vehicles in this category include taxis, buses, private limos, hotel/motel shuttles and other miscellaneous vehicles.

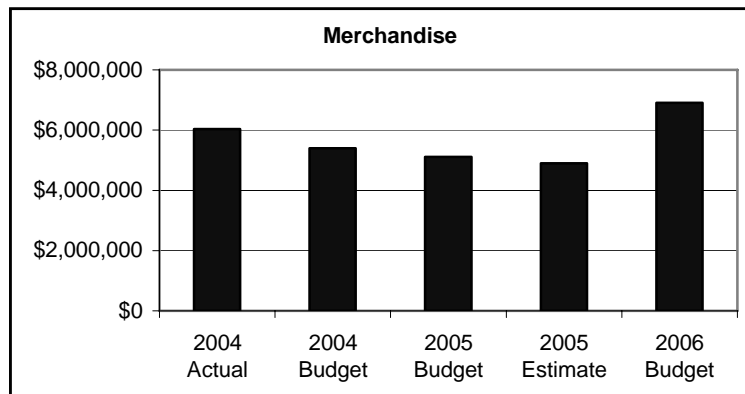
**FOOD/BEVERAGE**

Food and beverage is projected to increase by \$2,789,408 or 34.44% from the 2005 estimate due to the impact of the new agreement which will be in effect in 2006, along with the opening of expanded concessions facilities in the North Terminal. The 2005 estimated revenue is affected by the new lease agreement. Concessionaires were recently remodeled and are reporting initial sales to be above their RFP proposals.

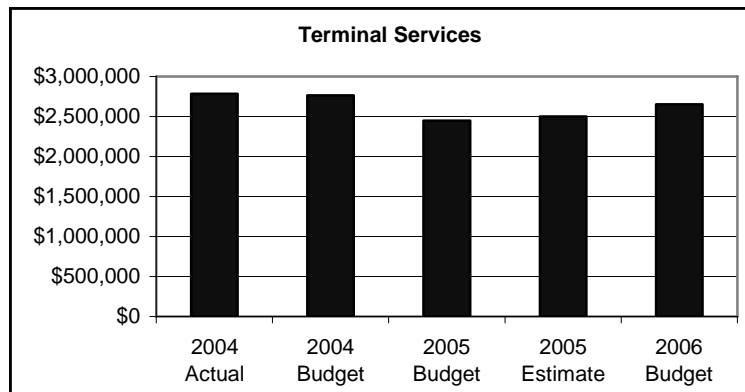


REVENUE ASSUMPTIONS – 2006 OPERATING BUDGET**MERCHANDISE**

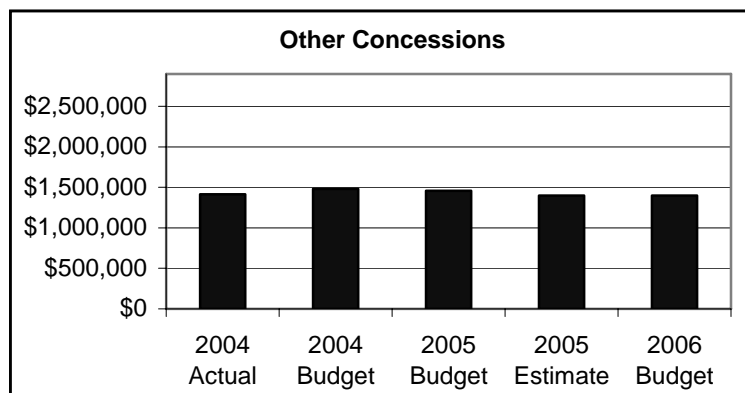
Merchandise and Personal Services are projected to increase \$2,008,877 or 41.0% from the 2005 estimate. The same reasons for the increase in Food and Beverage also apply to Merchandise.

**TERMINAL SERVICES**

Terminal Services are projected to increase \$153,411 or 6.14%. The majority of the increase is in wireless and prepaid phones (\$85,700). In addition, indoor advertising has increased \$46,489 due to a rate change. Other miscellaneous services (arcade, barber, etc.) are projected to have slight increases.

**OTHER CONCESSIONS**

Other Concessions is projected to decrease \$2,025 or .14% from the 2005 estimates. In-flight catering is decreasing \$10,000. Other areas including advertising (outdoors), auto services and other miscellaneous revenue are remaining approximately the same.



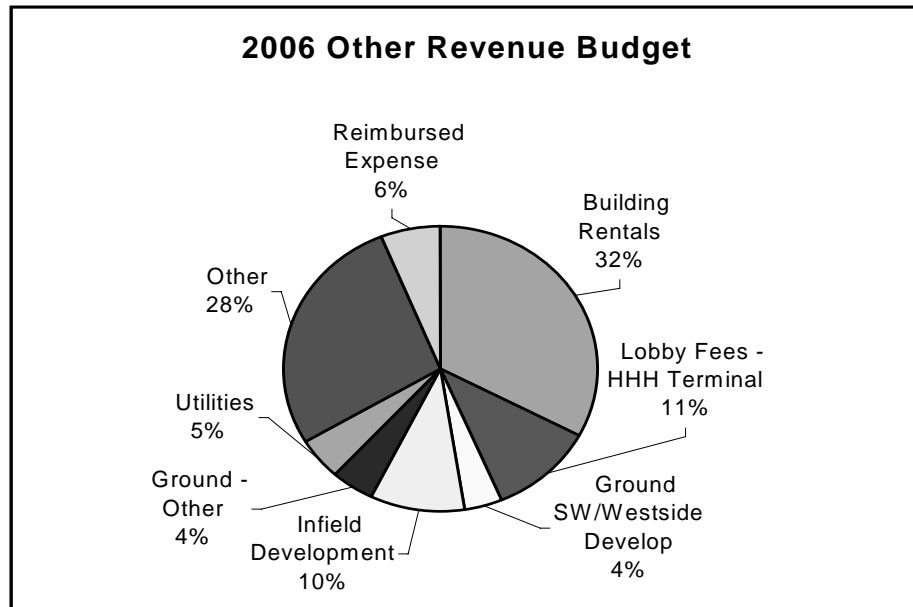
REVENUE ASSUMPTIONS – 2006 OPERATING BUDGET**OTHER**

In total this category is projected to increase \$5,985,661 or 13.30% from the 2005 estimates. Included in this category are Building Rental, Lobby Fees - HHH Terminal, Ground Rent Southwest and Westside Development, Infield Development, Ground Rental - Other, Utilities, Other and Reimbursed Expense.

Other Revenue

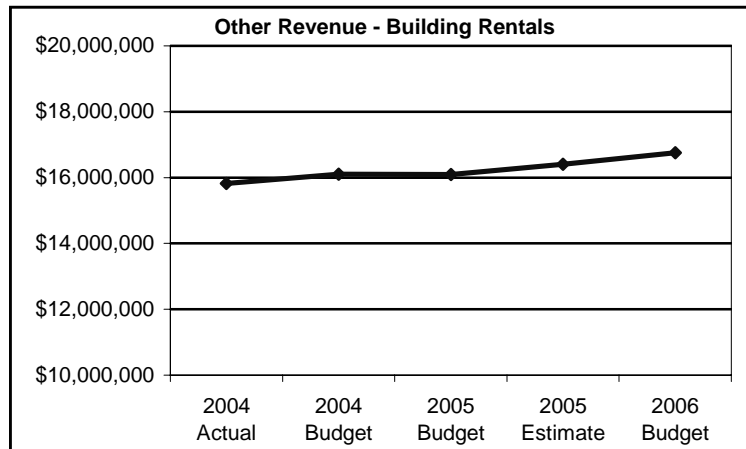
						2005 Estimate vs 2006 Budget	
	<u>2004 Actual</u>	<u>2004 Budget</u>	<u>2005 Budget</u>	<u>2005 Estimate</u>	<u>2006 Budget</u>	<u>Dollar Change</u>	<u>% Change</u>
Other							
Building Rentals	15,823,988	16,106,633	16,088,758	16,400,000	16,749,740	349,740	2.13%
Lobby Fees - HHH Terminal	3,511,556	3,054,534	4,245,291	5,300,000	5,423,963	123,963	2.34%
Ground SW/Westside Develop	704,091	253,784	1,527,846	1,500,000	2,080,991	580,991	38.73%
Infield Development	2,733,896	2,876,277	3,035,181	3,400,000	4,937,456	1,537,456	45.22%
Ground - Other	1,641,801	1,011,331	1,679,010	1,700,000	2,180,503	480,503	28.26%
Utilities	1,743,354	1,544,474	1,663,774	1,700,000	2,436,975	736,975	43.35%
Other	9,338,234	8,796,159	10,810,728	11,800,000	14,076,033	2,276,033	19.29%
Reimbursed Expense	<u>3,095,725</u>	<u>2,329,000</u>	<u>3,173,000</u>	<u>3,200,000</u>	<u>3,100,000</u>	<u>(100,000)</u>	-3.13%
Total Other	<u>38,592,646</u>	<u>35,972,192</u>	<u>42,223,588</u>	<u>45,000,000</u>	<u>50,985,661</u>	<u>5,985,661</u>	13.30%

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

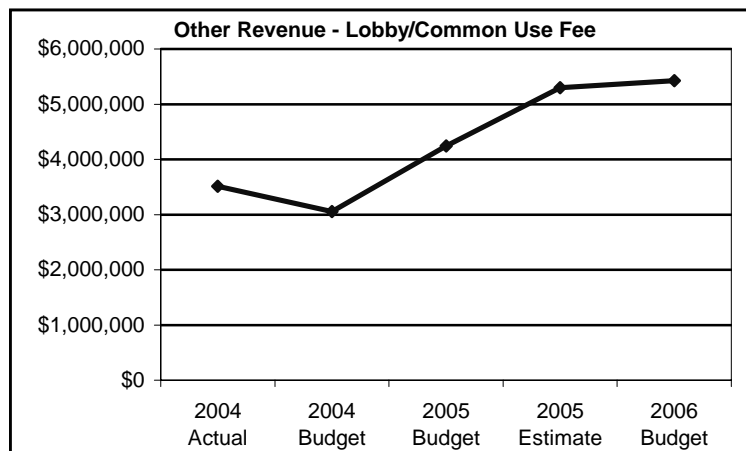


REVENUE ASSUMPTIONS – 2006 OPERATING BUDGET**BUILDING RENTALS**

Building Rentals are projected to increase \$349,740 or 2.13% from the 2005 estimates. This category includes all building rentals (Humphrey Terminal, hangars, and other) not included in airline rates and charges. The increase in revenue is the result of lease contract charges for a number of different facilities including the Reliever Airports.

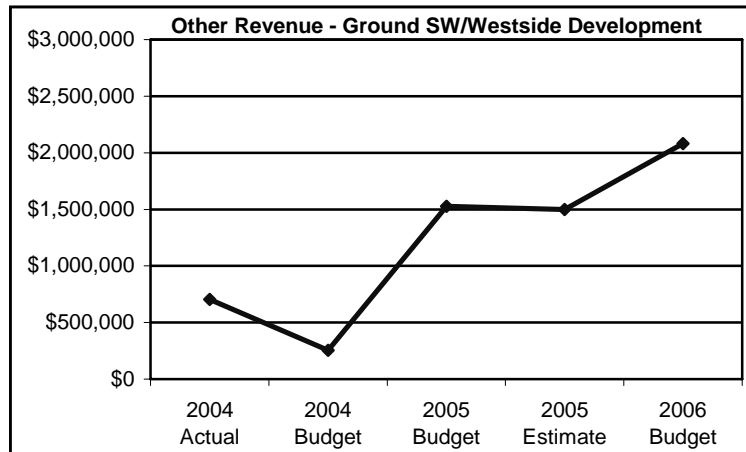
**LOBBY FEES – HHH TERMINAL**

HHH Terminal Common Use is projected to increase \$123,963 or 2.34% from 2005 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 re-emergence of Sun Country Airlines, are the factors behind this increase.

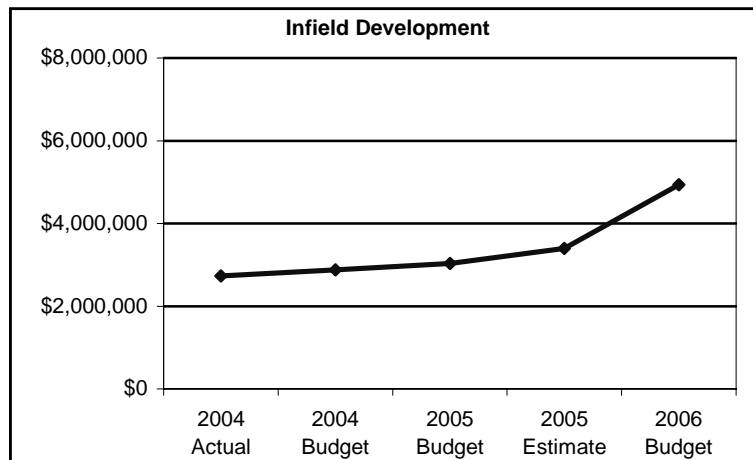


REVENUE ASSUMPTIONS – 2006 OPERATING BUDGET**GROUND – SW/WESTSIDE DEVELOPMENT**

A Ground Rent Appraisal was completed in 2005. The 2006 Budget includes the rates from this appraisal. The last Ground Rent Appraisal was completed in 1998 and is typically updated every five years. This category is projected to increase \$580,991 or 38.73%. Some tenants moved off airport while others saw facilities shrink or be significantly constrained as a result of the construction of Runway 17/35. In 2005, Mesaba, Sun Country, and Champion Air will all have new facilities in this area. The budget in 2006 also reflects the change in facilities ground rent fees per the new appraisal.

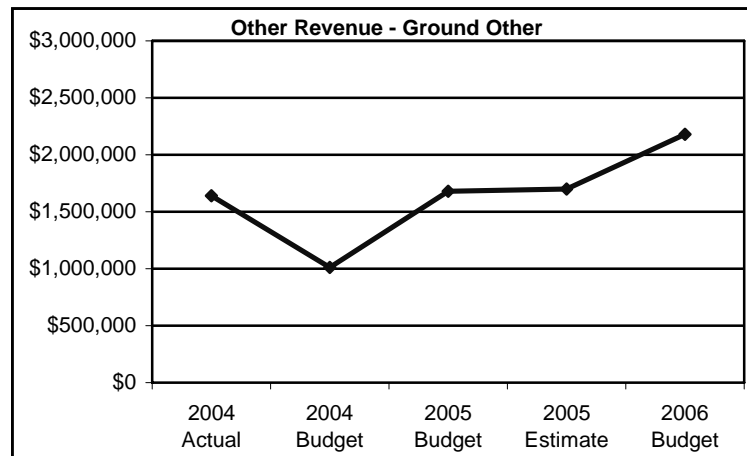
**INFIELD DEVELOPMENT**

Infield Development is anticipated to increase \$1,537,456 or 45.22% due to the completed UPS and FedEx facilities.

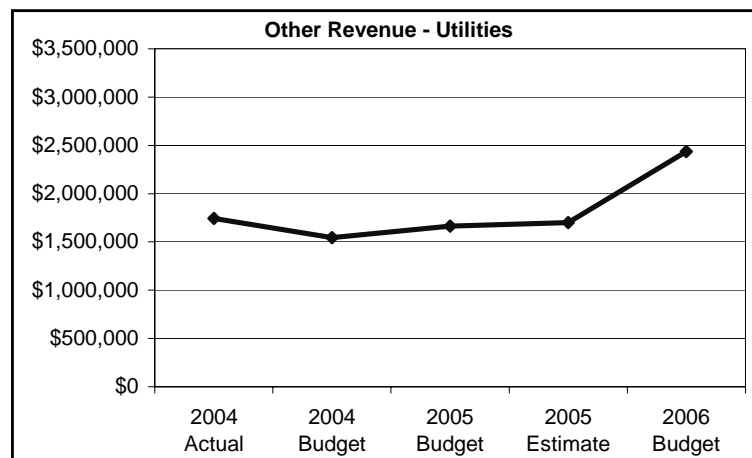


REVENUE ASSUMPTIONS – 2006 OPERATING BUDGET**GROUND – OTHER**

This area is projected to increase \$480,503 or 28.26% due to changes in the ground rent fees per the new appraisal.

**UTILITIES**

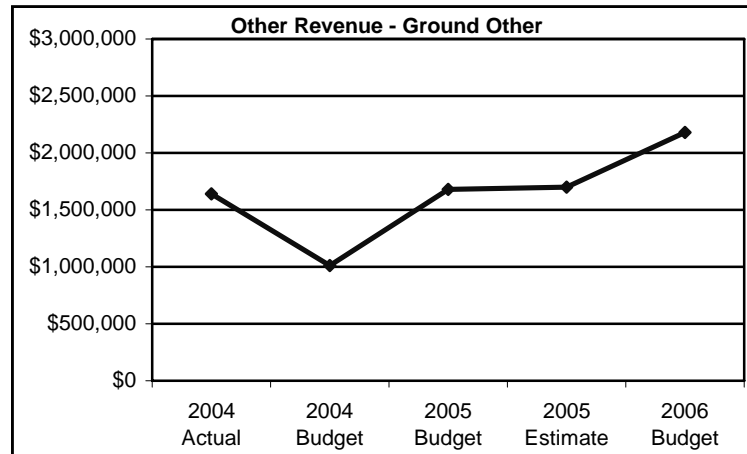
Included in this area is water, sewer, ground power, steam (heating) and chilled water (air-conditioning). The increase in this category of \$736,975 or 43.35% is due to a change in rates, historical consumption patterns, and a new charge for ground power to the airlines directly attributable to the jetbridges. This change began in 2005.



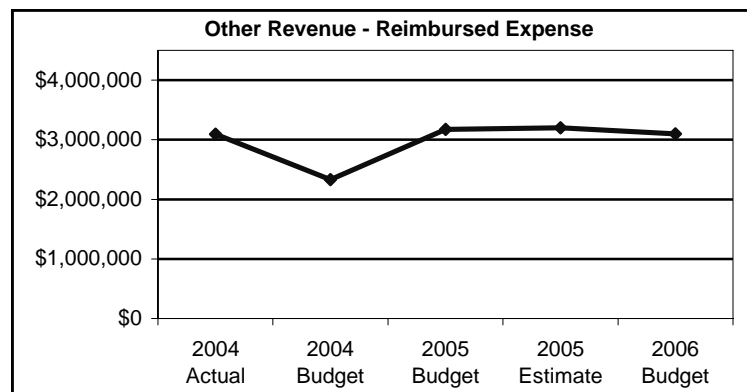
REVENUE ASSUMPTIONS – 2006 OPERATING BUDGET**OTHER**

Other revenue is expected to increase \$2,276,033 or 19.29%. The 2006 budget includes the following:

- \$445,228 for Reliever Capital Surcharges.
- \$1,626,400 increase for the Loading Dock and Utilities.
- Miscellaneous revenue charges for general aviation landing fees, ramp fees, Reliever Airport revenue.

**REIMBURSED EXPENSE**

Reimbursed expense is budgeted to slightly decrease in the 2006 budget by \$100,000 due to one time only reimbursements.



OPERATING EXPENSES - 2006 OPERATING BUDGET

						2005 Estimate vs 2006 Budget	
	2004 Actual	2004 Budget	2005* Budget	2005 Estimate	2006 Budget	Dollar Change	% Change
Personnel							
Salaries & Wages	33,247,154	32,969,158	34,812,504	35,810,000	37,755,310	1,945,310	5.43%
Benefits	17,161,518	14,795,003	19,155,272	24,167,000	21,862,047	(2,304,953)	-9.54%
Commissioner PerDiem	20,741	27,350	23,000	23,000	23,000		0.00%
Total Personnel	50,429,414	47,791,511	53,990,776	60,000,000	59,640,357	(359,643)	-0.60%
Administrative Expenses	1,089,282	1,002,449	1,253,302	1,260,000	1,213,734	(46,266)	-3.67%
Professional Services	3,745,216	3,655,492	3,813,200	3,825,000	3,699,551	(125,449)	-3.28%
Utilities							
Electricity	6,690,771	5,500,000	5,958,399	6,800,000	7,169,875	369,875	5.44%
Heating Fuel	3,217,743	3,690,000	4,861,922	4,946,000	5,866,055	920,055	18.60%
Water & Sewer	2,363,057	2,124,999	2,339,210	2,100,000	2,161,172	61,172	2.91%
Telephones	412,334	432,049	439,559	454,000	553,975	99,975	22.02%
Total Utilities	12,683,905	11,747,048	13,599,090	14,300,000	15,751,077	1,451,077	10.15%
Operating Services/Expenses							
Parking Management	5,884,429	5,613,033	5,352,000	5,000,000	5,079,600	79,600	1.59%
Shuttle Bus Services	1,896,776	1,824,635	1,094,781	1,095,000	1,052,000	(43,000)	-3.93%
Service Agreements	1,428,590	1,752,526	3,382,902	3,500,000	4,794,913	1,294,913	37.00%
Storm Water Monitoring	1,333,327	1,312,318	1,342,592	1,200,000	1,342,592	142,592	11.88%
Other	2,850,593	1,806,493	2,520,431	2,905,000	3,806,264	901,264	31.02%
Total Operating Services/Expenses	13,393,715	12,309,006	13,692,706	13,700,000	16,075,369	2,375,369	17.34%
Maintenance							
Trades	1,170,473	1,167,665	1,325,182	1,225,000	1,100,342	(124,658)	-10.18%
Field	2,140,078	2,684,829	2,312,211	2,100,000	2,586,495	486,495	23.17%
Building	4,855,957	5,559,653	5,705,141	5,425,000	5,678,891	253,891	4.68%
Equipment	1,715,438	1,452,051	1,529,453	1,700,000	1,700,643	643	0.04%
Cleaning	7,367,316	6,617,890	7,112,310	7,500,000	8,227,756	727,756	9.70%
Total Maintenance	17,249,261	17,482,088	17,984,297	17,950,000	19,294,127	1,344,127	7.49%
Other							
General Insurance	2,309,756	2,911,569	2,920,387	2,600,000	2,493,106	(106,894)	-4.11%
Minor Equipment	211,041	208,327	289,884	300,000	383,365	83,365	27.79%
Other	684,806	452,341	476,654	750,000	507,852	(242,148)	-32.29%
Total Other	3,205,603	3,572,237	3,686,925	3,650,000	3,384,323	(265,677)	-7.28%
Gross Depreciation	83,273,036	84,721,935	94,888,799	95,677,000	117,965,237	22,288,237	23.30%
Total Operating Expenses	<u>185,069,431</u>	<u>182,281,765</u>	<u>202,909,094</u>	<u>210,362,000</u>	<u>237,023,775</u>	<u>26,661,775</u>	<u>12.67%</u>

*Commission approved expense budget adjustments
for the following service centers:

Environment	\$16,066
Public Affairs	\$325,000
Information Services	\$203,100

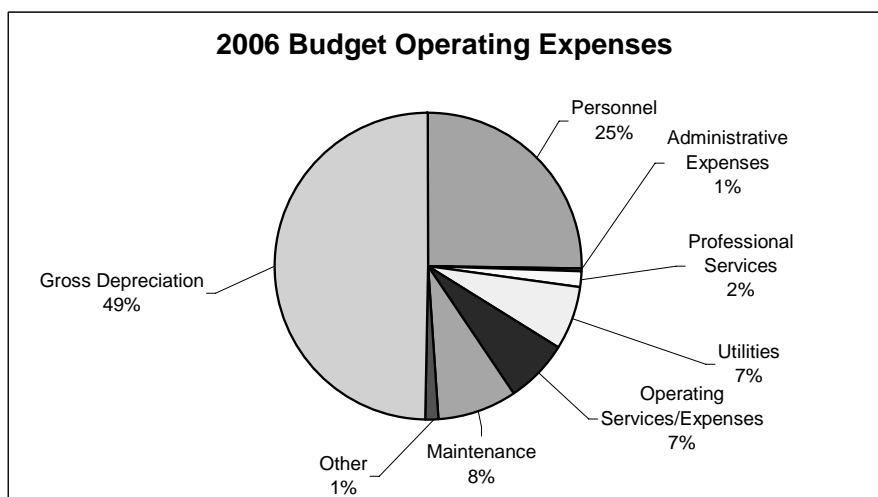
EXPENSE ASSUMPTIONS – 2006 OPERATING BUDGET

Total Operating Expense for 2006 is \$119,058,538 (excluding depreciation), which is an increase of \$4,373,538 or 3.81% over the 2005 estimate. The explanations prepared below compare 2005 estimate with the 2006 budget. Some categories are projected to increase in 2006 while others are decreasing. The largest dollar increase of \$2.4 million is in the Operating Services Category and can be attributed to a full year of loading dock expenses. Utilities has increased partially due to rate increases and new facilities. The Maintenance Category increase is attributable to imbedded contract costs associated with larger cleaning areas, 17/35 runway and the new maintenance consortium with concessionaires to establish a managed loading dock. In addition, completion of new facilities such as the North Terminal, and Fire Station contributed to the additional budget dollars.

Included at the end of this section, is a report "Line Items By Subledger." Subledger refers to the grouping of expenses from various service centers to determine rates and charges for tenants and users of the MAC facilities. (See Organization Structure for additional details.)

2006 Operating Expense Budget						2005 Estimate vs 2006 Budget	
EXPENSE	2004 Actual	2004 Budget	2005* Budget	2005 Estimate	2006 Budget	Dollar Change	% Change
Personnel	50,429,414	47,791,511	53,990,776	60,000,000	59,640,357	(359,643)	-0.60%
Administrative Expenses	1,089,282	1,002,449	1,253,302	1,260,000	1,213,734	(46,266)	-3.67%
Professional Services	3,745,216	3,655,492	3,813,200	3,825,000	3,699,551	(125,449)	-3.28%
Utilities	12,683,905	11,747,048	13,599,090	14,300,000	15,751,077	1,451,077	10.15%
Operating Services/Expenses	13,393,715	12,309,006	13,692,706	13,700,000	16,075,369	2,375,369	17.34%
Maintenance	17,249,261	17,482,088	17,984,297	17,950,000	19,294,127	1,344,127	7.49%
Other	3,205,603	3,574,737	3,686,925	3,650,000	3,384,323	(265,677)	-7.28%
Total Operating Expense (Excludes Depreciation)	101,796,395	97,562,330	108,020,295	114,685,000	119,058,538	4,373,538	3.81%
Gross Depreciation	83,273,036	84,721,935	94,888,799	95,677,000	117,965,237	22,288,237	23.30%
Total Operating Expense	185,069,431	182,284,265	202,909,094	210,362,000	237,023,775	26,661,775	12.67%
*Commission approved expense budget adjustments for the following service centers:							
Environment	\$16,066						
Public Affairs	\$325,000						
Information Services	\$203,100						

The following pie chart indicates the percent of expense category and compares it to the total Expenses:



EXPENSE ASSUMPTIONS – 2006 OPERATING BUDGET**Expense Assumptions and Guidelines**

The operating expense budget is based on information provided by MAC departments, utility companies, vendors and historical analysis. The expense budget projections for 2006 are based on the following assumptions and guidelines:

- MAC will continue to maintain all facilities at the standard established with our tenants and traveling public.
- MAC will provide a safe and secure airport.
- No additional FTE's have been included in the 2006 budget. The total FTE's remain at 574.5 as in the 2005 budget.
- 20 additional positions were budgeted in 2005 for a total of 574.5 FTE's. Personnel costs reflect a full year of these employees. Factors influencing the necessity for those positions were:
 - Necessity to meet legal mandates and regulatory requirements
 - Ability to operate a safe and secure airport
 - Increase in facilities
 - Police presence at the Light Rail stations for the Lindbergh Terminal
 - Reduction in overtime
 - Replaced temporary positions in service centers including Carpenters, Plumbers and Relievers
 - Runway 17/35
- Limited travel will be approved as necessary to ensure employees are 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 2005 and 2006 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.

EXPENSE ASSUMPTIONS – 2006 OPERATING BUDGET**Personnel**

Personnel costs will decrease \$359,643 or .60% over the 2005 estimate. A breakdown of the Personnel Budget is shown below with explanations following the table.

Personnel Expenses						2005 Estimate vs 2006 Budget	
	<u>2004 Actual</u>	<u>2004 Budget</u>	<u>2005 Budget</u>	<u>2005 Estimate</u>	<u>2006 Budget</u>	<u>Dollar Change</u>	<u>% Change</u>
Personnel							
Salaries & Wages	33,247,154	32,969,158	34,812,504	35,810,000	37,755,310	1,945,310	5.43%
Benefits	17,161,518	14,795,003	19,155,272	24,167,000	21,862,047	(2,304,953)	-9.54%
Commissioner PerDiem	<u>20,741</u>	<u>27,350</u>	<u>23,000</u>	<u>23,000</u>	<u>23,000</u>		0.00%
Total Personnel	<u>50,429,414</u>	<u>47,791,511</u>	<u>53,990,776</u>	<u>60,000,000</u>	<u>59,640,357</u>	<u>(359,643)</u>	-0.60%

The decrease in total Personnel is attributable to additional funding included in the 2005 estimate for Minneapolis Employees Retirement Fund (MERF) pension expense. This is a result of a greater number of MERF employees retiring in 2005 than anticipated in the budget.

Wages – Regular – Salary/Wage increases in the 2006 budget are \$2,828,612 over the estimate for 2005. Of this increase, steps and wage adjustments are \$1,163,833. MAC initiated a hiring freeze for year-end 2002, 2003 and partial 2004 with 20 positions added in 2005. The 2006 budget includes the following:

- No additional FTE's are included in the 2006 budget
- Wage adjustments for organized and non-contract employees
- Full year of wages for 20 positions budgeted in 2005
- Vacancy factor of 17 positions (estimate for 2005 includes 26 FTE's)
- Other labor contract agreements such as shift differential, equipment premium pay and labor Union 320 longevity pay
- The 2005 estimate for wages is lower than the 2005 budget due to a greater number of vacancies than projected in the 2005 budget

The following table illustrates the 2006 budgeted FTE's:

Full Time Equivalent Position Summary				
	<u>2004 Actual</u>	<u>2005 YTD as of 12/09/05</u>	<u>2005 Budget</u>	<u>2006 Budget</u>
Positions	535.5	557.0	574.5	574.5

Overtime – Regular – This area is decreasing in the 2006 budget by \$856,130 or 35.7% from the 2005 estimates and is explained as follows:

- Police 2005 estimates for Overtime are expected to be \$669,375 over budget. This is related to not only an increase in vacancies but also to an increase in police hours necessary to maintain higher visibility throughout MAC facilities. This will be offset by a grant that is recorded in reimbursed expense in Revenue. For 2006, the budget in the Police service center for regular overtime has been reduced to the same level as the 2005 budget, which is a decrease from the 2005 estimate. The Police Overtime budget for 2006 is based upon normal circumstances.

EXPENSE ASSUMPTIONS – 2006 OPERATING BUDGET

- Overtime for Fire is expected to remain the same as the 2005 estimate. The hiring of firefighters to fully staff this service center, along with not anticipating military leaves in 2006, contributes to keeping this expense at the 2005 estimates. Overtime does include the Federal Labor Standards Act (FLSA) requirement for firefighters who work 24-hour shifts to be compensated in a manner that reflects additional overtime pay.
- Service Centers are managing their 2006 budgets at 2005 budget levels.
- Maintenance - The 2006 budget is expected to increase \$10,962 between budgets due to an adjustment per the bargaining unit agreements and based upon a 5-year winter average. The estimate also included projects that were not included in the 2005 budget such as the de-icing pad joint sealing associated with the MPCA fuel spill stipulation agreement.

Double-Time – Double-Time is decreasing \$267,898 between the 2005 estimate and the 2006 budget to reflect adjustments based upon a 5-year average. Increases per the bargaining unit agreements are included.

Temporary Employees – Temporary employees are increasing \$240,726 or 15.0% over 2005 estimates due to the following:

- Police - Temporary officers are needed to facilitate an immediate response to security checkpoints. Reimbursement from the TSA (Transportation Security Administration) is anticipated to be \$561,078 and is shown in Revenue-Reimbursed Expense. In addition, temporary help is necessary for transcribing reports into the Record Management System (RMS), scanning documents into LaserFiche (storage system using DVDs or CDs and aids in retrieval), and performing Secured Area Access Control System (SAACS) upgrades for badging and badging records audit. The increase in Police Temporary budget for 2006 is \$240,665 over 2005 estimate.
- General Counsel - Legal Intern of \$15,000 will pay for itself through expense savings, as some outside counsel fees during the summer months may be avoided.
- Employee Relations – To provide continuous coverage for General Office front desk and telephones, the temporary budget in Employee Relations has increased by \$20,520 in the 2006 budget. A .5 FTE has been reallocated to fulfill requirements in other areas of Human Resources.
- Maintenance – Temporary employees increased \$46,364 over 2005 estimates to maintain new pavements and improve efficiencies in regional aircraft parking gates. In addition, the Runway 17 De-Ice Pad and the Humphrey Remote De-Ice Pad will be on-line in winter 2005 - 2006.

EXPENSE ASSUMPTIONS – 2006 OPERATING BUDGET

Benefits – Included in benefits are all employee insurance, retirement plans, severance, post retirement, workers compensation and other miscellaneous items. This category will decrease 9.54% or \$2,304,953 from 2005 estimates (primarily as a result of MERF pension as explained below).

Major changes are as follows:

- **Employee Insurance**
The estimate for 2005 is below the 2005 budget amount by \$426,366. This is due to the implementation of cost savings methods including new deductibles for both employees and retirees, more awareness and education for employees about medical costs and a new medical enrollment plan option for employees that has resulted in greater savings. Although the actual expense for 2005 is anticipated to be lower than the 2005 budget, the 2006 budget is projecting an increase over 2005 estimates by \$1,116,530 or 17.4%. This is attributable to the loss experience for the past many years along with underwriting factors that project future costs. The lower than anticipated vacancy rate also contributes to the increase. Continued increases in the Health Care Industry currently average 13%-15% annually.
- **Pensions**
Pensions are expected to decrease in 2006 compared to the 2005 estimates by \$2,983,453 or 25.9%. The 2005 estimate reflects an additional unfunded MERF expense of \$4.5 million due to a greater number of MERF employees retiring in 2005 than anticipated in the budget. The MERF unfunded liability will increase \$872,747 between the 2005 and 2006 budgets as a result of the shortfall in funding (the Commission was notified of this in January 2004). In addition, the employer contribution to Police and Fire PERA have increased from 9.30% in 2005 to 10.50% in 2006 along with other employees increasing 5.53% to 6.0%.
- **Other**
Severance, Workers Compensation, Training, Uniforms and other areas are projected to increase \$438,029 or 7.0% from 2005 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. Other also includes trade union benefits negotiated with contract employees increasing \$214,114 between budgets.

EXPENSE ASSUMPTIONS – 2006 OPERATING BUDGET**Administrative**

Administrative Expenses are decreasing \$46,266 or 3.67%. The changes are occurring in the following general categories:

Supplies – An increase of \$108,000 is included in the 2006 budget for Special Supplies - Badging in the Police service center. This cost is to produce 18,000 badges in 2006, at approximately \$7.00 per badge. Cost of producing badges increased from \$1.00 to \$7.00 each, because of technological changes to the Secured Area Access Control System (SAACS). Increased costs will be passed on to the badge holder. Also, \$6,307 was included in the budget for upgrades associated with engine testing computer software in Maintenance.

Travel - Travel in the 2006 budget represents a \$89,781 decrease or 27.6% from 2005 estimates. Most of the expense is related to registration fees, local meetings and membership dues. In addition, MAC will be hosting the 2006 American Association of Airport Executives (AAAE) large hub winter operations conference; therefore, \$8,000 is included in the 2006 budget. 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.

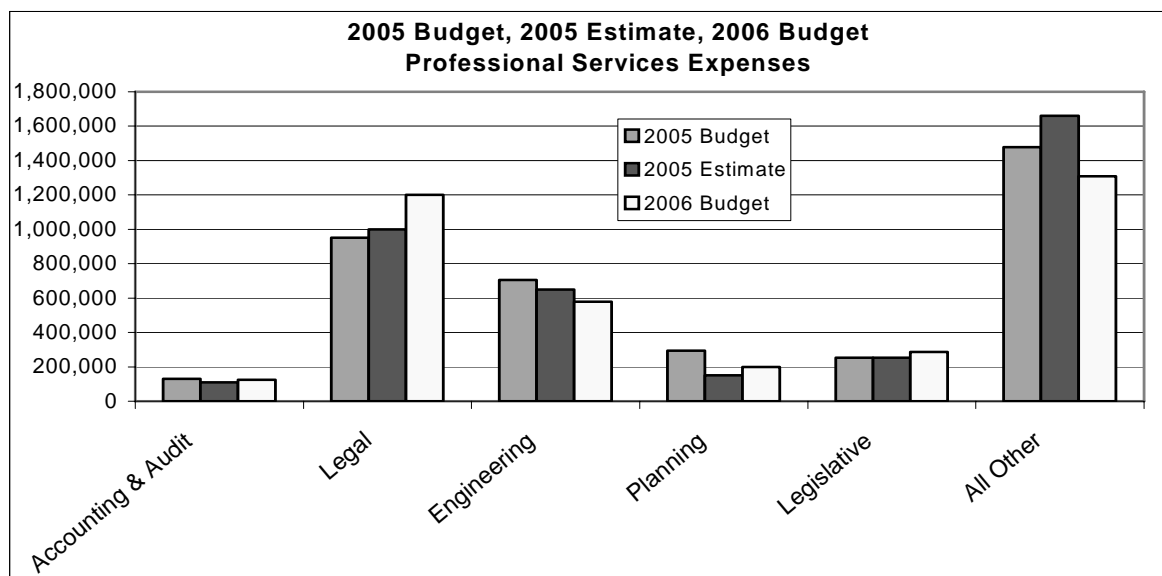
Printing/Freight/Postage - Printing, Freight and Postage costs have decreased \$6,807 or 3.6% from the estimates in 2005. This is due the deferral of publications and service centers implementing budget cuts.

EXPENSE ASSUMPTIONS – 2006 OPERATING BUDGET**Professional Services**

Professional Services have decreased \$125,449 or 3.28%.

The following table indicates the cost associated with the major consulting services for 2006:

Professional Services Summary		<u>2004</u>	<u>2005</u>	<u>2005</u>	<u>2006</u>
<u>Service</u>	<u>Departments</u>	<u>Actual</u>	<u>Budget</u>	<u>Estimate</u>	<u>Budget</u>
Accounting & Audit	Finance/Internal Audit	148,659	130,000	110,000	125,000
Legal	General Counsel	1,142,955	950,619	1,000,000	1,200,000
Engineering	Airport Development/Landside	599,371	705,860	650,000	579,794
	Environment				
Planning	Airport Planning	101,850	294,700	150,000	200,000
Legislative	Labor/Legislative Relations	240,000	254,000	254,000	286,000
All Other		<u>1,512,381</u>	<u>1,478,021</u>	<u>1,661,000</u>	<u>1,308,757</u>
Total		<u>3,745,216</u>	<u>3,813,200</u>	<u>3,825,000</u>	<u>3,699,551</u>



EXPENSE ASSUMPTIONS – 2006 OPERATING BUDGET

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

Accounting & Auditing - Increase in outside audit fees due to additional requirements mandated by new and additional government reporting requirements for 2006 results in the \$15,000 increase.

Legal Fees - Projected to increase \$200,000 from the 2005 estimate as a result of the airline bankruptcy filings.

Engineering - Projected to decrease \$70,206 and is due partially to the Fuel/NPDES or National Pollutant Discharge Elimination System (glycol) Stip penalty payments not being required in 2006. Also, the Baytown responsibilities were agreed to be transferred from MAC to the MPCA (Minnesota Pollution Control Agency).

Planning – An increase of \$50,000 between estimate 2005 and budget 2006 is projected in Planning to more accurately reflect both the cost and number of Reliever Airports for which airport zoning must be implemented.

Legislative - A \$32,000 increase reflects an adjustment of \$6,000 for additional time being spent by two state legislative consultant firms on MAC issues. More controversial MAC issues have developed at the State Legislature and are expected to continue in 2006 which is also the second year of the biennium. State legislative consultants have been held flat for the past five years. Additional expense of \$26,000 is related to the escalation of national legislative consultant firm rates over the past two years. In addition to the adjustment for rate increases, additional consultant time will be required in 2006 when Congress will be considering a FAA Reauthorization Bill.

Other/Miscellaneous - Professional Services have decreased \$352,243 for the following reasons:

- Landside - Computer Consulting and Terminal Services consulting have decreased \$137,349 as a direct result of additional staff hired in 2005.
- Public Information Services line items are decreasing \$320,000 as a result of the completion of the Economic Impact Study in 2005 (\$195,000) and the one-time fees associated with the opening of Runway 17/35 (\$130,000).
- Commercial Management/Airline Affairs increased \$155,000 in the budget for Concessions – Concept/Develop/Feasibility line item. This is for conducting two revenue producing RFP's - Landside concession locations, and for Passenger Services. The Center for Airport Management's (CAM) involvement in evaluating those proposals includes products and services offered at other airports, business histories and performance levels at other airports and at many locations in the private sector.

The Passenger Service RFP will be the first of its kind in the airport and will be seeking (mainly) private sector operators to create new services that are not currently offered in airports. The evaluation of the proposals is made easier by the CAM database and their extensive experience. The evaluation process will occur in the first quarter of 2006. CAM is also involved in the completion of the lease agreements based on performance standards established by staff.

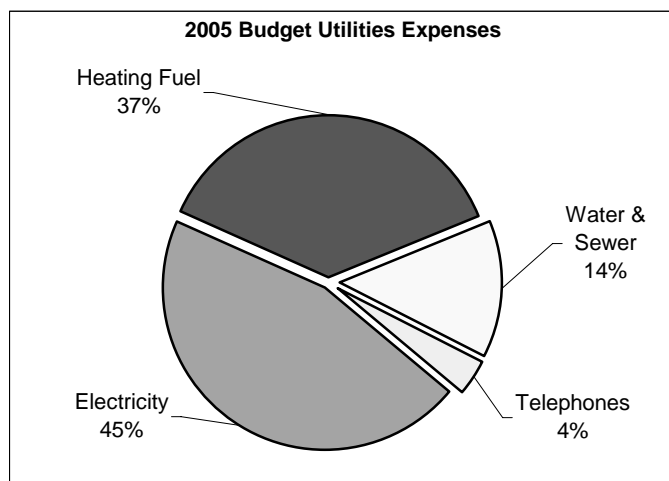
Consultant fees for industry evaluation and contract negotiation strategies associated with the rental auto concession bid total \$50,000. This contract is currently worth approximately \$13million annually to MAC.

- Airside Operations – Other consulting increased by \$20,236 between budgets for weather forecasting/radar services for MSP, the Canada Goose Population Management Program at MSP, USDA (United States Department of Agriculture) Wildlife Services Contract at MSP and training and consulting services for the MSP White-tailed Deer Chemical Immobilization Program. Also, included in the 2006 budget is an increase in the USDA Wildlife technician services due to the 17/35 Runway and the additional airfield surfaces.

EXPENSE ASSUMPTIONS – 2006 OPERATING BUDGET**Utilities**

The following table compares utility costs:

Utilities Expense						2005 Estimate vs 2006 Budget	
	<u>2004 Actual</u>	<u>2004 Budget</u>	<u>2005 Budget</u>	<u>2005 Estimate</u>	<u>2006 Budget</u>	<u>Dollar Change</u>	<u>% Change</u>
Utilities							
Electricity	6,690,771	5,500,000	5,958,399	6,800,000	7,169,875	369,875	5.44
Heating Fuel	3,217,743	3,690,000	4,861,922	4,946,000	5,866,055	920,055	18.60
Water & Sewer	2,363,057	2,124,999	2,339,210	2,100,000	2,161,172	61,172	2.91
Telephones	412,334	432,049	439,559	454,000	553,975	99,975	22.02
Total Utilities	<u>12,683,905</u>	<u>11,747,048</u>	<u>13,599,090</u>	<u>14,300,000</u>	<u>15,751,077</u>	<u>1,451,077</u>	<u>10.15</u>



Total Utilities are budgeted to increase \$1,451,077 or 10.15% over 2005 estimates and are explained as follows:

Electricity – The anticipated increase in electricity of \$369,875 or 5.44% is based upon additional facilities open for a full year (Runway 17/35 and North Terminal addition) and a rate increase. The budget is based upon the forecast provided by the utility company and an outside consultant. MAC continues to pursue alternative energy saving options.

Heating Fuel – The projected budget increase is \$920,055 or 18.6% for natural gas and jet fuel. The increase can be attributed to projected rate increases. 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, inventory shortages and demand. Based on the uncertainty and constant fluctuations in the natural gas market, MAC has not yet been able to lock in winter pricing. As a result, this area could be increased significantly.

Water/Sewer – A projected increase of \$61,172 or 2.91% for sewer and water is included in the 2006 budget. The increase is based upon an agreement with the City of Minneapolis, rate increases and additional consumption.

Telephone/Cell Phones/Internet Service – An increase of \$99,975 or 22.0% is a combination of telephone and cell phones due to contract increases and new facilities.

EXPENSE ASSUMPTIONS – 2006 OPERATING BUDGET**Operating Services**

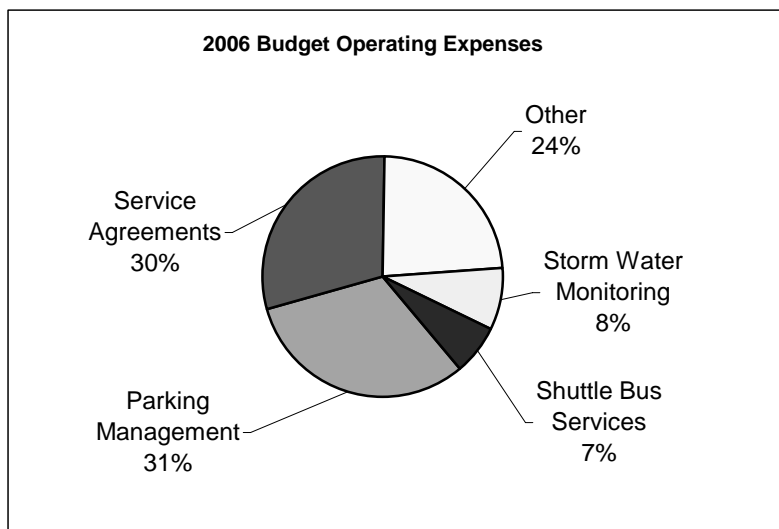
Operating Service expenses are increasing \$2,375,369 or 17.34% over 2005 estimates. The significant changes for 2006 are in Parking Management, Shuttle Bus, Service Agreements, and Other. The following chart lists the major components in this category.

Operating Services/Expenses

**2005 Estimate
vs
2006 Budget**

	<u>2004 Actual</u>	<u>2004 Budget</u>	<u>2005* Budget</u>	<u>2005 Estimate</u>	<u>2006 Budget</u>	<u>Dollar Change</u>	<u>% Change</u>
Operating Services/Expenses							
Parking Management	5,884,429	5,613,033	5,352,000	5,000,000	5,079,600	79,600	1.59%
Shuttle Bus Services	1,896,776	1,824,635	1,094,781	1,095,000	1,052,000	(43,000)	-3.93%
Service Agreements	1,428,590	1,752,526	3,382,902	3,500,000	4,794,913	1,294,913	37.00%
Storm Water Monitoring	1,333,327	1,312,318	1,342,592	1,200,000	1,342,592	142,592	11.88%
Other	<u>2,850,593</u>	<u>1,806,493</u>	<u>2,520,431</u>	<u>2,905,000</u>	<u>3,806,264</u>	<u>901,264</u>	<u>31.02%</u>
Total Operating Services/Expenses	<u>13,393,715</u>	<u>12,309,006</u>	<u>13,692,706</u>	<u>13,700,000</u>	<u>16,075,369</u>	<u>2,375,369</u>	<u>17.34%</u>

*Commission approved \$203,100 for Information Services



Parking Management – The increase of 1.59% or \$79,600 can be attributed to the parking management contract. This increase is minimal due to the new parking payment methods that have reduced labor costs associated with patrons exiting the facilities.

Shuttle Bus – This area is decreasing \$43,000 or 3.93% 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 only. Landside administers the Joint Powers Agreement to service the Lindbergh and Humphrey Terminals. Metro Transit provides LRT service, bus drivers, supervision, scheduling, bus maintenance, fueling, insurance, and other necessary aspects of the shuttle service.

EXPENSE ASSUMPTIONS – 2006 OPERATING BUDGET

Service Agreements - Service Agreements have increased by \$1,296,913 primarily as a result of the loading dock budgeting a full year of loading dock management services verses 5 months in 2005.

Storm Water Monitoring – This area is budgeted based on the historical average. This results in an increase of \$142,592 or 11.88% over the 2005 estimate.

Other – The budget includes an increase of 901,264 or 31.02% due to a combination of the following:

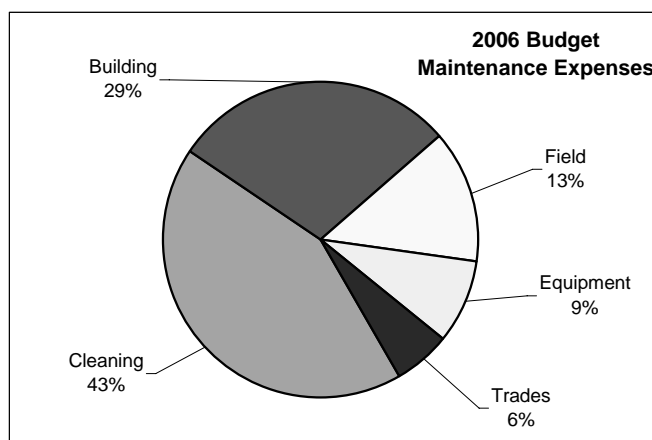
- Security Services - Checkpoint - The 2006 budget includes \$1.2 million for additional security that will become MAC's responsibility as the TSA will no longer provide the staffing.
- Concession marketing - advertising and promotion of terminal concessions and services This was a new 2005 budget line item as directed by the Commission. In the past, this expense was identified and offset by a separate revenue amount. The Concession marketing expense increased \$333,100 from budget 2005 to 2006 budget.
- A decrease in Other Programs of \$130,000 due to a one-time mid-year adjustment in the 2005 budget for the new runway opening event.
- A decrease in Landside of \$262,242 for Miscellaneous charges related to direct payment to the training site by taxis rather than MAC paying the site and collecting the fees.
- Reducing the hours of operation for the valet garage results in a decrease of \$52,000 in security services.

EXPENSE ASSUMPTIONS – 2006 OPERATING BUDGET**Maintenance**

This category has five components: Trades (Painters, Carpenters, Electricians, and Plumbers), Field (Snow Removal, Surface Repair, and Landscaping) Building (Carrousel/Conveyors, Elevators/Escalators, Moving Walks, and Automated People Mover), Equipment (Parts, Shop Supplies, and Gas), and Cleaning (Janitorial, Windows, Cleaning Supplies, and Rubbish removal). Total maintenance will increase 7.49% or \$1,344,127 over 2005 estimates.

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

Maintenance Expense						2005 Estimate vs 2006 Budget	
	2004 Actual	2004 Budget	2005 Budget	2005 Estimate	2006 Budget	Dollar Change	% Change
Maintenance							
Trades	1,170,473	1,167,665	1,325,182	1,225,000	1,100,342	(124,658)	-10.18%
Field	2,140,078	2,684,829	2,312,211	2,100,000	2,586,495	486,495	23.17%
Building	4,855,957	5,559,653	5,705,141	5,425,000	5,678,891	253,891	4.68%
Equipment	1,715,438	1,452,051	1,529,453	1,700,000	1,700,643	643	0.04%
Cleaning	7,367,316	6,617,890	7,112,310	7,500,000	8,227,756	727,756	9.70%
Total Maintenance	17,249,261	17,482,088	17,984,297	17,950,000	19,294,127	1,344,127	7.49%



Trades – The decrease in Trades of 10.18% or \$124,658 is related to fully stocked supply inventories.

Field – Snow Removal accounts for all of the increase of \$486,495 or 23.17% over the 2005 estimate. The winter of 2004-2005 was lighter than originally budgeted for; therefore the estimate was lower than anticipated. The 2006 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, Southwest cargo, the Mesaba/Sun Country/Champion apron and the west cargo apron.

Building – This area is forecasted to increase 4.68% or \$253,891, all related to contracted Mechanical areas, primarily the Automated People Mover, Moving Walks and Escalator expenses.

Cleaning – Cleaning is projected to increase \$727,756. This includes contractual increases to the cleaning estimates for the new Fire Station, extra cleaning at Lindbergh Terminal and cleaning costs for the LRT (Lindbergh) Station.

Equipment – This area is budgeted to increase \$643 or .04%. The estimate for 2005 includes the higher prices associated with Equipment gas. This is partially offset by a reduction in Equipment Parts.

EXPENSE ASSUMPTIONS – 2006 OPERATING BUDGET**Other**

The Other expense category is projected to decrease 7.28% or \$265,677. This category includes General Insurance, Minor Assets (those costing less than \$5,000) and miscellaneous items.

Other Expense						2005 Estimate vs 2006 Budget	
	<u>2004 Actual</u>	<u>2004 Budget</u>	<u>2005* Budget</u>	<u>2005 Estimate</u>	<u>2006 Budget</u>	<u>Dollar Change</u>	<u>% Change</u>
Other							
General Insurance	2,309,756	2,911,569	2,920,387	2,600,000	2,493,106	(106,894)	-4.11%
Minor Equipment	211,041	208,327	289,884	300,000	383,365	83,365	27.79%
Other	<u>684,806</u>	<u>452,341</u>	<u>476,654</u>	<u>750,000</u>	<u>507,852</u>	<u>(242,148)</u>	<u>-32.29%</u>
Total Other	<u>3,205,603</u>	<u>3,572,237</u>	<u>3,686,925</u>	<u>3,650,000</u>	<u>3,384,323</u>	<u>(265,677)</u>	<u>-7.28%</u>

General Insurance – The insurance market is based upon factors worldwide: losses under the deductible, litigation costs, history of costs and inflation. In addition, replacement cost values, added property, and business interruptions are calculated in the premium. As a result of these factors, General Insurance is projected to decrease in 2006 by approximately \$106,894 or 4.11% primarily due to a reduction in liability claims. The estimate for 2005 reflects expenses lower than budget due to liability insurance claims being less than anticipated.

Minor Equipment – Minor equipment (items under \$5,000) has increased 27.79% or \$83,365. The majority of this increase is for Radios (\$46,495) related to the new 800 MHz radio equipment and the replacing of computers throughout the MAC that have become obsolete (\$78,631). Minor Assets – tools have decreased \$3,362 and Minor Assets - Other have decreased \$11,750 in the 2006 budget from the 2005 estimate due to one time purchases and the replenishing of inventory.

Other – Other expenses have decreased \$242,148 due to various other expense line items being managed by service centers and one time only expenses in 2005 estimates (such as the reimbursement for the closing of private wells at various Reliever Airports). In addition, safety and medical supplies were purchased in 2005 to restock inventory.

EXPENSE ASSUMPTIONS – 2006 OPERATING BUDGET**Gross Depreciation**

Gross Depreciation is projected to increase \$22,288,237 or 23.30% from the 2005 estimates. The increase is the result of the completion of several projects including a significant portion related to the North Terminal and Runway 17/35. 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 2005 but not yet purchased or constructed. (These items are reviewed and a status determined, i.e. to extend the completion date or place on hold).
3. The Preliminary Capital Improvement Plan

The following table identifies the major projects to be closed in 2005 and 2006:

<u>MAJOR PROJECTS SCHEDULED FOR CLOSING 2005/2006</u>	<u>GROSS DEPRECIATION</u>
17/35 Runway	\$ 20,298,502
North Terminal Expansion	1,108,097
Fire Station No. 1 (ARFF)	201,389

LINE ITEMS BY SUBLEDGER - 2006 OPERATING BUDGET
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	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	33,228,612	679,693	-	1,016,845	-	-	-	1,035,789	-
Overtime/Doubletime									
Doubletime - Regular	1,142,102	-	-	31,254	-	-	-	-	-
Overtime - Regular	1,543,870	9,163	-	44,571	-	-	-	30,516	-
Total Overtime/Doubletime	2,685,972	9,163	-	75,825	-	-	-	30,516	-
Commissioner PerDiem	23,000	-	-	-	-	-	-	-	-
Temps - Agency	102,187	71,760	-	-	-	-	-	28,427	-
Temps - Non Agency	1,738,539	22,000	-	-	-	-	-	85,268	-
Total Wages	37,778,310	782,616	-	1,092,671	-	-	-	1,180,000	-
Benefits									
Employee Insurance									
Employee Insurance Dental	380,950	8,495	-	11,762	-	-	-	15,029	-
Emphy Insurance Disability	136,853	3,052	-	4,225	-	-	-	5,399	-
Employee Insurance Family	6,880,107	153,416	-	212,422	-	-	-	271,428	-
Employee Insurance Life	118,620	2,457	-	3,693	-	-	-	3,762	-
Total Employee Insurance	7,516,530	167,419	-	232,102	-	-	-	295,617	-
Pension									
Fica (Social Security)Base	1,687,205	42,480	-	65,649	-	-	-	67,735	-
Fica(Social Security)Medic	518,139	9,902	-	15,370	-	-	-	15,957	-
Mpls Emphy Retirement Fund	203,015	-	-	-	-	-	-	-	-
Public Emphy - Police/Fire	906,523	-	-	-	-	-	-	-	-
Public Emphy - Coordinated	1,575,519	41,151	-	65,560	-	-	-	63,978	-
Merf Unfunded Liability	3,626,146	-	-	-	-	-	-	-	-
Total Pension	8,516,546	93,533	-	146,579	-	-	-	147,671	-
Training									
Management Requirement	72,414	-	-	-	-	-	-	-	-
Organizational Requirement	4,950	-	-	-	-	-	-	-	-
Regulatory Requirements	65,259	1,000	-	-	-	-	-	-	-
Local Seminars	73,983	-	-	-	-	-	-	-	-
Total Training	216,606	1,000	-	-	-	-	-	-	-
Post Retirement Benefits	3,939,405	23,340	-	75,861	-	-	-	105,039	-
Workers Compensation	521,714	12,469	-	15,182	-	-	-	25,878	-
Post Emphy Health Plan	153,085	4,053	-	1,163	-	-	-	6,563	-
Unemployment Tax	44,100	-	-	-	-	-	-	-	-
Uniforms									
Uniforms-Police/Fire Allow	156,600	-	-	-	-	-	-	-	-
Uniforms-Rental	75,181	1,000	-	2,600	-	-	-	5,834	-
Uniforms - Safety Shoes	26,988	300	-	2,100	-	-	-	-	-
Total Uniforms	258,769	1,300	-	4,700	-	-	-	5,834	-
Severance									
Contract Allowance	57,750	2,063	-	-	-	-	-	-	-
Regular Severance	226,800	3,867	-	3,452	-	-	-	2,622	-
Total Severance	284,550	5,930	-	3,452	-	-	-	2,622	-
Paid Absence	11,917	-	-	-	-	-	-	4,709	-
Trade Union Benefits	398,825	-	-	-	-	-	-	-	-
Total Benefits	21,862,047	309,044	-	479,039	-	-	-	593,933	-
<u>Total Personnel</u>	59,640,357	1,091,660	-	1,571,710	-	-	-	1,773,933	-

LINE ITEMS BY SUBLEDGER - 2006 OPERATING BUDGET
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	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	152,544	7,250	-	1,200	-	4,200	-	9,307	-
Computer Supplies									
Computer Supplies-General	34,420	110	-	500	-	-	-	-	-
Computer Supplies-Software	96,607	-	-	-	-	-	-	-	550
Total Computer Supplies	131,027	110	-	500	-	-	-	-	550
Special Supplies									
Special Supplies-Badging	126,000	-	-	-	-	-	-	-	-
Special Supply-Film/Photo	25,304	-	-	-	-	115	-	-	-
Special Supplies-Other	41,395	-	-	1,186	-	960	-	1,500	-
Total Special Supplies	192,699	-	-	1,186	-	1,075	-	1,500	-
Total Supplies	476,270	7,360	-	2,886	-	5,275	-	10,807	550
Travel									
Travel - Lodging	40,139	500	-	-	-	3,910	-	6	-
Travel - Meals	8,522	200	-	-	-	176	-	-	-
Travel - Miscellaneous	1,236	-	-	-	-	-	-	-	-
Travel - Transportation									
Travel - Transport/Airfare	64,545	-	-	-	-	1,892	-	3,492	-
Travel - Shuttle/Taxi/Auto	2,498	-	-	-	-	-	-	-	-
Total Travel - Transportation	67,043	-	-	-	-	1,892	-	3,492	-
Registration Fees	46,185	500	-	-	-	3,050	-	-	-
Mileage	42,894	750	-	250	-	-	-	3,227	-
Total Travel	206,019	1,950	-	250	-	9,028	-	6,725	-
Other Administrative Expense									
Local Meetings									
Local Mtgs - On Airport/GO	4,574	500	-	-	-	200	-	407	-
Local Mtgs - Off Airport	24,626	500	-	-	-	-	-	1,200	-
Total Local Meetings	29,200	1,000	-	-	-	200	-	1,607	-
Information Sources									
Memberships/Dues/Pro Assoc	201,918	250	-	-	-	450	-	2,360	-
Other Information Sources	90,000	82	-	-	-	26	-	-	-
Publications/Subscriptions	29,134	100	-	-	-	500	-	-	-
Total Information Sources	321,052	432	-	-	-	976	-	2,360	-
Printing Costs									
Printing-Publications	62,438	-	-	-	-	-	-	-	-
Printing - Color Charts	918	-	-	-	-	-	-	-	-
Printing - Forms	20,010	-	-	-	-	-	-	13,997	-
Printing-In House Color	63	-	-	-	-	-	-	-	-
Printing-Stationary/Envel	16,571	-	-	-	-	3,675	-	-	-
Total Printing Costs	100,000	-	-	-	-	3,675	-	13,997	-
Delivery Services	22,583	100	-	50	-	300	-	-	-
Freight Charges	3,950	100	-	50	-	-	-	-	-
Postage	54,660	-	-	-	-	-	-	6,500	-
Total Other Administrative Expense	531,445	1,632	-	100	-	5,151	-	24,464	-
Total Administrative Expenses	1,213,734	10,942	-	3,236	-	19,454	-	41,996	550

LINE ITEMS BY SUBLEDGER - 2006 OPERATING BUDGET
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	Total	Lindbergh Terminal	Lindbergh Int'l Facility	Energy Management Center	Ramp Fees	Field & Runways	Control Tower	Terminal Roads/ Landside	Parking Facilities
Professional Services									
Accounting/Audit Fees	125,000	-	-	-	-	-	-	-	-
Affirmative Action Fees	4,000	-	-	-	-	-	-	-	-
Concept Develop/Feasible	155,000	-	-	-	-	-	-	-	-
Computer Services									
General									
ANOMS Consulting	45,000	-	-	-	-	-	-	-	-
Software Consulting	2,500	-	-	-	-	-	-	-	-
Total General	47,500	-	-	-	-	-	-	-	-
Terminal Services	9,000	-	-	-	-	-	-	-	9,000
Total Computer Services	56,500	-	-	-	-	-	-	-	9,000
Engineering Fees	579,794	72,500	-	40,000	-	199,294	-	11,000	-
Graphic Design	25,000	-	-	-	-	-	-	-	-
Labor Relations	15,000	-	-	-	-	-	-	-	-
Legal Fees									
Legal - Environmental	265,000	-	-	-	-	-	-	-	-
Legal - General	860,000	-	-	-	-	-	-	-	-
Legal - Federal	50,000	-	-	-	-	-	-	-	-
Legal - Relievers	25,000	-	-	-	-	-	-	-	-
Total Legal Fees	1,200,000	-	-	-	-	-	-	-	-
Legislative									
Legislative - Local	88,000	-	-	-	-	-	-	-	-
Legislative - National	198,000	-	-	-	-	-	-	-	-
Total Legislative	286,000	-	-	-	-	-	-	-	-
Medical Fees	59,200	-	-	-	-	-	-	-	-
Planning	200,000	-	-	-	-	200,000	-	-	-
Pollution/Environmental Fees	7,000	-	-	-	-	3,000	-	-	-
Public Information Services	99,000	-	-	-	-	-	-	-	-
Public Information Services	2,000	-	-	-	-	-	-	-	-
Recruiting _Employment Fees	7,500	-	-	-	-	-	-	-	-
Safety Consultants									
Safety - Training	8,393	203	-	203	-	-	-	-	-
Safety - General	1,000	-	-	-	-	-	-	-	-
Total Safety Consultants	9,393	203	-	203	-	-	-	-	-
Communications Consultant	52,500	-	-	-	-	-	-	-	-
Other/Miscellaneous	811,664	92,000	-	-	-	7,000	-	15,000	-
Survey Expense	5,000	5,000	-	-	-	-	-	-	-
Total Professional Services	3,699,551	169,703	-	40,203	-	409,294	-	26,000	9,000
Utilities									
Electricity	7,169,875	4,520,630	-	-	-	608,758	-	406,326	-
Heating Fuel									
Heating - Natural Gas	5,716,055	238,701	-	3,766,372	-	1,077	77,268	93,763	8,055
Heating - Fuel Oil	150,000	27,092	-	90,300	-	-	-	-	30,000
Total Heating Fuel	5,866,055	265,793	-	3,856,672	-	1,077	77,268	93,763	38,055
Sewer	968,250	404,282	-	57,741	-	-	170	2,848	4,642
Water	1,192,922	299,724	-	25,920	-	361	794	7,218	9,958
Telephone									
Telephone - Regular	425,000	5,665	-	-	-	850	-	25	-
Telephone - Internet Service	23,800	-	-	-	-	-	-	-	-
Telephone - Cellular	105,175	4,920	-	2,652	-	10,800	-	4,003	-
Total Telephone	553,975	10,585	-	2,652	-	11,650	-	4,028	-
Total Utilities	15,751,077	5,501,014	-	3,942,985	-	621,846	78,232	514,183	52,655

LINE ITEMS BY SUBLEDGER - 2006 OPERATING BUDGET
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	Total	Lindbergh Terminal	Lindbergh Int'l Facility	Energy Management Center	Ramp Fees	Field & Runways	Control Tower	Terminal Roads/ Landside	Parking Facilities
Operating Services/Expenses									
Advertising									
Advertising - Employment	35,000	-	-	-	-	-	-	-	-
Advertising - General	59,360	-	-	-	-	-	-	-	-
Advertising - Parking	250,821	-	-	-	-	-	-	-	250,821
Advertising - Relievers	1,000	-	-	-	-	-	-	-	-
Total Advertising	346,181	-	-	-	-	-	-	-	250,821
Environmental Control									
Hazardous Waste	8,200	1,200	-	-	-	-	-	-	-
Pollution Control									
Pollution Ctrl-Booms	15,000	-	-	-	-	-	-	-	-
Pollution Ctrl-Corn Cobs	4,000	-	-	-	-	-	-	-	-
Pollution Ctrl-Supplies	2,500	-	-	-	-	-	-	-	-
Total Pollution Control	21,500	-	-	-	-	-	-	-	-
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	193,200	1,200	-	500	-	15,000	-	-	-
Grd Transportation Services									
AV ID Readers/Controllers	5,000	-	-	-	-	-	-	5,000	-
AV ID Tags	40,672	-	-	-	-	-	-	40,672	-
Total Grd Transportation Services	45,672	-	-	-	-	-	-	45,672	-
Shuttle Services	1,052,000	420,800	-	-	-	-	-	420,800	-
Parking Lots	5,079,600	-	-	-	-	-	-	-	5,079,600
Met Council Fees	180,000	-	-	-	-	180,000	-	-	-
Employee Programs									
Retirement	2,521	-	-	-	-	-	-	-	-
Wellness									
Wellness - Fitness Program	49,954	-	-	-	-	-	-	-	-
Wellness-Health/Wellness	6,000	-	-	-	-	-	-	-	-
Wellness-Other Programs	8,000	-	-	-	-	-	-	-	-
Total Wellness	63,954	-	-	-	-	-	-	-	-
Total Employee Programs	66,475	-	-	-	-	-	-	-	-
Events									
Conference Center	25,000	-	-	-	-	-	-	-	-
Career Days	1,000	-	-	-	-	-	-	-	-
Emergency Response Exercise	12,382	-	-	-	-	5,482	-	-	-
Other Programs/Events	10,000	-	-	-	-	-	-	-	-
Call Back Service	7,550	-	-	-	-	7,550	-	-	-
Total Events	55,932	-	-	-	-	13,032	-	-	-
Other Charges/Fees									
Bank Charges	240,962	-	-	-	-	-	-	-	70,962
IATA Contract Expense	35,000	-	-	-	-	-	-	-	-
Security Services Regular	575,580	-	-	-	-	21,500	-	-	-
Security Services Check Pt	1,200,000	-	-	-	-	1,200,000	-	-	-
Concessions Marketing	600,000	-	-	-	-	-	-	-	-
Recycling - Sand	40,000	-	-	-	-	40,000	-	-	-
Copy Agreement	142,000	-	-	-	-	-	-	-	-
Mediation Fees	7,000	-	-	-	-	-	-	-	-
Miscellaneous Charges/Fees	70,762	-	-	-	-	3,170	-	1,200	420
Jail Fees	7,500	-	-	-	-	-	-	-	-
Total Other Charges/Fees	2,918,804	-	-	-	-	1,264,670	-	1,200	71,382
Service Agreements									
Service - Bldg Inspection	15,000	15,000	-	-	-	-	-	-	-
Service - Facilities C.M.M.I.S	35,000	35,000	-	-	-	-	-	-	-
Service-Computers	502,764	88,000	-	-	-	-	-	-	3,500
Service-Fitness Equipment	1,000	-	-	-	-	-	-	-	-
Service-Grd Trans Equip	108,305	-	-	-	-	-	-	108,305	-
Service-Loading Dock	2,519,202	2,449,202	-	-	-	-	-	-	-
Service-Office Equipment	23,605	608	-	-	-	500	-	-	-
Service-Other Equipment	661,637	33,800	3,000	-	-	650	-	-	-
Service-Parking Equipment	482,360	-	-	-	-	-	-	-	482,360
Service-Telephone Systems	65,332	-	-	-	-	-	-	-	-
Service-Secured Access	158,518	-	-	-	-	158,518	-	-	-
Service-Radios	222,190	-	-	-	-	63,056	-	-	-
GISW Management	1,342,592	-	-	-	-	1,342,592	-	-	-
Total Service Agreements	6,137,505	2,621,610	3,000	-	-	1,565,316	-	108,305	485,860
Total Operating Services/Expenses	16,075,369	3,043,610	3,000	500	-	3,038,018	-	575,977	5,887,663

LINE ITEMS BY SUBLEDGER - 2006 OPERATING BUDGET
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	Total	Lindbergh Terminal	Lindbergh Int'l Facility	Energy Management Center	Ramp Fees	Field & Runways	Control Tower	Terminal Roads/ Landside	Parking Facilities
Maintenance									
Trades - Painters									
Paint									
Equipment - Paint	4,000	1,000	-	-	-	-	-	-	-
Exterior - Paint	10,050	2,000	-	-	-	-	-	-	-
Interior - Paint	13,000	6,000	-	-	-	-	-	-	-
Paint - Other	1,650	-	-	-	-	-	-	-	-
Traffic Paint - Parking	17,180	-	-	-	-	-	-	-	17,180
Reliever Airport - Paint	6,060	-	-	-	-	-	-	-	-
Traffic Paint - Roads	10,570	-	-	-	-	-	-	-	-
Traffic Paint - Runways	50,400	-	-	-	-	50,400	-	-	-
Total Paint	112,910	9,000	-	-	-	50,400	-	-	17,180
Signs									
Other Sign Material/Etc	5,000	-	-	-	-	-	-	-	-
Regulatory - Signs	3,000	-	-	-	-	-	-	-	-
Exterior Sign Materials	6,000	-	-	-	-	-	-	-	-
Interior Sign Materials	4,600	3,600	-	-	-	-	-	-	-
Reliever Airport Signs	7,000	-	-	-	-	-	-	-	-
Total Signs	25,600	3,600	-	-	-	-	-	-	-
Supplies									
Brushes ,Supplies	1,000	-	-	-	-	-	-	-	-
Paint Supplies - Other	2,500	750	-	750	-	-	-	-	-
Solvents	2,000	-	-	-	-	-	-	-	-
Equipment Spray	6,000	-	-	-	-	-	-	-	-
Paint Tools	5,000	-	-	-	-	-	-	-	-
Total Supplies	16,500	750	-	750	-	-	-	-	-
Total Trades - Painters	155,010	13,350	-	750	-	50,400	-	-	17,180
Trades - Carpenters									
Locks									
Locks - Doors	70,443	44,900	-	-	-	-	-	-	-
Locks - Door Tags/ID	1,200	1,200	-	-	-	-	-	-	-
Total Locks	71,643	46,100	-	-	-	-	-	-	-
Flags									
Flags	1,026	-	-	-	-	-	-	-	-
Lumber									
Lumber-Cabinets	33,000	33,000	-	-	-	-	-	-	-
Lumber-Other	1,500	-	-	-	-	-	-	-	-
Total Lumber	34,500	33,000	-	-	-	-	-	-	-
Other									
Other - Ceilings	8,650	6,650	-	-	-	-	-	-	-
Other - Doors	11,300	10,800	-	-	-	-	-	-	-
Other - Floor Coverings	55,300	55,300	-	-	-	-	-	-	-
Other - Hardware	14,270	4,110	-	-	-	-	-	-	-
Other - Miscellaneous	250	250	-	-	-	-	-	-	-
Other - Auto Door Supplis RPL	34,221	34,221	-	-	-	-	-	-	-
Other - Saw Blades	305	305	-	-	-	-	-	-	-
Other - Screws/Bolts	4,220	-	-	-	-	-	-	-	-
Other - Seating Replacement	30,800	30,000	-	-	-	-	-	-	-
Other - Tools	8,688	6,688	-	-	-	-	-	-	-
Other - Tug Drive Floor Maint.	12,000	12,000	-	-	-	-	-	-	-
Other - Wall Protection	3,000	-	-	-	-	-	-	-	-
Total Other	183,004	160,324	-	-	-	-	-	-	-
Total Trades - Carpenters	290,173	239,424	-	-	-	-	-	-	-

LINE ITEMS BY SUBLEDGER - 2006 OPERATING BUDGET
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	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	51,132	19,250	-	1,246	-	-	-	-	-
General Plumbing Supplies	43,147	18,540	-	-	-	-	-	-	-
Irrigation Supplies	10,539	875	-	-	-	-	-	3,180	-
Pumps	7,380	5,000	-	880	-	-	-	-	-
Underground Utilities	5,200	5,200	-	-	-	-	-	-	-
Water Distribution Systems	2,900	2,900	-	-	-	-	-	-	-
Water Meters	8,150	-	-	-	-	4,150	-	-	-
Plumbing - Other	13,959	-	-	-	-	-	-	-	-
Total Trades - Plumbers	146,407	51,765	-	2,126	-	4,150	-	3,180	-
Trades - Electricians									
Repairs									
Electrical _ Exterior	31,900	-	-	-	-	-	-	-	-
Generator Maint. Contract	45,000	32,250	-	-	-	-	-	-	-
Electrical - Interior	4,000	-	-	-	-	-	-	-	-
Total Repairs	80,900	32,250	-	-	-	-	-	-	-
Other									
Other - Batteries	1,242	100	-	200	-	50	-	-	-
Other-Field Lights/Sensors	178,000	-	-	-	-	178,000	-	-	-
Other - Gate Supplies	30,000	-	-	-	-	15,000	-	-	-
Other - General Supplies	197,490	45,000	78	1,500	15,000	-	-	150	80,000
Other - Miscellaneous	1,000	-	-	-	-	-	-	-	-
Other - Motor	7,095	5,000	-	-	-	-	-	-	500
Other - Secured Access Sys	5,000	-	-	-	-	5,000	-	-	-
Other - Tools	8,025	-	-	-	-	-	-	-	-
Total Other	427,852	50,100	78	1,700	15,000	198,050	-	150	80,500
Total Trades - Electricians	508,752	82,350	78	1,700	15,000	198,050	-	150	80,500

LINE ITEMS BY SUBLEDGER - 2006 OPERATING BUDGET
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	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 - Sodium Acetate	88,000	-	-	-	-	88,000	-	-	-
Materials-Liquid Anti Icer	675,000	-	-	-	55,000	620,000	-	-	-
Materials-Other Ice Ctrl	10,000	-	-	-	-	7,300	-	-	2,000
Materials - Salt	81,000	-	-	-	-	-	-	20,000	-
Materials - Sand	134,400	-	-	-	-	100,000	-	10,000	10,000
Materials - Urea	5,396	-	-	-	-	-	-	-	-
Total Snow Removal - Materials	993,796	-	-	-	55,000	815,300	-	30,000	12,000
Snow Removal - Equipment									
Equipment - Contract	482,000	-	-	-	-	-	-	-	482,000
Equipment - Snow Haulers	15,000	-	-	-	-	15,000	-	-	-
Equipment - Other	87,000	-	-	-	-	38,000	-	-	-
Equip Rent-No Operator-5.5	74,000	-	-	-	69,000	-	-	-	-
Equipment-Rent-No Operator	10,000	-	-	-	-	-	-	-	-
Total Snow Removal - Equipment	668,000	-	-	-	69,000	53,000	-	-	482,000
Snow Removal - Miscellan									
Snow Removal - Meals	28,969	-	-	-	-	28,500	-	-	-
Snow Removal - Plow Blades	102,250	-	-	-	33,875	33,875	-	11,500	11,500
Snow Removal - Runway Brm	268,000	-	-	-	-	268,000	-	-	-
Snow Melters	110,430	-	-	-	17,510	13,360	-	-	73,130
Total Snow Removal - Miscellan	509,649	-	-	-	51,385	343,735	-	11,500	84,630
Summer Maintenance-Surface									
Surface Repair-Aggregate	7,130	-	-	-	-	-	-	-	1,800
Surface Repair-Asphalt	38,890	-	-	-	5,000	10,000	-	700	200
Surface Repair-Cement	7,650	-	-	-	2,500	2,500	-	-	250
Surface Repair-Other	2,500	-	-	-	-	2,500	-	-	-
Surface Rubber Removal	66,000	-	-	-	-	56,000	-	-	-
Surface Repair-Saw Blades	500	-	-	-	250	250	-	-	-
Surface Repair-Hot Sealant	15,000	-	-	-	-	5,000	-	10,000	-
Total Summer Maintenance-Surfac	137,670	-	-	-	7,750	76,250	-	10,700	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	39,650	-	-	-	4,000	-	-	35,250	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	12,450	-	-	-	2,000	2,500	250	-	200
Field Maint-Other-Tools	11,000	-	-	-	-	2,750	-	500	1,750
Total Maintenance Field-Other	116,850	10,750	-	-	6,150	16,850	10,250	35,900	3,350
Total Maintenance - Field	2,586,495	10,750	-	-	189,285	1,362,435	10,250	113,900	600,480
Maintenance Building									
Building-Temp Control									
Temp Control-Contracts	815,964	504,864	-	86,232	-	1,000	-	30,110	86,541
Temp Control-Filters	148,055	94,500	-	892	-	-	280	-	-
Total Building-Temp Control	964,019	599,364	-	87,124	-	1,000	280	30,110	86,541
Building-Mechanical Areas									
Mechanical Areas-APM	2,497,992	1,710,432	-	-	-	-	-	630,048	157,512
Mechanical Areas-Conveyors	320,272	180,272	35,000	-	-	-	-	-	-
Mechanical Areas-Doors	5,100	-	-	-	-	-	-	-	-
Mechanical Areas-Doors/Pub	47,000	43,000	-	-	-	-	-	-	-
Mechanical Areas-Doors/Tug	30,000	30,000	-	-	-	-	-	-	-
Mechanical Areas-Elevators	340,642	318,860	-	-	-	-	-	-	-
Mechanical Areas-Escalator	469,900	446,405	-	-	-	-	-	-	-
Mechanical-Moving Walks	537,028	537,028	-	-	-	-	-	-	-
Mechanical Areas-Other	4,500	-	-	-	-	-	-	-	-
Total Building-Mechanical Areas	4,252,434	3,265,997	35,000	-	-	-	-	630,048	157,512
Building-Other									
Other-Boiler Chemicals	85,500	6,000	-	64,500	-	-	-	-	-
Other-Floors/Repairs	6,878	4,300	-	-	-	-	-	-	-
Other-Jetbridge Repairs	66,000	-	-	-	-	-	-	-	-
Other-Outside Plumb/Sewer	9,890	-	-	-	-	-	-	-	-
Other-Paging System Contract	50,000	50,000	-	-	-	-	-	-	-
Other-Roofing	39,750	35,000	-	-	-	-	-	-	-
Sump/Septic Pumping	21,582	-	-	-	-	-	-	-	-
Other-Supplies	170,198	146,070	-	8,989	-	-	-	-	-
Other-Tools	11,790	5,000	-	3,000	-	-	-	-	-
Total Building-Other	461,588	246,370	-	76,489	-	-	-	-	-
Apt Development Projects	850	-	-	-	-	-	-	-	-
Total Maintenance Building	5,678,891	4,111,731	35,000	163,613	-	1,000	280	660,158	244,053

LINE ITEMS BY SUBLEDGER - 2006 OPERATING BUDGET
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	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	6,640,238	4,968,989	132,179	-	-	-	-	-	184,317
Cleaning Services-Windows	695,202	421,804	10,523	-	-	-	-	-	106,521
Total Cleaning Services	7,335,440	5,390,793	142,702	-	-	-	-	-	290,838
Cleaning Supplies									
Cleaning Supplies-Bathroom	458,614	420,026	-	-	-	-	-	-	-
Cleaning Supplies-General	19,270	10,500	-	-	-	-	-	-	-
Total Cleaning Supplies	477,884	430,526	-	-	-	-	-	-	-
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	6,432	-	-	-	-	-	-	-	-
Other Cleaning Expenses	2,000	-	-	-	-	-	-	-	-
Total Maintenance-Cleaning	8,227,756	5,886,383	142,702	-	-	189,320	559	2,715	304,409
Maintenance-Equipment									
Equipment-Parts									
Parts-Automobiles	119,000	-	-	1,000	-	-	-	-	-
Parts-Boilers Energy Mgmt	68,829	15,000	-	50,500	-	-	-	-	-
Parts-Chiller Energy Mgmt	61,110	6,687	-	48,480	-	-	-	878	1,170
Parts-Other Equipment	50,000	50,000	-	-	-	-	-	-	-
Parts-Equipment	559,591	-	-	-	-	-	-	13,400	90,416
Parts-Other Equipment	77,015	8,000	600	14,585	-	20,230	-	-	100
Total Equipment-Parts	935,545	79,687	600	114,565	-	20,230	-	14,278	91,686
Equipment-Shop									
Shop-Batteries	14,495	-	-	-	-	-	-	-	-
Shop-Cleaners/Degreasers	47,900	-	-	-	-	-	-	-	17,500
Shop-Oil Filters	33,400	-	-	-	-	-	-	-	-
Shop-Other Supplies	74,620	350	-	2,000	-	-	-	-	-
Shop-Tires	71,250	-	-	-	-	-	-	-	-
Shop-Tools	29,439	239	-	-	-	2,000	-	-	-
Total Equipment-Shop	271,104	589	-	2,000	-	2,000	-	-	17,500
Equipment-Gas									
Gas-Diesal	185,743	-	-	-	-	-	-	-	-
Gas-Propane	4,505	1,200	-	-	-	-	-	-	-
Gas-Unleaded	236,352	-	-	1,985	-	3,109	-	3,514	10,537
Total Equipment-Gas	426,600	1,200	-	1,985	-	3,109	-	3,514	10,537
Equipment-Extinguishers									
Extinguishers-Purchase	14,000	-	-	-	-	-	-	-	-
Extinguishers-Repair	2,000	-	-	-	-	-	-	-	-
Extinguishers-Reservice	5,500	-	-	-	-	-	-	-	-
Total Equipment-Extinguishers	21,500	-	-	-	-	-	-	-	-
Equipment-Miscellaneous Exp	45,894	-	-	-	-	-	-	19,764	-
Total Maintenance-Equipment	1,700,643	81,476	600	118,550	-	25,339	-	37,556	119,723
Total Maintenance	19,294,127	10,477,229	178,380	286,739	204,285	1,830,694	11,089	817,659	1,366,345

LINE ITEMS BY SUBLEDGER - 2006 OPERATING BUDGET
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	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	1,393,861	336,825	-	-	45,294	77,017	-	26,248	94,709
Gen Ins-Property	856,241	207,152	-	-	27,856	47,367	-	16,143	58,247
Gen Ins-Crime	18,001	4,355	-	-	586	996	-	339	1,224
Gen Ins-Auto/Equipment	204,303	49,427	-	-	6,647	11,302	-	3,852	13,898
Gen Ins-Other	20,700	5,013	-	-	674	1,146	-	391	1,410
Total General Insurance	<u>2,493,106</u>	<u>602,772</u>	-	-	<u>81,057</u>	<u>137,828</u>	-	<u>46,973</u>	<u>169,488</u>
Safety									
Safety-Training Materials	750	-	-	-	-	-	-	-	-
Safety-Supplies	23,275	-	-	3,300	-	-	-	-	-
Safety-Equipment	11,480	-	-	-	-	2,000	-	-	-
Total Safety	<u>35,505</u>	-	-	<u>3,300</u>	-	<u>2,000</u>	-	-	-
Medical Information/Supply	25,942	300	-	487	-	2,000	-	-	-
Rentals									
Rental-Copier	68,873	7,879	-	-	-	4,500	-	6,332	-
Rental-Pagers	32,280	1,320	-	60	-	1,440	-	-	-
Rental-Other Equipment	27,437	12,859	-	-	-	-	-	1,040	-
Total Rentals	<u>128,590</u>	<u>22,058</u>	-	<u>60</u>	-	<u>5,940</u>	-	<u>7,372</u>	-
Licenses/Permits									
Licenses-Autos/Equipment	3,696	-	-	-	-	-	-	-	-
Licenses-Environmental	8,000	-	-	-	-	-	-	-	-
Licenses-Other	5,197	-	-	920	-	-	-	-	-
Total Licenses/Permits	<u>16,893</u>	-	-	<u>920</u>	-	-	-	-	-
Miscellaneous Expenses									
Misc-Firearm/Equip/Supplies	109,800	-	-	-	-	-	-	-	-
Misc-Emergency Response	63,400	600	-	-	-	-	-	-	-
Misc-Other	97,722	600	-	-	-	1,000	-	-	-
Total Miscellaneous Expenses	<u>270,922</u>	<u>1,200</u>	-	-	-	<u>1,000</u>	-	-	-
Adjustments/Bad Debt	30,000	15,000	-	-	-	15,000	-	-	-
Capital Assets									
Minor Equipment/Assets									
Minor Assets-Tools	50,000	2,183	-	-	-	-	-	-	-
Minor Assets-Office Furn	27,000	2,500	-	-	-	-	-	-	-
Minor Assets-Computers	189,170	1,800	-	-	-	-	-	8,550	-
Minor Assets-Radios	86,695	-	-	-	-	-	-	-	-
Minor Assets-Other	30,500	-	-	-	-	3,500	-	-	-
Total Minor Equipment/Assets	<u>383,365</u>	<u>6,483</u>	-	-	-	<u>3,500</u>	-	<u>8,550</u>	-
Total Capital Assets	<u>383,365</u>	<u>6,483</u>	-	-	-	<u>3,500</u>	-	<u>8,550</u>	-
Total Other	<u>3,384,323</u>	<u>647,813</u>	-	<u>4,767</u>	<u>81,057</u>	<u>167,268</u>	-	<u>62,895</u>	<u>169,488</u>
Gross Depreciation	117,965,237	20,742,779	1,433,472	945,487	1,215,513	35,831,443	-	7,975,082	13,869,133
Grand Total Excluding Depreciation	119,058,538	20,941,971	181,380	5,850,140	285,342	6,086,574	89,321	3,812,643	7,485,701
Grand Total With Depreciation	237,023,775	41,684,750	1,614,852	6,795,627	1,500,855	41,918,017	89,321	11,787,725	21,354,834

LINE ITEMS BY SUBLEDGER - 2006 OPERATING BUDGET

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LINE ITEMS BY SUBLEDGER - 2006 OPERATING BUDGET
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	Cargo Area	HHH Terminal	Public Area/ Roads	West Terminal	Hangars & Other Bldgs	Maintenance Employees	Equipment Maintenance	Inventory/ Trades
Personnel								
Wages								
Regular	-	220,297	-	-	-	8,746,202	-	-
Overtime/Doubletime								
Doubletime - Regular	-	-	-	-	-	998,150	-	-
Overtime - Regular	-	-	-	-	-	475,836	-	-
Total Overtime/Doubletime	-	-	-	-	-	1,473,986	-	-
Commissioner PerDiem	-	-	-	-	-	-	-	-
Temps - Agency	-	-	-	-	-	-	-	-
Temps - Non Agency	-	-	-	-	-	481,799	-	-
Total Wages	-	220,297	-	-	-	10,701,987	-	-
Benefits								
Employee Insurance								
Employee Insurance Dental	-	1,960	-	-	-	105,202	-	-
EmPLY Insurance Disability	-	704	-	-	-	37,793	-	-
Employee Insurance Family	-	35,404	-	-	-	1,899,995	-	-
Employee Insurance Life	-	800	-	-	-	30,109	-	-
Total Employee Insurance	-	38,868	-	-	-	2,073,100	-	-
Pension								
Fica (Social Security)Base	-	12,524	-	-	-	608,977	-	-
Fica(Social Security)Medic	-	3,107	-	-	-	141,639	-	-
Mpls EmPLY Retirement Fund	-	-	-	-	-	29,405	-	-
Public EmPLY - Police/Fire	-	-	-	-	-	-	-	-
Public EmPLY - Coordinated	-	13,218	-	-	-	546,758	-	-
Merf Unfunded Liability	-	-	-	-	-	165,787	-	-
Total Pension	-	28,849	-	-	-	1,492,567	-	-
Training								
Management Requirement	-	-	-	-	-	-	-	-
Organizational Requirement	-	1,700	-	-	-	-	-	-
Regulatory Requirements	-	-	-	-	-	18,310	-	-
Local Seminars	-	-	-	-	-	1,550	-	-
Total Training	-	1,700	-	-	-	19,860	-	-
Post Retirement Benefits	-	5,835	-	11,672	-	711,928	-	-
Workers Compensation	-	2,661	-	-	-	148,949	-	-
Post EmPLY Health Plan	-	1,325	-	-	-	41,785	-	-
Unemployment Tax	-	-	-	-	-	44,100	-	-
Uniforms								
Uniforms-Police/Fire Allow	-	-	-	-	-	-	-	-
Uniforms-Rental	-	-	-	-	-	45,571	-	-
Uniforms - Safety Shoes	-	-	-	-	-	21,936	-	127
Total Uniforms	-	-	-	-	-	67,507	-	127
Severance								
Contract Allowance	-	-	-	-	-	53,624	-	-
Regular Severance	-	3,054	-	-	-	52,109	-	-
Total Severance	-	3,054	-	-	-	105,733	-	-
Paid Absence	-	-	-	-	-	1,708	-	-
Trade Union Benefits	-	-	-	-	-	398,825	-	-
Total Benefits	-	82,292	-	11,672	-	5,106,062	-	127
Total Personnel	-	302,588	-	11,672	-	15,808,049	-	127

LINE ITEMS BY SUBLEDGER - 2006 OPERATING BUDGET
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	Cargo Area	HHH Terminal	Public Area/ Roads	West Terminal	Hangars & Other Bldgs	Maintenance Employees	Equipment Maintenance	Inventory/ Trades
Administrative Expenses								
Supplies								
Office Supplies -Materials	-	350	-	-	-	-	2,100	3,047
Computer Supplies								
Computer Supplies-General	-	250	-	-	-	350	-	1,505
Computer Supplies-Software	-	-	-	-	-	10,000	10,807	-
Total Computer Supplies	-	250	-	-	-	10,350	10,807	1,505
Special Supplies								
Special Supplies-Badging	-	-	-	-	-	-	-	-
Special Supply-Film/Photo	-	-	-	-	-	-	25	1,824
Special Supplies-Other	-	300	-	-	-	1,400	400	1,141
Total Special Supplies	-	300	-	-	-	1,400	425	2,965
Total Supplies	-	900	-	-	-	11,750	13,332	7,517
Travel								
Travel - Lodging	-	-	-	-	-	-	-	1,230
Travel - Meals	-	-	-	-	-	-	-	140
Travel - Miscellaneous	-	-	-	-	-	-	-	50
Travel - Transportation								
Travel - Transport/Airfare	-	-	-	-	-	-	-	626
Travel - Shuttle/Taxi/Auto	-	-	-	-	-	-	-	-
Total Travel - Transportation	-	-	-	-	-	-	-	626
Registration Fees	-	-	-	-	-	-	-	185
Mileage	-	800	-	-	-	-	-	456
Total Travel	-	800	-	-	-	-	-	2,687
Other Administrative Expense								
Local Meetings								
Local Mtgs - On Airport/GO	-	-	-	-	-	-	-	-
Local Mtgs - Off Airport	-	-	-	-	-	-	8,000	-
Total Local Meetings	-	-	-	-	-	-	8,000	-
Information Sources								
Memberships/Dues/Pro Assoc	-	-	-	-	-	-	-	450
Other Information Sources	-	-	-	-	-	-	-	-
Publications/Subscriptions	-	250	-	-	-	-	-	292
Total Information Sources	-	250	-	-	-	-	-	742
Printing Costs								
Printing-Publications	-	-	-	-	-	-	-	-
Printing - Color Charts	-	-	-	-	-	-	-	-
Printing - Forms	-	-	-	-	-	-	-	-
Printing-In House Color	-	-	-	-	-	-	-	63
Printing-Stationary/Envel	-	-	-	-	-	-	-	-
Total Printing Costs	-	-	-	-	-	-	-	63
Delivery Services	-	-	-	-	-	-	150	412
Freight Charges	-	2,000	-	-	-	-	-	1,200
Postage	-	-	-	-	-	-	-	-
Total Other Administrative Expense	-	2,250	-	-	-	-	8,150	2,417
Total Administrative Expenses	-	3,950	-	-	-	11,750	21,482	12,621

LINE ITEMS BY SUBLEDGER - 2006 OPERATING BUDGET
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	Cargo Area	HHH Terminal	Public Area/ Roads	West Terminal	Hangars & Other Bldgs	Maintenance Employees	Equipment Maintenance	Inventory/ Trades
<u>Professional Services</u>								
Accounting/Audit Fees	-	-	-	-	-	-	-	-
Affirmative Action Fees	-	-	-	-	-	-	-	-
Concept Develop/Feasible	-	-	-	-	-	-	-	-
Computer Services								
General								
ANOMS Consulting	-	-	-	-	-	-	-	-
Software Consulting	-	-	-	-	-	-	-	-
Total General	-	-	-	-	-	-	-	-
Terminal Services	-	-	-	-	-	-	-	-
Total Computer Services	-	-	-	-	-	-	-	-
Engineering Fees	-	6,500	10,000	-	-	-	-	-
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	-	-	-	-	-	474	-	542
Safety - General	-	-	-	-	-	-	-	-
Total Safety Consultants	-	-	-	-	-	474	-	542
Communications Consultant	-	-	-	-	-	-	-	-
Other/Miscellaneous	-	11,375	15,000	-	-	-	-	16,500
Survey Expense	-	-	-	-	-	-	-	-
Total Professional Services	-	17,875	25,000	-	-	474	-	17,042
<u>Utilities</u>								
Electricity	17,500	813,723	145,747	-	91,641	-	-	207,526
Heating Fuel								
Heating - Natural Gas	60,900	578,081	-	-	161,287	-	-	314,995
Heating - Fuel Oil	-	-	-	2,608	-	-	-	-
Total Heating Fuel	60,900	578,081	-	2,608	161,287	-	-	314,995
Sewer	-	-	371,200	2,439	115,789	-	-	6,133
Water	-	13,271	759,150	43,941	8,797	-	-	17,724
Telephone								
Telephone - Regular	-	-	-	-	-	-	-	1,540
Telephone - Internet Service	-	-	-	-	-	-	-	-
Telephone - Cellular	-	1,600	-	-	-	-	-	13,060
Total Telephone	-	1,600	-	-	-	-	-	14,600
Total Utilities	78,400	1,406,675	1,276,097	48,988	377,514	-	-	560,978

LINE ITEMS BY SUBLEDGER - 2006 OPERATING BUDGET
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	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	-	-	-	-	-	-	-	7,000
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	9,500
Grd Transportation Services								
AV ID Readers/Controllers	-	-	-	-	-	-	-	-
AV ID Tags	-	-	-	-	-	-	-	-
Total Grd Transportation Services	-	-	-	-	-	-	-	-
Shuttle Services	-	210,400	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-
IATA Contract Expense	-	-	-	-	-	-	-	-
Security Services Regular	-	-	-	-	-	-	-	-
Security Services Check Pt	-	-	-	-	-	-	-	-
Concessions Marketing	-	-	-	-	-	-	-	-
Recycling - Sand	-	-	-	-	-	-	-	-
Copy Agreement	-	-	-	-	-	-	-	-
Mediation Fees	-	-	-	-	-	-	-	-
Miscellaneous Charges/Fees	-	-	-	-	-	-	-	1,000
Jail Fees	-	-	-	-	-	-	-	-
Total Other Charges/Fees	-	-	-	-	-	-	-	1,000
Service Agreements								
Service - Bldg Inspection	-	-	-	-	-	-	-	-
Service - Facilities C.M.M.I.S	-	-	-	-	-	-	-	-
Service-Computers	-	-	-	-	-	-	-	-
Service-Fitness Equipment	-	-	-	-	-	-	-	-
Service-Grd Trans Equip	-	-	-	-	-	-	-	-
Service-Loading Dock	-	70,000	-	-	-	-	-	-
Service-Office Equipment	-	750	-	-	-	-	-	300
Service-Other Equipment	-	520,400	-	-	-	-	600	7,455
Service-Parking Equipment	-	-	-	-	-	-	-	-
Service-Telephone Systems	-	500	-	-	-	-	-	-
Service-Secured Access	-	-	-	-	-	-	-	-
Service-Radios	-	-	-	-	-	-	-	12,685
GISW Management	-	-	-	-	-	-	-	-
Total Service Agreements	-	591,650	-	-	-	-	600	20,440
Total Operating Services/Expenses	-	802,050	15,000	-	-	500	13,600	30,940

LINE ITEMS BY SUBLEDGER - 2006 OPERATING BUDGET
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	Cargo Area	HHH Terminal	Public Area/ Roads	West Terminal	Hangars & Other Bldgs	Maintenance Employees	Equipment Maintenance	Inventory/ Trades
Maintenance								
Trades - Painters								
Paint								
Equipment - Paint	-	-	-	-	-	-	-	3,000
Exterior - Paint	-	1,050	-	1,000	-	-	-	6,000
Interior - Paint	-	2,000	-	2,000	-	-	3,000	-
Paint - Other	-	-	-	-	-	-	-	1,650
Traffic Paint - Parking	-	-	-	-	-	-	-	-
Reliever Airport - Paint	-	-	-	-	-	-	-	-
Traffic Paint - Roads	-	-	10,570	-	-	-	-	-
Traffic Paint - Runways	-	-	-	-	-	-	-	-
Total Paint	-	3,050	10,570	3,000	-	-	3,000	10,650
Signs								
Other Sign Material/Etc	-	-	-	-	-	5,000	-	-
Regulatory - Signs	-	-	-	-	-	-	-	3,000
Exterior Sign Materials	-	-	-	-	-	-	-	6,000
Interior Sign Materials	-	-	-	-	-	-	-	1,000
Reliever Airport Signs	-	-	-	-	-	-	-	-
Total Signs	-	-	-	-	-	5,000	-	10,000
Supplies								
Brushes .Supplies	-	-	-	-	-	-	-	1,000
Paint Supplies - Other	-	-	-	-	-	-	-	1,000
Solvents	-	-	-	-	-	-	-	2,000
Equipment Spray	-	-	-	-	-	-	-	6,000
Paint Tools	-	-	-	-	-	-	-	5,000
Total Supplies	-	-	-	-	-	-	-	15,000
Total Trades - Painters	-	3,050	10,570	3,000	-	5,000	3,000	35,650
Trades - Carpenters								
Locks								
Locks - Doors	-	-	-	-	-	-	-	25,000
Locks - Door Tags/ID	-	-	-	-	-	-	-	-
Total Locks	-	-	-	-	-	-	-	25,000
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	-	800	-	-	-	-	-	-
Other - Tools	-	-	-	-	-	-	-	2,000
Other - Tug Drive Floor Maint.	-	-	-	-	-	-	-	-
Other - Wall Protection	-	-	-	-	-	-	-	3,000
Total Other	-	800	-	-	-	-	-	21,880
Total Trades - Carpenters	-	800	-	-	-	-	-	47,680

LINE ITEMS BY SUBLEDGER - 2006 OPERATING BUDGET
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	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	-	1,200	-	-	-	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	3,833	-	-	2,755	23,577
Trades - Electricians								
Repairs								
Electrical _ Exterior	-	-	-	-	-	-	-	16,500
Generator Maint. Contract	-	-	-	-	-	-	-	12,750
Electrical - Interior	-	-	-	-	-	-	-	1,500
Total Repairs	-	-	-	-	-	-	-	30,750
Other								
Other - Batteries	-	-	-	-	-	-	-	500
Other-Field Lights/Sensors	-	-	-	-	-	-	-	-
Other - Gate Supplies	-	-	-	-	-	-	-	-
Other - General Supplies	-	8,500	5,000	762	-	-	5,000	36,500
Other - Miscellaneous	-	-	-	-	-	-	-	1,000
Other - Motor	-	-	-	174	-	-	679	742
Other - Secured Access Sys	-	-	-	-	-	-	-	-
Other - Tools	-	-	-	-	-	-	-	8,025
Total Other	-	8,500	5,000	936	-	-	5,679	46,767
Total Trades - Electricians	-	8,500	5,000	936	-	-	5,679	77,517

LINE ITEMS BY SUBLEDGER - 2006 OPERATING BUDGET
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	Cargo Area	HHH Terminal	Public Area/ Roads	West Terminal	Hangars & Other Bldgs	Maintenance Employees	Equipment Maintenance	Inventory/ Trades
Maintenance - Field								
Snow Removal - Materials								
Materials - Sodium Acetate	-	-	-	-	-	-	-	-
Materials-Liquid Anti Icer	-	-	-	-	-	-	-	-
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	-	-	48,000	-	-	-	-	-
Equip Rent-No Operator-5.5	-	-	-	-	-	-	-	-
Equipment-Rent-No Operator	-	-	-	-	-	-	-	-
Total Snow Removal - Equipment	-	-	48,000	-	-	-	-	-
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	-	-	1,650	-	-	-	-	-
Surface Repair-Cement	-	-	250	-	-	-	-	-
Surface Repair-Other	-	-	-	-	-	-	-	-
Surface Rubber Removal	-	-	-	-	-	-	-	-
Surface Repair-Saw Blades	-	-	-	-	-	-	-	-
Surface Repair-Hot Sealant	-	-	-	-	-	-	-	-
Total Summer Maintenance-Surfac	-	-	2,100	-	-	-	-	-
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	-	-	2,500	-	-	-	1,500	-
Field Maint-Other-Tools	-	-	500	-	-	-	5,500	-
Total Maintenance Field-Other	-	-	14,000	-	-	-	16,100	-
Total Maintenance - Field	5,400	-	165,100	-	-	-	22,130	-
Maintenance Building								
Building-Temp Control								
Temp Control-Contracts	-	63,555	-	7,500	6,500	-	-	10,000
Temp Control-Filters	-	48,000	-	385	484	-	-	800
Total Building-Temp Control	-	111,555	-	7,885	6,984	-	-	10,800
Building-Mechanical Areas								
Mechanical Areas-APM	-	-	-	-	-	-	-	-
Mechanical Areas-Conveyors	-	105,000	-	-	-	-	-	-
Mechanical Areas-Doors	-	-	-	-	-	-	-	-
Mechanical Areas-Doors/Pub	-	4,000	-	-	-	-	-	-
Mechanical Areas-Doors/Tug	-	-	-	-	-	-	-	-
Mechanical Areas-Elevators	-	16,782	-	-	-	-	-	-
Mechanical Areas-Escalator	-	23,495	-	-	-	-	-	-
Mechanical-Moving Walks	-	-	-	-	-	-	-	-
Mechanical Areas-Other	-	-	-	-	-	-	-	-
Total Building-Mechanical Areas	-	149,277	-	-	-	-	-	-
Building-Other								
Other-Boiler Chemicals	-	12,000	-	3,000	-	-	-	-
Other-Floors/Repairs	-	-	-	-	-	-	-	2,578
Other-Jetbridge Repairs	-	66,000	-	-	-	-	-	-
Other-Outside Plumb/Sewer	-	-	-	-	-	-	-	9,890
Other-Paging System Contract	-	-	-	-	-	-	-	-
Other-Roofing	-	-	-	-	-	-	-	-
Sump/Septic Pumping	-	-	-	-	-	-	-	21,582
Other-Supplies	-	-	-	-	-	-	-	3,589
Other-Tools	-	-	-	-	-	-	-	3,290
Total Building-Other	-	78,000	-	3,000	-	-	-	40,929
Apt Development Projects	-	-	-	-	-	-	-	850
Total Maintenance Building	-	338,832	-	10,885	6,984	-	-	52,579

LINE ITEMS BY SUBLEDGER - 2006 OPERATING BUDGET
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	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	-	754,701	-	-	16,218	-	-	140,909
Cleaning Services-Windows	-	145,630	-	-	-	-	-	-
Total Cleaning Services	-	900,331	-	-	16,218	-	-	140,909
Cleaning Supplies								
Cleaning Supplies-Bathroom	-	38,588	-	-	-	-	-	-
Cleaning Supplies-General	-	-	-	-	-	-	2,000	-
Total Cleaning Supplies	-	38,588	-	-	-	-	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	-	981,955	2,715	8,799	16,218	-	2,000	162,870
Maintenance-Equipment								
Equipment-Parts								
Parts-Automobiles	-	-	-	-	-	-	66,000	-
Parts-Boilers Energy Mgmt	-	-	-	-	1,558	-	-	-
Parts-Chiller Energy Mgmt	84	92	-	1,254	2,005	-	-	-
Parts-Other Equipment	-	-	-	-	-	-	-	-
Parts-Equipment	-	-	-	-	-	-	284,500	-
Parts-Other Equipment	-	2,846	-	508	-	-	5,800	4,052
Total Equipment-Parts	84	2,938	-	1,762	3,563	-	356,300	4,052
Equipment-Shop								
Shop-Batteries	-	-	-	-	-	-	12,250	500
Shop-Cleaners/Degreasers	-	-	-	-	-	-	29,500	-
Shop-Oil Filters	-	-	-	-	-	-	28,500	-
Shop-Other Supplies	-	-	-	-	-	-	58,000	3,695
Shop-Tires	-	-	-	-	-	-	48,000	-
Shop-Tools	-	-	-	-	-	-	18,000	5,200
Total Equipment-Shop	-	-	-	-	-	-	194,250	9,395
Equipment-Gas								
Gas-Diesal	-	-	-	-	-	-	143,616	2,283
Gas-Propane	-	-	-	-	-	-	2,500	805
Gas-Unleaded	-	-	-	-	-	-	93,431	25,020
Total Equipment-Gas	-	-	-	-	-	-	239,547	28,108
Equipment-Extinguishers								
Extinguishers-Purchase	-	-	-	-	-	-	-	-
Extinguishers-Repair	-	-	-	-	-	-	-	-
Extinguishers-Reservice	-	-	-	-	-	-	-	-
Total Equipment-Extinguishers	-	-	-	-	-	-	-	-
Equipment-Miscellaneous Exp	-	1,800	-	-	-	-	20,000	-
Total Maintenance-Equipment	84	4,738	-	1,762	3,563	-	810,097	41,555
Total Maintenance	5,484	1,350,795	186,465	29,215	26,765	5,000	845,661	441,428

LINE ITEMS BY SUBLEDGER - 2006 OPERATING BUDGET
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	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	-	47,002	26,248	-	29,441	-	146,086	8,505
Gen Ins-Property	-	28,907	16,143	-	18,106	-	89,845	5,231
Gen Ins-Crime	-	608	339	-	381	-	1,889	110
Gen Ins-Auto/Equipment	-	6,897	3,852	-	4,320	-	21,437	1,248
Gen Ins-Other	-	700	391	338	100	-	2,174	127
Total General Insurance	-	84,114	46,973	338	52,348	-	261,431	15,221
Safety								
Safety-Training Materials	-	-	-	-	-	-	-	-
Safety-Supplies	-	-	5,000	-	-	1,350	-	9,900
Safety-Equipment	-	-	2,000	-	-	4,120	330	1,030
Total Safety	-	-	7,000	-	-	5,470	330	10,930
Medical Information/Supply	-	-	-	-	-	-	-	2,000
Rentals								
Rental-Copier	-	-	-	-	-	-	6,500	12,662
Rental-Pagers	-	-	-	-	-	-	-	3,360
Rental-Other Equipment	-	1,478	-	-	-	-	-	8,449
Total Rentals	-	1,478	-	-	-	-	6,500	24,471
Licenses/Permits								
Licenses-Autos/Equipment	-	-	-	-	-	-	-	-
Licenses-Environmental	-	-	-	-	-	-	-	-
Licenses-Other	-	-	50	-	-	-	-	2,472
Total Licenses/Permits	-	-	50	-	-	-	-	2,472
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	-	-	-	-	-	-	21,964	19,089
Minor Assets-Office Furn	-	600	-	-	-	-	-	-
Minor Assets-Computers	-	-	-	-	-	-	2,600	730
Minor Assets-Radios	-	-	-	-	-	-	28,000	-
Minor Assets-Other	-	-	-	-	-	-	-	-
Total Minor Equipment/Assets	-	600	-	-	-	-	52,564	19,819
Total Capital Assets	-	600	-	-	-	-	52,564	19,819
Total Other	-	86,192	54,023	338	52,348	5,770	322,825	75,913
Gross Depreciation	2,576,954	4,549,682	8,168,621	-	533,741	-	3,220,961	1,882,640
Grand Total Excluding Depreciation	83,884	3,970,125	1,556,585	90,213	456,627	15,831,543	1,203,568	1,139,049
Grand Total With Depreciation	2,660,838	8,519,807	9,725,206	90,213	990,368	15,831,543	4,424,529	3,021,689

LINE ITEMS BY SUBLEDGER - 2006 OPERATING BUDGET
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LINE ITEMS BY SUBLEDGER - 2006 OPERATING BUDGET
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	Concourses A-D	Police	Fire	Admin- istration	Building Official	Comm- unication/ Operations	Noise & Environment	Total Reliever Airports
Personnel								
Wages								
Regular	-	6,397,727	2,841,208	7,883,940	234,397	1,665,088	902,160	1,605,267
Overtime/Doubletime								
Doubletime - Regular	-	-	-	-	-	-	-	112,698
Overtime - Regular	-	300,038	387,022	8,466	-	174,647	-	113,611
Total Overtime/Doubletime	-	300,038	387,022	8,466	-	174,647	-	226,309
Commissioner PerDiem	-	-	-	23,000	-	-	-	-
Temps - Agency	-	-	-	2,000	-	-	-	-
Temps - Non Agency	-	1,075,828	-	56,222	-	-	9,600	7,823
Total Wages	-	7,773,592	3,228,229	7,973,627	234,397	1,839,735	911,760	1,839,399
Benefits								
Employee Insurance								
Employee Insurance Dental	-	77,758	32,018	81,025	2,614	17,643	9,148	18,296
Emphy Insurance Disability	-	27,934	11,502	29,108	939	6,338	3,286	6,573
Employee Insurance Family	-	1,404,344	578,259	1,463,350	47,205	318,633	165,217	330,434
Employee Insurance Life	-	23,211	10,275	28,631	851	6,047	3,276	5,508
Total Employee Insurance	-	1,533,248	632,055	1,602,114	51,609	348,660	180,928	360,810
Pension								
Fica (Social Security)Base	-	139,142	-	477,829	13,883	109,528	56,593	92,863
Fica(Social Security)Medic	-	101,811	47,810	117,755	3,296	25,829	13,465	22,197
Mpls Emphy Retirement Fund	-	53,318	8,283	85,674	-	-	-	26,334
Public Emphy - Police/Fire	-	543,235	363,287	-	-	-	-	-
Public Emphy - Coordinated	-	73,123	-	496,872	14,064	110,384	56,753	93,656
Merf Unfunded Liability	-	132,629	13,263	265,258	2,963,000	-	-	86,209
Total Pension	-	1,043,259	432,644	1,443,389	2,994,244	245,741	126,811	321,259
Training								
Management Requirement	-	-	4,000	63,500	-	4,914	-	-
Organizational Requirement	-	-	-	3,250	-	-	-	-
Regulatory Requirements	-	-	21,800	13,083	1,114	9,452	500	-
Local Seminars	-	40,400	371	28,076	-	2,786	800	-
Total Training	-	40,400	26,171	107,909	1,114	17,152	1,300	-
Post Retirement Benefits	-	478,510	233,419	536,864	1,406,805	110,875	81,697	157,560
Workers Compensation	-	86,500	41,007	120,412	-	26,764	14,243	27,651
Post Employ Health Plan	-	11,295	13,000	50,695	1,384	9,564	5,379	6,878
Unemployment Tax	-	-	-	-	-	-	-	-
Uniforms								
Uniforms-Police/Fire Allow	-	121,600	35,000	-	-	-	-	-
Uniforms-Rental	-	-	-	800	-	2,315	-	17,061
Uniforms - Safety Shoes	-	-	-	-	-	-	-	2,525
Total Uniforms	-	121,600	35,000	800	-	2,315	-	19,586
Severance								
Contract Allowance	-	-	-	-	-	-	-	2,063
Regular Severance	-	31,269	35,213	70,512	-	7,504	-	17,198
Total Severance	-	31,269	35,213	70,512	-	7,504	-	19,261
Paid Absence	-	-	-	5,500	-	-	-	-
Trade Union Benefits	-	-	-	-	-	-	-	-
Total Benefits	-	3,346,080	1,448,508	3,938,196	4,455,155	768,575	410,357	913,006
Total Personnel	-	11,119,672	4,676,737	11,911,823	4,689,552	2,608,311	1,322,117	2,752,405

LINE ITEMS BY SUBLEDGER - 2006 OPERATING BUDGET
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	Concourses A-D	Police	Fire	Admin- istration	Building Official	Comm- unication/ Operations	Noise & Environment	Total Reliever Airports
Administrative Expenses								
Supplies								
Office Supplies -Materials	-	35,000	7,000	56,929	3,000	12,500	5,261	5,400
Computer Supplies								
Computer Supplies-General	-	-	-	13,745	-	15,000	2,960	-
Computer Supplies-Software	-	4,352	3,200	58,613	-	4,375	4,710	-
Total Computer Supplies	-	4,352	3,200	72,358	-	19,375	7,670	-
Special Supplies								
Special Supplies-Badging	-	126,000	-	-	-	-	-	-
Special Supply-Film/Photo	-	10,800	-	10,540	-	2,000	-	-
Special Supplies-Other	-	15,500	-	13,508	3,000	2,000	500	-
Total Special Supplies	-	152,300	-	24,048	3,000	4,000	500	-
Total Supplies	-	191,652	10,200	153,335	6,000	35,875	13,431	5,400
Travel								
Travel - Lodging	-	10,000	-	17,667	-	2,744	1,969	2,113
Travel - Meals	-	3,960	-	3,517	-	238	21	270
Travel - Miscellaneous	-	919	-	240	-	27	-	-
Travel - Transportation								
Travel - Transport/Airfare	-	3,000	634	49,460	-	2,924	1,104	1,413
Travel - Shuttle/Taxi/Auto	-	1,000	-	1,241	-	54	-	203
Total Travel - Transportation	-	4,000	634	50,701	-	2,978	1,104	1,616
Registration Fees	-	7,500	-	29,550	-	1,273	1,502	2,625
Mileage	-	4,500	700	30,491	300	800	620	-
Total Travel	-	30,879	1,334	132,166	300	8,060	5,216	6,624
Other Administrative Expense								
Local Meetings								
Local Mtgs - On Airport/GO	-	500	-	2,367	-	300	300	-
Local Mtgs - Off Airport	-	2,500	-	8,906	-	270	250	3,000
Total Local Meetings	-	3,000	-	11,273	-	570	550	3,000
Information Sources								
Memberships/Dues/Pro Assoc	-	9,000	400	183,838	510	2,085	500	2,075
Other Information Sources	-	1,756	4,216	52,704	14,049	10,165	7,002	-
Publications/Subscriptions	-	1,250	1,200	22,092	-	2,450	1,000	-
Total Information Sources	-	12,006	5,816	258,634	14,559	14,700	8,502	2,075
Printing Costs								
Printing-Publications	-	3,216	-	23,084	-	24,501	5,512	6,125
Printing - Color Charts	-	-	-	918	-	-	-	-
Printing - Forms	-	919	919	3,256	919	-	-	-
Printing-In House Color	-	-	-	-	-	-	-	-
Printing-Stationary/Envel	-	1,534	184	8,202	2,976	-	-	-
Total Printing Costs	-	5,669	1,103	35,460	3,895	24,501	5,512	6,125
Delivery Services	-	300	-	17,721	100	3,050	200	200
Freight Charges	-	100	-	-	-	500	-	-
Postage	-	900	-	47,000	-	-	-	260
Total Other Administrative Expense	-	21,975	6,919	370,088	18,554	43,321	14,764	11,660
Total Administrative Expenses	-	244,506	18,453	655,589	24,854	87,256	33,411	23,684

LINE ITEMS BY SUBLEDGER - 2006 OPERATING BUDGET
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	Concourses A-D	Police	Fire	Admin- istration	Building Official	Comm- unication/ Operations	Noise & Environment	Total Reliever Airports
<u>Professional Services</u>								
Accounting/Audit Fees	-	-	-	125,000	-	-	-	-
Affirmative Action Fees	-	-	-	4,000	-	-	-	-
Concept Develop/Feasible	-	-	-	155,000	-	-	-	-
Computer Services								
General								
ANOMS Consulting	-	-	-	-	-	-	45,000	-
Software Consulting	-	-	-	2,500	-	-	-	-
Total General	-	-	-	2,500	-	-	45,000	-
Terminal Services	-	-	-	-	-	-	-	-
Total Computer Services	-	-	-	2,500	-	-	45,000	-
Engineering Fees	-	-	-	22,500	-	75,000	30,000	113,000
Graphic Design	-	-	-	20,000	-	-	-	5,000
Labor Relations	-	-	-	15,000	-	-	-	-
Legal Fees								
Legal - Environmental	-	-	-	-	-	-	265,000	-
Legal - General	-	-	-	860,000	-	-	-	-
Legal - Federal	-	-	-	50,000	-	-	-	-
Legal - Relievers	-	-	-	25,000	-	-	-	-
Total Legal Fees	-	-	-	935,000	-	-	265,000	-
Legislative								
Legislative - Local	-	-	-	88,000	-	-	-	-
Legislative - National	-	-	-	198,000	-	-	-	-
Total Legislative	-	-	-	286,000	-	-	-	-
Medical Fees	-	-	9,200	50,000	-	-	-	-
Planning								
Pollution/Environmental Fees	-	-	-	-	-	-	2,500	1,500
Public Information Services	-	-	-	89,000	-	-	-	10,000
Public Information Services	-	-	-	2,000	-	-	-	-
Recruiting _Employment Fees	-	-	-	7,500	-	-	-	-
Safety Consultants								
Safety - Training	-	5,721	708	203	-	-	-	339
Safety - General	-	-	-	1,000	-	-	-	-
Total Safety Consultants	-	5,721	708	1,203	-	-	-	339
Communications Consultant	-	-	-	52,500	-	-	-	-
Other/Miscellaneous	-	9,000	1,500	304,394	-	104,336	52,559	183,000
Survey Expense	-	-	-	-	-	-	-	-
Total Professional Services	-	14,721	11,408	2,071,597	-	179,336	395,059	312,839
<u>Utilities</u>								
Electricity	-	-	117,785	82,298	-	-	2,778	155,163
Heating Fuel								
Heating - Natural Gas	-	-	84,272	211,047	-	-	-	120,237
Heating - Fuel Oil	-	-	-	-	-	-	-	-
Total Heating Fuel	-	-	84,272	211,047	-	-	-	120,237
Sewer	-	-	1,020	185	-	-	-	1,801
Water	-	-	1,448	940	-	-	-	3,676
Telephone								
Telephone - Regular	-	508	675	199,750	-	122,400	38,250	55,337
Telephone - Internet Service	-	-	-	23,800	-	-	-	-
Telephone - Cellular	-	31,500	2,373	14,055	-	8,973	2,569	8,670
Total Telephone	-	32,008	3,048	237,605	-	131,373	40,819	64,007
Total Utilities	-	32,008	207,573	532,075	-	131,373	43,597	344,884

LINE ITEMS BY SUBLEDGER - 2006 OPERATING BUDGET
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	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	-	-	-	35,000	-	-	-	-
Advertising - General	-	1,500	-	55,360	2,500	-	-	-
Advertising - Parking	-	-	-	-	-	-	-	-
Advertising - Relievers	-	-	-	-	-	-	-	1,000
Total Advertising	-	1,500	-	90,360	2,500	-	-	1,000
Environmental Control								
Hazardous Waste	-	-	-	-	-	-	-	-
Pollution Control								
Pollution Ctrl-Booms	-	-	-	-	-	-	-	-
Pollution Ctrl-Corn Cobs	-	-	4,000	-	-	-	-	-
Pollution Ctrl-Supplies	-	-	-	-	-	-	2,500	-
Total Pollution Control	-	-	4,000	-	-	-	2,500	-
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	-	-	3,000	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	-	-	-	38,304	-	-	11,650	-
Wellness-Health/Wellness	-	-	-	6,000	-	-	-	-
Wellness-Other Programs	-	-	-	8,000	-	-	-	-
Total Wellness	-	-	-	52,304	-	-	11,650	-
Total Employee Programs	-	-	-	54,825	-	-	11,650	-
Events								
Conference Center	-	-	-	-	25,000	-	-	-
Career Days	-	1,000	-	-	-	-	-	-
Emergency Response Exercise	-	-	500	4,000	-	1,900	-	-
Other Programs/Events	-	-	-	9,000	-	-	-	1,000
Call Back Service	-	-	-	-	-	-	-	-
Total Events	-	1,000	500	13,000	25,000	1,900	-	1,000
Other Charges/Fees								
Bank Charges	-	-	-	170,000	-	-	-	-
IATA Contract Expense	-	-	-	35,000	-	-	-	-
Security Services Regular	-	554,080	-	-	-	-	-	-
Security Services Check Pt	-	-	-	-	-	-	-	-
Concessions Marketing	-	-	-	-	600,000	-	-	-
Recycling - Sand	-	-	-	-	-	-	-	-
Copy Agreement	-	-	-	142,000	-	-	-	-
Mediation Fees	-	-	-	7,000	-	-	-	-
Miscellaneous Charges/Fees	-	24,500	-	13,997	-	-	-	26,475
Jail Fees	-	7,500	-	-	-	-	-	-
Total Other Charges/Fees	-	586,080	-	367,997	600,000	-	-	26,475
Service Agreements								
Service - Bldg Inspection	-	-	-	-	-	-	-	-
Service - Facilities C.M.M.I.S	-	-	-	-	-	-	-	-
Service-Computers	-	51,539	-	209,712	-	56,211	93,802	-
Service-Fitness Equipment	-	-	375	625	-	-	-	-
Service-Grd Trans Equip	-	-	-	-	-	-	-	-
Service-Loading Dock	-	-	-	-	-	-	-	-
Service-Office Equipment	-	12,200	1,000	5,647	1,200	1,400	-	-
Service-Other Equipment	-	66,500	14,000	1,770	3,000	7,500	2,038	924
Service-Parking Equipment	-	-	-	-	-	-	-	-
Service-Telephone Systems	-	-	-	50,000	-	14,832	-	-
Service-Secured Access	-	-	-	-	-	-	-	-
Service-Radios	-	39,963	13,451	81,436	-	5,982	-	5,618
GISW Management	-	-	-	-	-	-	-	-
Total Service Agreements	-	170,202	28,826	349,190	4,200	85,925	95,840	6,542
<u>Total Operating Services/Expenses</u>	-	758,782	33,326	876,372	631,700	87,825	110,490	166,017

LINE ITEMS BY SUBLEDGER - 2006 OPERATING BUDGET
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	Concourses A-D	Police	Fire	Admin- istration	Building Official	Comm- unication/ Operations	Noise & Environment	Total Reliever Airports
Maintenance								
Trades - Painters								
Paint								
Equipment - Paint	-	-	-	-	-	-	-	-
Exterior - Paint	-	-	-	-	-	-	-	-
Interior - Paint	-	-	-	-	-	-	-	-
Paint - Other	-	-	-	-	-	-	-	-
Traffic Paint - Parking	-	-	-	-	-	-	-	-
Reliever Airport - Paint	-	-	-	-	-	-	-	6,060
Traffic Paint - Roads	-	-	-	-	-	-	-	-
Traffic Paint - Runways	-	-	-	-	-	-	-	-
Total Paint	-	-	-	-	-	-	-	6,060
Signs								
Other Sign Material/Etc	-	-	-	-	-	-	-	-
Regulatory - Signs	-	-	-	-	-	-	-	-
Exterior Sign Materials	-	-	-	-	-	-	-	-
Interior Sign Materials	-	-	-	-	-	-	-	-
Reliever Airport Signs	-	-	-	-	-	-	-	7,000
Total Signs	-	-	-	-	-	-	-	7,000
Supplies								
Brushes .Supplies	-	-	-	-	-	-	-	-
Paint Supplies - Other	-	-	-	-	-	-	-	-
Solvents	-	-	-	-	-	-	-	-
Equipment Spray	-	-	-	-	-	-	-	-
Paint Tools	-	-	-	-	-	-	-	-
Total Supplies	-	-	-	-	-	-	-	-
Total Trades - Painters	-	-	-	-	-	-	-	13,060
Trades - Carpenters								
Locks								
Locks - Doors	-	-	-	-	-	-	-	543
Locks - Door Tags/ID	-	-	-	-	-	-	-	-
Total Locks	-	-	-	-	-	-	-	543
Flags	-	-	-	-	-	-	-	226
Lumber								
Lumber-Cabinets	-	-	-	-	-	-	-	-
Lumber-Other	-	-	-	-	-	-	-	1,500
Total Lumber	-	-	-	-	-	-	-	1,500
Other								
Other - Ceilings	-	-	-	-	-	-	-	-
Other - Doors	-	-	-	-	-	-	-	-
Other - Floor Coverings	-	-	-	-	-	-	-	-
Other - Hardware	-	-	-	-	-	-	-	-
Other - Miscellaneous	-	-	-	-	-	-	-	-
Other - Auto Door Supplis RPL	-	-	-	-	-	-	-	-
Other - Saw Blades	-	-	-	-	-	-	-	-
Other - Screws/Bolts	-	-	-	-	-	-	-	-
Other - Seating Replacement	-	-	-	-	-	-	-	-
Other - Tools	-	-	-	-	-	-	-	-
Other - Tug Drive Floor Maint.	-	-	-	-	-	-	-	-
Other - Wall Protection	-	-	-	-	-	-	-	-
Total Other	-	-	-	-	-	-	-	-
Total Trades - Carpenters	-	-	-	-	-	-	-	2,269

LINE ITEMS BY SUBLEDGER - 2006 OPERATING BUDGET
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	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	-	-	-	-	-	-	-	13,959
Total Trades - Plumbers	3,490	-	1,967	4,305	-	-	-	29,259
Trades - Electricians								
Repairs								
Electrical _ Exterior	-	-	-	-	-	-	-	15,400
Generator Maint. Contract	-	-	-	-	-	-	-	-
Electrical - Interior	-	-	-	-	-	-	-	2,500
Total Repairs	-	-	-	-	-	-	-	17,900
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	-	-	-	32,900

LINE ITEMS BY SUBLEDGER - 2006 OPERATING BUDGET
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	Concourses A-D	Police	Fire	Admin- istration	Building Official	Comm- unication/ Operations	Noise & Environment	Total Reliever Airports
Maintenance - Field								
Snow Removal - Materials								
Materials - Sodium Acetate	-	-	-	-	-	-	-	-
Materials-Liquid Anti Icer	-	-	-	-	-	-	-	-
Materials-Other Ice Ctrl	-	-	-	-	-	-	-	-
Materials - Salt	-	-	-	-	-	-	-	1,000
Materials - Sand	-	-	-	-	-	-	-	14,400
Materials - Urea	-	-	-	-	-	-	-	5,396
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	-	-	-	-	-	-	-	469
Snow Removal - Plow Blades	-	-	-	-	-	-	-	-
Snow Removal - Runway Brm	-	-	-	-	-	-	-	-
Snow Melters	-	-	-	-	-	-	-	-
Total Snow Removal - Miscellan	-	-	-	-	-	-	-	469
Summer Maintenance-Surface								
Surface Repair-Aggregate	-	-	-	-	-	-	-	5,130
Surface Repair-Asphalt	-	-	-	-	-	-	-	21,340
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	-	-	-	-	-	-	-	38,620
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	-	-	-	-	-	-	-	3,500
Field Maint-Other-Tools	-	-	-	-	-	-	-	-
Total Maintenance Field-Other	-	-	-	-	-	-	-	3,500
Total Maintenance - Field	-	500	-	-	-	-	-	106,265
Maintenance Building								
Building-Temp Control								
Temp Control-Contracts	-	-	1,400	10,000	-	-	-	8,262
Temp Control-Filters	-	-	350	350	-	-	158	1,856
Total Building-Temp Control	-	-	1,750	10,350	-	-	158	10,118
Building-Mechanical Areas								
Mechanical Areas-APM	-	-	-	-	-	-	-	-
Mechanical Areas-Conveyors	-	-	-	-	-	-	-	-
Mechanical Areas-Doors	-	-	-	-	-	-	-	5,100
Mechanical Areas-Doors/Pub	-	-	-	-	-	-	-	-
Mechanical Areas-Doors/Tug	-	-	-	-	-	-	-	-
Mechanical Areas-Elevators	-	-	-	-	-	-	-	5,000
Mechanical Areas-Escalator	-	-	-	-	-	-	-	-
Mechanical-Moving Walks	-	-	-	-	-	-	-	-
Mechanical Areas-Other	-	-	-	-	-	-	-	4,500
Total Building-Mechanical Areas	-	-	-	-	-	-	-	14,600
Building-Other								
Other-Boiler Chemicals	-	-	-	-	-	-	-	-
Other-Floors/Repairs	-	-	-	-	-	-	-	-
Other-Jetbridge Repairs	-	-	-	-	-	-	-	-
Other-Outside Plumb/Sewer	-	-	-	-	-	-	-	-
Other-Paging System Contract	-	-	-	-	-	-	-	-
Other-Roofing	-	-	-	-	-	-	-	4,750
Sump/Septic Pumping	-	-	-	-	-	-	-	-
Other-Supplies	-	-	1,000	-	-	-	-	10,550
Other-Tools	-	-	-	-	-	-	-	500
Total Building-Other	-	-	1,000	-	-	-	-	15,800
Apt Development Projects	-	-	-	-	-	-	-	-
Total Maintenance Building	-	-	2,750	10,350	-	-	158	40,518

LINE ITEMS BY SUBLEDGER - 2006 OPERATING BUDGET
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	Concourses A-D	Police	Fire	Admin- istration	Building Official	Comm- unication/ Operations	Noise & Environment	Total Reliever Airports
Maintenance-Cleaning								
Cleaning Services								
Cleaning Services-Janitor	-	-	22,502	38,989	352,842	-	-	28,592
Cleaning Services-Windows	-	-	-	3,784	-	-	-	6,940
Total Cleaning Services	-	-	22,502	42,773	352,842	-	-	35,532
Cleaning Supplies								
Cleaning Supplies-Bathroom	-	-	-	-	-	-	-	-
Cleaning Supplies-General	-	-	-	-	-	-	-	6,770
Total Cleaning Supplies	-	-	-	-	-	-	-	6,770
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	-	1,500	-	-	3,932
Other Cleaning Expenses	-	-	2,000	-	-	-	-	-
Total Maintenance-Cleaning	5,785	-	27,633	45,544	354,342	-	-	93,807
Maintenance-Equipment								
Equipment-Parts								
Parts-Automobiles	-	45,000	3,000	-	-	4,000	-	-
Parts-Boilers Energy Mgmt	-	-	-	-	-	-	-	1,771
Parts-Chiller Energy Mgmt	-	-	-	460	-	-	-	-
Parts-Other Equipment	-	-	-	-	-	-	-	-
Parts-Equipment	-	31,375	55,000	-	-	3,900	-	81,000
Parts-Other Equipment	-	20,000	-	-	-	-	-	294
Total Equipment-Parts	-	96,375	58,000	460	-	7,900	-	83,065
Equipment-Shop								
Shop-Batteries	-	-	-	-	-	-	-	1,745
Shop-Cleaners/Degreasers	-	-	-	-	-	-	-	900
Shop-Oil Filters	-	-	-	-	-	-	-	4,900
Shop-Other Supplies	-	-	-	-	-	-	-	10,575
Shop-Tires	-	-	18,000	-	-	-	-	5,250
Shop-Tools	-	-	-	-	-	-	-	4,000
Total Equipment-Shop	-	-	18,000	-	-	-	-	27,370
Equipment-Gas								
Gas-Diesal	-	-	8,178	-	-	-	-	31,666
Gas-Propane	-	-	-	-	-	-	-	-
Gas-Unleaded	-	50,178	6,466	7,902	-	9,137	1,432	23,641
Total Equipment-Gas	-	50,178	14,644	7,902	-	9,137	1,432	55,307
Equipment-Extinguishers								
Extinguishers-Purchase	-	-	14,000	-	-	-	-	-
Extinguishers-Repair	-	-	2,000	-	-	-	-	-
Extinguishers-Reservice	-	-	5,500	-	-	-	-	-
Total Equipment-Extinguishers	-	-	21,500	-	-	-	-	-
Equipment-Miscellaneous Exp	-	-	-	980	-	-	-	3,350
Total Maintenance-Equipment	-	146,553	112,144	9,342	-	17,037	1,432	169,092
Total Maintenance	9,275	147,053	144,712	69,715	354,342	17,037	1,590	487,170

LINE ITEMS BY SUBLEDGER - 2006 OPERATING BUDGET
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	Concourses A-D	Police	Fire	Admin- istration	Building Official	Comm- unication/ Operations	Noise & Environment	Total Reliever Airports
Other								
General Insurance								
Gen Ins-Airport Liability	-	165,980	119,552	76,946	-	6,708	4,906	182,394
Gen Ins-Property	-	102,080	73,526	46,320	-	4,125	3,017	112,176
Gen Ins-Crime	-	2,146	1,546	974	-	87	63	2,358
Gen Ins-Auto/Equipment	-	24,357	17,544	11,052	-	984	720	26,766
Gen Ins-Other	-	2,470	1,779	1,098	-	100	73	2,716
Total General Insurance	-	297,033	213,947	136,390	-	12,004	8,779	326,410
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	-	17,000	3,000	100	-	155	-	900
Rentals								
Rental-Copier	-	-	4,000	18,000	-	9,000	-	-
Rental-Pagers	-	4,140	10,800	7,740	-	2,220	-	1,200
Rental-Other Equipment	-	-	418	3,193	-	-	-	-
Total Rentals	-	4,140	15,218	28,933	-	11,220	-	1,200
Licenses/Permits								
Licenses-Autos/Equipment	-	-	-	3,696	-	-	-	-
Licenses-Environmental	-	-	-	-	-	-	8,000	-
Licenses-Other	-	-	-	-	775	-	-	980
Total Licenses/Permits	-	-	-	3,696	775	-	8,000	980
Miscellaneous Expenses								
Misc-Firearm/Equip/Supplies	-	54,300	35,500	-	-	20,000	-	-
Misc-Emergency Response	-	23,800	39,000	-	-	-	-	-
Misc-Other	-	43,000	18,500	13,822	-	15,000	2,500	-
Total Miscellaneous Expenses	-	121,100	93,000	13,822	-	35,000	2,500	-
Adjustments/Bad Debt	-	-	-	-	-	-	-	-
Capital Assets								
Minor Equipment/Assets								
Minor Assets-Tools	-	-	4,367	-	-	2,397	-	-
Minor Assets-Office Furn	-	2,000	6,500	1,400	-	14,000	-	-
Minor Assets-Computers	-	-	-	154,010	-	6,930	14,550	-
Minor Assets-Radios	-	15,500	12,000	24,800	-	4,595	-	1,800
Minor Assets-Other	-	-	27,000	-	-	-	-	-
Total Minor Equipment/Assets	-	17,500	49,867	180,210	-	27,922	14,550	1,800
Total Capital Assets	-	17,500	49,867	180,210	-	27,922	14,550	1,800
Total Other	-	459,223	375,857	365,351	775	86,301	33,829	332,290
Gross Depreciation								
Gross Depreciation	-	518,407	878,223	1,333,635	-	253,714	6,813,560	5,222,190
Grand Total Excluding Depreciation	9,275	12,775,965	5,468,066	16,482,521	5,701,223	3,197,438	1,940,093	4,419,289
Grand Total With Depreciation	9,275	13,294,372	6,346,289	17,816,156	5,701,223	3,451,152	8,753,653	9,641,479

CAPITAL EQUIPMENT SUMMARY - 2006 OPERATING BUDGET
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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 and 2006 budget. The capital equipment requests in the 2006 budget decreased \$4,680,137. This is a result of the additional equipment in the 2005 budget necessary for the 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 2006 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.

2006 CAPITAL EQUIPMENT SUMMARY

	2005 Budget	2006 Budget	\$ Variance	% Variance
Total Equipment	\$12,047,205	\$7,367,068	(\$4,680,137)	(38.8)%

FINANCE & ADMINISTRATIVE SERVICES DIVISION

Information Services

Equipment	Individual Price	Qty	Trade in Value	Total
Common Use system upgrades and support re-bid The existing contract for the Common Use system support for the Humphrey Terminal expires July 31, 2006. This project is the required re-bid of that agreement. Specifically, CUTE software licenses and upgrades, hardware, software and network elements for display systems and support agreements for common use systems.	\$3,500,000	1		\$3,500,000
Evaluate current Financial systems The present financial system: JD Edwards World has been in use at MAC since 1992. JD Edward's is an Enterprise Resource Planning system, which means that it also includes and integrates Human Resources, Payroll, A/R, A/P, G/L, construction project management, purchasing and several other applications not presently used by MAC. This project will evaluate the present system, review alternatives and set future direction.	\$100,000	1		\$100,000
Identify and implement an email archiving system Locating an archiving product for email, establishing the appropriate procedures and implementing the archiving system would serve the MAC and the public's interest by improving our ability to save important documentation and retrieve it in response to internal and external requests.	\$15,000	1		\$15,000

CAPITAL EQUIPMENT SUMMARY - 2006 OPERATING BUDGET

FINANCE & ADMINISTRATIVE SERVICES DIVISION

Information Services

Equipment	Individual Price	Qty	Trade in Value	Total
Replace critical servers There are fifty-nine servers plus two large storage devices that support MAC computer activities. Most of these servers were purchased in 1999. The activities supported include email, printing, storing files, and running various software applications such as the Fire department's operations system, Field Maintenance Vehicle Maintenance Management system, Asset Handler system, MAC web site, and the Computer-aided Dispatch and Police Records Management system. This project will replace one quarter of the servers in 2006.	\$14,000	15		\$210,000
Replace dispatch and police records system The computer-aided dispatch and police records management system is at the end of its useful life. In addition, a number of long term problems with this system have remained unresolved despite efforts with the vendor to fix them. This system provides the basis for police, fire and communication center operations both daily and for emergency response.	\$2,000,000	1		\$2,000,000
Upgrade data backup systems Increased system activity as well as increased system criticality leads to the need to improve our backup arrangements. As an example, staff performs nightly backups for the email, file storage and other MAC-wide systems. It presently takes 3-4 hours for a complete backup to run. If the data had to be restored from backup in the event of a failure, this could take 12 hours or more to complete. This project will upgrade our backup hardware and software to respond effectively to anticipate demand.	\$50,000	1		\$50,000
Information Services Total:				\$5,875,000

CAPITAL EQUIPMENT SUMMARY - 2006 OPERATING BUDGET

OPERATIONS DIVISION

Airside Operations

Equipment	Individual Price	Qty	Trade in Value	Total
SFT (Ops19) Datalink Upgrade The Ops19 Surface Friction Tester datalink will need to be upgraded to be compatible with the Ops20 SFT datalink. This upgrade will improve the reliability of the vehicle's communications systems.	\$23,000	1		\$23,000
Airside Operations Total:				\$23,000

Communications

Equipment	Individual Price	Qty	Trade in Value	Total
Mercom network attached storage Network attached storage for voice recording system. Currently the DVD's are changed every 5-6 days. With the addition of the two new FAA channels for the 17/35 Runway, these DVD's will fill up much faster due to constant traffic. This cost includes the server, open file license for tape backup, Mercom license and installation.	\$10,000	1		\$10,000
Mercom voice recorder upgrade Upgrade Mercom voice recorder for 16 channels. This is for an additional card for 16 more channels to be recorded. This will allow recording of more 800 MHz channels and the two new FAA channels for the 17/35 Runway. Voice recording of more phone lines and talk groups is essential.	\$11,050	1		\$11,050
Radio console furniture Radio console furniture, ergonomically designed, will replace four outdated consoles that will accommodate new computer equipment.	\$7,000	4		\$28,000
Communications Total:				\$49,050

CAPITAL EQUIPMENT SUMMARY - 2006 OPERATING BUDGET

OPERATIONS DIVISION

Fire

Equipment	Individual Price	Qty	Trade in Value	Total
Halmatro Hydraulic Rescue Tool & Power unit This unit would replace a unit purchase in the mid-1980's that has been in service for 20 years. The newer units are more powerful, lighter, and more operator friendly making them much more effective in emergency operations.	\$25,000	1		\$25,000
Rugged laptop for use with Fire house software This laptop would be used with the new Firehouse Incident Command Software. It would also be used for aircraft and building pre-fire plans.	\$6,000	1		\$6,000
Self contained breathing apparatus Replacement of all self contained breathing apparatus (SCBA). Our current SCBAs have reached the end of their service life. New SCBAs meet all the requirement for use in a WMD environment including chemical, biological, radiological and nuclear threats. The new units designed by all manufacturers are also required to have a rapid intervention crew universal airline coupling. This is a very important feature due to our reliance on mutual aid for major incidents. If a MAC firefighter or mutual aid firefighter became trapped or injured any department's rescue team would be able to supply the firefighter with an air supply while the rescue / removal from the danger was completed. The replacement SCBAs were in the 2005 capital budget but were deferred until 2006 because we felt we could get one additional year of service out of the current units.	\$7,000	50		\$350,000
Fire Total:				\$381,000

CAPITAL EQUIPMENT SUMMARY - 2006 OPERATING BUDGET

OPERATIONS DIVISION

Landside-Parking

Equipment	Individual Price	Qty	Trade in Value	Total
Back up system for Landside file servers Backup system will provide hardware and software that will allow Landside to provide full backup of the operating system and custom software installed on each of the computers, plus daily backup of transaction data. If one of the servers were to fail, there would be lost revenue (including public parking revenue) and customers would be inconvenienced when they tried to use our parking facility or utilize the commercial vehicle services at the airport. The new backup equipment would greatly reduce disaster recovery restoration time and ensure all employee parking and commercial vehicle data is backed up and archived correctly for future retrieval.	\$25,000	1		\$25,000
Custom Software enhancements to RCS Custom Software Enhancements to the public parking Revenue Control System (RCS). As situations change, software modifications to the RCS become necessary. In 2005, software was modified to produce detailed and summary credit card reports as requested by the MAC auditor for better control of credit card transactions.	\$20,000	1		\$20,000
Van Replace a pickup truck with a van. The van would be used to transport parkers who can't find their car. Currently a family of four is split between two pickups to drive them to their car.	\$20,000	1	\$1,000	\$19,000

Landside-Parking Total: **\$64,000**

CAPITAL EQUIPMENT SUMMARY - 2006 OPERATING BUDGET

OPERATIONS DIVISION

Maintenance - Field

Equipment	Individual Price	Qty	Trade in Value	Total
Garbage truck Replacing fully amortized vehicle with a capacity no longer adequate to meet the needs of a larger airport. Additional capacity will reduce load fees and trip charges. Vehicle is ergonomically designed for more efficient operation, resulting in improved safety and more flexibility in personnel assignments.	\$125,000	1	\$2,000	\$123,000
Joint seal kettle Replace fully-amortized and outdated equipment used in hot-pour joint seal operations. Constant repair and associated down-time is impacting pavement repair schedules. The department has established an ambitious preventative management program to protect paved surfaces and to improve the efficiency of glycol recovery operations.	\$30,000	1		\$30,000
Laser level Industry standard devices for precise paving operations. Levels would be installed on MAC-owned grader and bituminous paver.	\$20,000	2		\$40,000
Pneumatic jack-hammer attachment Heavy duty jack-hammer attachment to replace two smaller units currently used in pavement repair operations. The old existing equipment is too small for the job resulting in high maintenance costs and excessive down-time. 2-for-1 will permit reallocation of personnel assets.	\$9,200	1		\$9,200
Skidsteer Replace fully amortized vehicle with high maintenance costs.	\$32,000	1	\$2,000	\$30,000
Tack coat distributor Replace old technology equipment used in hot-pour joint seal repair operations. The department has established an ambitious preventative maintenance program to protect paved surfaces and to increase the efficiency of glycol recovery operations.	\$14,200	1		\$14,200
Utility truck Replacing fully amortized 1/2-ton, daily-use pick-up trucks with current mileage between 107,000 and 134,000 miles with 66-81% unscheduled maintenance repair rates. Vehicles operated around-the-clock similar to police squad cars. Flexible Fuel Vehicle (FFV) category.	\$26,000	4	\$6,000	\$98,000
Utility vehicle A new Field Maintenance assistant manager was hired in 2005. Airfield managers are assigned a field vehicle to effectively and efficiently complete their assigned tasks. The department is proposing the purchase of a Flexible Fuel Vehicle (FFV) 4 x 4 quad-cab pick-up in lieu of the SUV-type vehicle historically assigned to field managers.	\$27,500	1		\$27,500

Maintenance - Field Total:	\$371,900
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CAPITAL EQUIPMENT SUMMARY - 2006 OPERATING BUDGET

OPERATIONS DIVISION

Police

Equipment	Individual Price	Qty	Trade in Value	Total
AutoCITE//Automated Citation Machines	\$73,363	1		\$73,363

The police and IS departments have completed a study of an automated citation management tool and it has shown that considerable personnel hours could be saved through its use.

Currently 1/5 of all citations written during winter months are not usable or must be re-written due to difficulty of writing citations in cold weather and a lack of cold weather writing apparatus.

An automated citation writing system would alleviate such occurrences and would also save personnel hours spent in re-writing citations. The automated system would save approximately 200 personnel hours per year. Additionally, an expandable automated citation system would streamline administrative processes that currently take one or more hours to complete each day, providing additional savings of more than 365 personnel hours per year.

Purchasing an expandable system allows it to grow or be modified, as needs dictate. It is estimated that a total of 10 hand-held units would be required for use by our CSOs and four units with magstripe reader capabilities for use by patrol officers.

In 2004, the police department received \$395,217 from Hennepin County for our share of fines from citations written by department officers and CSOs.

Dictation System	\$48,000	1		\$48,000
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The police department requires its officers to write their own reports, which is presently accomplished using Word templates. The Record Management Division then takes the information out of the Word form and inputs it into the RMS system. This was done in part because of the inconsistencies of 70+ officers entering data differently and in part to decrease the amount of time officers spend writing reports.

To enhance the quality of our reports, the police department is implementing a dictation system. This will allow our data entry personnel to transcribe the reports, thus ensuring that the grammar, spelling and other errors are corrected before the reports go on to the courts, other departments or into the Records Management System. Additionally, the data entry will be correct, which will make it easier to pull data and allow the department to properly review crime trends throughout the Airport.

The costs associated with this system are the purchase of the hardware, software, installation, training and maintenance of the system.

CAPITAL EQUIPMENT SUMMARY - 2006 OPERATING BUDGET

OPERATIONS DIVISION

Police

Equipment	Individual Price	Qty	Trade in Value	Total
Document Imaging System//Laserfiche w/audit At the present time, the Airport Police Department stores over 500,000 pages of police reports, badge applications and related forms in paper form. The purchase of a document imaging system (Laserfiche) will allow conversion of these paper documents into electronic images. Department members with access can easily retrieve these documents in seconds, which is particularly important for employees who are in remote locations such as the Badging Office. Disaster recovery planning is improved 100% by backing up and archiving department files to CDs that are stored off site. Record retention and record destruction plans will be aided greatly by Laserfiche.	\$30,860	1		\$30,860
Specifically, a document imaging system will:				
<ul style="list-style-type: none"> • Eliminate time-consuming and costly filing of paper documents • Prevent lost records • Save storage space • Manage records easily • Find documents quickly • Make images centrally available • Allow employees to e-mail files with the click of a mouse • Convert computer files to storage • Eliminate the need for file cabinets (RC&E Division alone has 9 shared file cabinets) 				
Fingerprint Work Station Fingerprint work station for Fingerprint based criminal history checks.	\$12,995	1		\$12,995
One Fingerprint work station to scan and submit fingerprint records to the AAAE clearinghouse for security badge clearance in accordance with 49 CFR. 1542.211. This will give the badging office the flexibility to fingerprint more than one applicant at a time as well as be able to continue to fingerprint applicants during down time associated with maintenance and system failures.				
Furniture for Expanded Police Admin Offices As part of the North Terminal Expansion Project, the police department's administrative offices are being expanded. We will begin moving into the new space in January 2006. Modular workstation components are needed to create 11 new cubicles and 7 new private offices. These will be purchased with U of M contract discount pricing from Herman Miller and will blend with the existing office furnishings. Approximately 42 desk chairs, 31 guest chairs and 20 training chairs are needed, as well as tables and seating for the lunchroom and 3 new conference rooms.	\$76,000	1		\$76,000

Police Total: **\$241,218**

CAPITAL EQUIPMENT SUMMARY - 2006 OPERATING BUDGET

OPERATIONS DIVISION

Relievers - St. Paul

Equipment	Individual Price	Qty	Trade in Value	Total
Buried Wire Locator Buried Wire Locator. Used for locating faulty wire and for locating buried cable for construction purposes.	\$5,500	1	\$0	\$5,500
Relievers - St. Paul Total:				\$5,500

Trades - Electricians

Equipment	Individual Price	Qty	Trade in Value	Total
DIRT VACTOR AND PRESSURE WASHER This piece of equipment will be used on the airfield to excavate dirt on the ends of underground Duct Banks. This is also a requirement in our MAC standards so wires will not be damaged when digging. We will also use this unit for pressure washing manholes to clean out the dirt and grime that harms the wires when left in the manholes.	\$35,000	1		\$35,000
F-350 4X4 REG CAB This cab and chassis is to replace #611 and #616, 1996 pickup trucks. We will swap out the old utility box thus eliminating the cost of new boxes. These two trucks have had extensive maintenance.	\$21,400	1		\$21,400
Trades - Electricians Total:				\$56,400

CAPITAL EQUIPMENT SUMMARY - 2006 OPERATING BUDGET
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OPERATIONS DIVISION**Trades - Painters**

Equipment	Individual Price	Qty	Trade in Value	Total
F-550 Pickup Truck New pickup truck with liftgate, flat-bed, lights and radios is necessary to haul painting and striping trailer and equipment throughout the fields at MSP and reliever airports. One paint container weighs 4000 lbs. and currently must be broken down into much smaller units to be hauled requiring numerous trips between the shop and the job site. The pickup being requested is rated to carry 18,000 lbs. eliminating multiple trips to haul paint.	\$40,000	1	\$0	\$40,000
Large Striping Truck Large striping truck is needed to replace current one that is 14 years old and well beyond useful life of nine to ten years. It is necessary for new runway 17/35 along with increased runway markings on MSP airfield.	\$175,000	1	\$1,000	\$174,000
Line Driver with Pump A new line driver with pump is needed to replace outdated, worn out equipment. Current equipment does not allow for proper line-striping necessary for all of the new ramps & roadways, runways and parking.	\$11,000	1	\$0	\$11,000
Shotblast Machine The current shotblast machine is worn out and requires complete rebuild every 50 hours that includes \$6000 in parts. Also, the Paint shop currently does numerous shotblast projects for the Airport Development Department that would need to be bid out at a much higher cost. The estimate in savings over the last 24 months exceeds \$200,000.	\$60,000	1	\$0	\$60,000
Trades - Painters Total:				\$285,000

Trades - Plumbers

Equipment	Individual Price	Qty	Trade in Value	Total
Hardware/software to support Ethernet conversion Install the necessary hardware and programming to convert the plumbing computerized maintenance management system over to the Ethernet.	\$10,000	1		\$10,000
Trades - Plumbers Total:				\$10,000

CAPITAL EQUIPMENT SUMMARY - 2006 OPERATING BUDGET
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PLANNING & ENVIRONMENT DIVISION**Environment-Aviation Noise Program**

Equipment	Individual Price	Qty	Trade in Value	Total
Network Disk Device NAS/SAN	\$5,000	1		\$5,000
Network Disk Device (NAS/SAN) will replace outdated and insufficient space on current network.				
Environment-Aviation Noise Program Total:				\$5,000

Capital Asset Grand Total: **\$7,367,068**

CAPITAL EQUIPMENT SUMMARY - 2006 OPERATING BUDGET

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PERSONNEL SUMMARY – 2006 OPERATING BUDGET
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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 2006 remains at 574.5 FTE positions as in 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. Ten positions were added mid-year to manage expenses related to overtime, temporary positions and professional fees. In 2005, 20 additional positions were added to the budget. These positions were 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 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.

<u>FTE Positions</u>	<u>2002 Total</u>	<u>2003 Total</u>	<u>2004 Total</u>	<u>2005 Total</u>	<u>2006 Total</u>
Budgeted	567	543.5	544.5	574.5	574.5
Authorized	593.5	593.5	593.5	593.5	593.5

PERSONNEL SUMMARY BY DIVISION – 2006 OPERATING BUDGET
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Regular Status Full Time Equivalent Position Count
By Service Center within Division

Service Center	as of 12/11/02	as of 12/10/03	as of 12/10/04	2005 Budget	as of 12/09/05	2006 Budget
	Actual	Actual	Actual		Actual	
Executive						
75000 Executive	2	2	2	2	2	2
75100 Commissioner	1	1	1	1	1	1
76000 Public Affairs	3	2	2	2 (1)	2	2
76100 Air Service-Business Development	2.5	1.5	1.5	1.5	1.5	1.5
79500 Legislative and Labor Relations	3.5	3	3	3.5	3	3.5
80000 Commercial Mgmt & Airline Affairs	9	10	11	12 2004 1 FTE, 2005 1 FTE	9	11
Total Executive	21	19.5	20.5	22	18.5	21
Human Resources						
75700 Human Resources	1	1	1.5	1.5	1.5	1.5
76600 Human Resource Development/Services	3.5	3	3	4 (1)	4	4
81500 Employee Relations	6	5	5.5	5.5 (1)	6	6
80600 Office Of Diversity	3	4	3	3	2.5	2.5
Total Human Resources	13.5	13	13	14	14	14
Finance & Administrative Services						
75600 Administrative Services	4	4	4	4	4	4
76800 Risk Management	1	1	1	2 2005 1 FTE	2	2
85400 Safety	2	2	2	2	2	2
79000 Information Services	16	15	17	(1), 2004 2 FTES	17	19
78000 Finance	15	14	15	15	15	15
78200 Purchasing	6	6	7	7 (1)	7	7
78300 Internal Audit	2	2	3	3 2004 1 FTE	3	3
Total Administrative Services	46	44	49	52	50	52
Legal Affairs						
81000 General Counsel	7	7	8	8	8	8
Total General Counsel	7	7	8	8	8	8
Environment/Development						
75500 Planning	2	2	2	2	2	2
85000 Environment -General	2	2	2	2	3	2
85100 Environment-Environmental	3	3	2	3	3	3
85300 Environment-Aviation Noise Program	7	6	6	6	6	7
77000 Airport Development	17	16	17	18	15	18
77100 Airport Development -Building Official	2	2	2	2	2	2
Total Environment/Development	33	31	31	33	31	34

PERSONNEL SUMMARY BY DIVISION – 2006 OPERATING BUDGET
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Regular Status Full Time Equivalent Position Count
By Service Center within Division

Service Center	as of 12/11/02	as of 12/10/03	as of 12/10/04		as of 12/09/05	
	2002 Actual	2003 Actual	2004 Actual	2005 Budget	2005 Actual	2006 Budget
Operations						
75800 Operations	2	2	2	2	1	2
82000 Airport Directors Office	4	3	5	5 (1)	5	5
82050 Conference Center	4.5	2	2	2	2	2
82060 Call Center	0	1.5	3	3 (1)	3	3
82600 Airside Operations	12	12	12	12	12	12
82700 Communications	14	11	14	15 2004 1 FTE	14	15
83400 Landside Operations	22.5	23	22	22 (1)	20	22
83600 Fire	46	46	42	49 2005 3 FTEs 2004 5 FTEs, 2005	48	49
84200 Police	110	106	106.5	117.5 4 FTEs	114	117.5
85500 Airline Operations/Facilities	2	2	2	2	2	2
86100 Facilities - Lindbergh Terminal	14	13	9.5	9.5 (1)	9.5	9.5
86300 Energy Management Center	17	17	16	18 (1)	18	18
88000 Electricians	17	16	17	17 (2), 2005 21	17	17
88100 Painter	7	7	7	7	7	7
88200 Carpenter	7	8	8	8 (1)	8	8
88300 Plumber	5	6	6	6 (1)	6	6
88400 Trades-Administration				2 (2)	2	2
89000 Maintenance	111	111	114	121 2005 9 FTEs	121	121
90000 Reliever Admin	8	8	8	8	8	8
90200 Reliever - St. Paul	6	7	7	7	7	7
90300 Reliever - Lake Elmo	2	1	1	1 (1)	1	1
90400 Reliever - Air Lake	2	1	1	1.5 (1)	1	1.5
90500 Reliever - Flying Cloud	3	3	3	3	3	3
90600 Reliever - Crystal	4	3	3	4	3	4
90700 Reliever - Anoka	3	3	3	3	3	3
Total Operations	423	412.5	414	445.5	435.5	445.5
Total Personnel	543.5	527	535.5	574.5	557	574.5

2005 Budget

(1) FTE transfers between service centers

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

2006 Budget

The total FTE's remain the same as the 2005 budget; however transfers have been made between service centers

PERSONNEL SUMMARY BY CLASSIFICATION – 2006 OPERATING BUDGET**Regular Status Full Time Equivalent Position Count****By Job Classification**

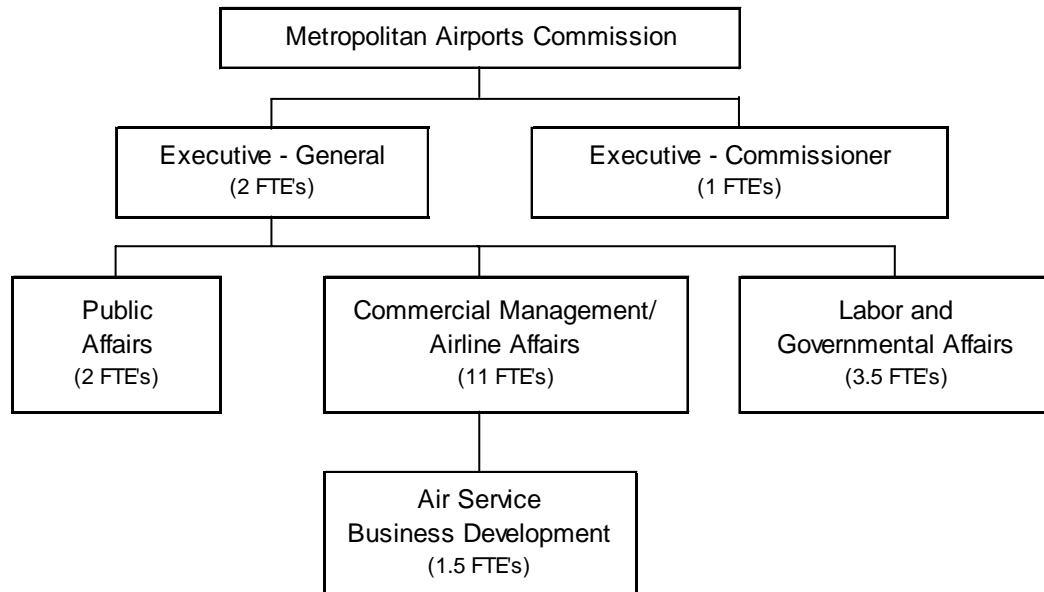
	as of 12/10/03 2003 Actual	as of 12/10/04 2004 Actual	as of 12/09/05 2005 Actual	2005 Budget	2006 Budget
Organized					
Local 70 Operating Engineers	15	15	15	15	15
49er's Equipment Maintenance	19	21	20	20	19
320's - MSP Int'l - Field	79	80	87	87	88
320's - MSP Int'l - Lindbergh Terminal	4	2	2	2	2
320's - Reliever Airports	18	18	18	19.5	19.5
Painters	7	7	7	7	7
Carpenters	8	8	8	8	8
Plumbers	6	6	6	6	6
Electricians	14	15	17	17	17
Police Sergeants	10 ***	11	15	11	16
Police Officers	55	57	61	66.5	65
Firefighters	35	32	38	39	37
Total Organized	270	272	294	298	299.5
Non-Organized					
Chairperson/Executive Director	2	2	2	2	2
Deputy Directors/Directors/Assistant Director	18 **	18	20	18	20
Managers/Supervisors	76.5	85.5	92.5	87.5	89.5
Police Chief/Fire Chief	2	2	2	2	2
Community Service Officers	23.5	18	16	21	15.5
Passenger Assistants	12	11	9	11	10
Fire Captains/Fire Training/Marshall	9	8	9	8	10
Commanders/Lieutenants/Other	7	6	6	6	6
Administrative/Professional/Technical Support	107	113	106.5	121	120
Total Non-Organized	257	263.5	263	276.5	275
Total MAC	527.0	535.5	557	574.5	574.5

*** new in 2003

** Assistant Director -new classification in 2003

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

Executive Division



SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

Notations to Service Center Summaries:

- * Variance (dollars and %) is computed between 2005 Budget and 2006 Budget
- * The explanation for the variances is based upon the 2005 Budget and 2006 Budget
- * FTE's as stated in each service center are as budgeted in December 2005. Salary dollars in each service center may not reflect the budgeted FTE count for that service center.
- * Negative variances, in most cases, are the result of reductions in one time expenses (Runway 17/35) or budget reductions.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**EXECUTIVE - GENERAL****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	223,728	219,216	225,792	6,576	3.00%
Administrative Expenses	148,977	134,384	141,284	6,900	5.13%
Professional Services	2,500	0	5,000	5,000	100.00%
Utilities	528	220	600	380	172.73%
Operating Services/Expenses	44	315	315	0	0.00%
Other	2,079	3,000	1,607	-1,393	-46.43%
Total Budget	377,856	357,135	374,598	17,463	4.89%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 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 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
Administrative Expenses	Administrative Expenses increase is due to anticipated increase in the yearly dues for both the ACI and AAAE organizations of 2006.
Professional Services	Professional Services has increased \$5,000 from the previous budget due to anticipation of consultant expenses as requested by 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 System	See 2004 Organizational Goals and Objectives	See 2004 Organizational Goals and Objectives Progress Report.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**EXECUTIVE - GENERAL****2005 PROGRESS REPORT**

Objective	Measurement	Results
Define MAC's competitive airline cost strategy.	Airline cost strategy clearly defined and implemented.	Historically, MAC has positioned itself mid-range; airline costs have been held flat due to recent industry developments.
Lead the analysis and implementation of the 2020 plan.	Analysis of the 2020 plan completed and implementation plan developed.	Initial analysis of the 2020 plan is complete. However, the plan has been delayed indefinitely due to industry conditions.
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.	Research conducted by the Reliever Task Force was completed and presented to the commission. LTCP's are being developed for each of the six Reliever Airports.
Lead the implementation of MAC's Strategic Plan.	MAC's Strategic Plan is used for planning and decision making as the organization moves forward.	MAC's five year strategic plan was updated to reflect the state of the industry.

2006 OBJECTIVES

Objective	Expected Results
Oversee the development of financial, operational and workforce contingency plans.	Best case, worst case and most likely financial, operational and workforce contingency plans in place.
Maintain MAC's financial viability as NWA restructures as a result of bankruptcy.	AA- bond rating maintained with 4X debt service reserve retained. Alternative sources of revenue identified.
Transition the organization through a change in leadership.	Succession, recruitment and transition plans in place for leadership positions.
Integrate new Business Development Division into organizational structure and ongoing operations.	Deputy Executive of Business Development hired, division created and operational by 12/31/06.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**EXECUTIVE - COMMISSIONERS****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	41,734	44,458	44,458	0	0.00%
Administrative Expenses	43,927	54,103	21,856	-32,247	-59.60%
Professional Services		0	0		
Utilities	716	726	1,250	524	72.18%
Other		0	0		
Total Budget	86,377	99,287	67,564	-31,723	-31.95%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 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.

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 - 2006 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**PUBLIC AFFAIRS****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	133,294	137,629	193,244	55,615	40.41%
Administrative Expenses	48,389	102,972	79,944	-23,028	-22.36%
Professional Services	170,449	336,000	126,000	-210,000	-62.50%
Utilities	951	1,025	900	-125	-12.20%
Operating Services/Expenses	6,302	156,500	26,800	-129,700	-82.88%
Maintenance		250	250	0	0.00%
Other	800	2,000	2,786	786	39.30%
Total Budget	360,186	736,376	429,924	-306,452	-41.62%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 Budget
FTE Total:	2	2	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 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
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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.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**PUBLIC AFFAIRS****2004 PROGRESS REPORT**

Objective	Measurement	Results
Promote on-airport parking and other concessions that provide revenue to the MAC	Feature MSP parking and concessions information on Website and in news releases and publications	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.

2005 PROGRESS REPORT

Objective	Measurement	Results
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.	The economic impact study was completed. Marketing included a news release, Internet promotion, radio ads, an insert in the Star Tribune, informational materials at the Runway 17/35 community event, a four-minute video for presentations, 1-minute videos for display on CNN monitors in the airport, and incorporation of study results in speeches, PowerPoint presentations and other communication media.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**PUBLIC AFFAIRS****2005 PROGRESS REPORT**

Objective	Measurement	Results
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.	We continued to promote e-park, primarily on our Web site and on billboards. In addition, we worked with Landside Operations to wrap MAC shuttle buses in e-park promotional graphics. Participated in re-design of terminal directories promoting food, beverage and retail concessions and worked with news media to obtain positive coverage and concessions program redesign neared completion. Worked with Anoka County officials to promote expansion of Anoka County-Blaine Airport. Launched new generation Web site, www.mspairport.com , in an effort to make it easier for users to navigate and obtain information on the many services the MAC and MSP offer. Created and placed ad for airport conference center.
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.	Published MAC Update weekly, issued news clips daily (Monday thru Friday), and sent e-mails regarding more urgent issues. Also assisted the Wellness program with an end-of-year campaign to promote employee participation in the Health Risk Assessment initiative.
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.	Worked with the Environmental Department to incorporate their Web redesign into that of www.mspairport.com and to inform communities about likely noise impacts related to the opening of Runway 17/35. Worked with the news media to communicate the MAC's historic achievements and ongoing efforts to reduce noise impacts in neighborhoods and communities around MSP.
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.	Coordinated community event in September on Runway 17/35 and a ribbon cutting ceremony in October. Updated information on www.mspairport.com as projects were completed. Developed PowerPoint presentations, speeches, talking points and news releases related to the proposed 2020 Vision expansion program. Worked with Anoka County officials to publicize partnership to expand Anoka County-Blaine Airport
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.	Participated in redesign of terminal directory maps. Worked with Marketing Committee on quarterly MSP Traveler publication. Launched redesigned, more customer-friendly Web site, www.mspairport.com , assisted Marketing Committee and vendors with news releases about new concessions. Provided travel tips in news releases and on Web site.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

PUBLIC AFFAIRS**2006 OBJECTIVES**

Objective	Expected Results
Communicate results of Reliever Airports Task Force efforts and related commission actions.	Use Web site, tenant correspondence, news releases and other means to keep reliever airport tenants and interested communities/citizens informed of plans and decisions related to reliever airport management, funding, policies, lease requirements and other pertinent issues.
Keep MAC staff, commissioners, tenants and the public up to date on airport impacts of airline bankruptcies.	Use internal and external publications, the Web site, news releases, talking points, PowerPoint presentations, media contacts and/or other means to describe impacts of/MAC response to airline bankruptcies and related issues.
Promote on-airport parking, e-park, Northstar Crossing concessions, reliever airports and other consumer-based revenue streams.	Promotional tools that may include Web site materials, publications, video, paid advertisements, events, signage, billboards and other marketing means.
Inform the public of MAC efforts to minimize adverse environmental impacts of airport operations.	Information about MAC programs and activities will be available on the Web site and in publications, news media, video and other formats.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**AIR SERVICE BUSINESS DEVELOPMENT****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	153,661	129,915	133,813	3,898	3.00%
Administrative Expenses	26,908	52,075	41,404	-10,671	-20.49%
Professional Services	61,980	20,000	50,000	30,000	150.00%
Utilities	0	24	0	-24	-100.00%
Operating Services/Expenses	506	4,500	4,500	0	0.00%
Other		0	0		
Total Budget	243,054	206,514	229,717	23,203	11.24%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 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 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
Professional Services	Professional Services increase expense is for international air service development presentations and cargo regional distribution development.

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 - 2006 OPERATING BUDGET**AIR SERVICE BUSINESS DEVELOPMENT****2005 PROGRESS REPORT**

Objective	Measurement	Results
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.	After three years, legislation was passed by the Minnesota Legislature establishing a timetable for the project.
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 dialogue.	Initial website created - MNRDC.COM

2006 OBJECTIVES

Objective	Expected Results
Secure additional, expanded, competitive service from incumbent airlines with emphasis on low-fare airlines.	Incumbent airlines, including low-fare carriers, will add frequencies and/or destinations at MSP.
Attract a new low-fare airline to MSP.	A new, non-incumbent low-fare airline will announce the introduction of new service at MSP.
Secure at least one new international airline to serve MSP.	At least one, and possibly two, non-incumbent airlines will announce the introduction of international air service at MSP to a non-stop destination not currently served, resulting in significant positive economic impact for the community and the region.
Meet and provide for the air cargo needs of the region.	New cargo service alternatives at MSP.
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. A robust cargo operation is critical to business development in the region and new sources of revenue for the airport.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**LABOR AND GOVERNMENTAL AFFAIRS****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	228,416	255,703	271,554	15,852	6.20%
Administrative Expenses	14,072	17,770	19,420	1,650	9.29%
Professional Services	240,000	269,000	301,000	32,000	11.90%
Utilities	1,145	1,300	1,600	300	23.08%
Operating Services/Expenses		7,500	7,500	0	0.00%
Maintenance		0	0		
Other	100	1,200	1,200	0	0.00%
Total Budget	483,733	552,473	602,274	49,802	9.01%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 Budget
FTE Total:	3	3.5	3.5

RESPONSIBILITY/FUNCTION

The Labor and Governmental Affairs service center 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 department 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 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
Administrative Expenses	Travel - Increase reflects more frequent and short notice trips to Washington, D.C. by Director of Governmental Affairs.
Professional Services	(1) 79500 6200 Legislative - Local - \$6000 increase reflects adjustment for additional time being spent by (2) state legislative consultant firms on MAC issues. Progressively more controversial MAC issues have developed at the state legislature and are expected to continue in 2006 which is also the second year of the biennium. State legislative consultants have been held flat for the past five years. (2) 79500 6210 Legislative - National - \$26,000 increase reflects escalation of national legislative consultant firm rates over the past two years. In addition to the adjustment for rate increases, additional consultant time will be required in 2006 when Congress will be considering a FAA Reauthorization Bill.
Utilities	79500 6590 Telephone - Cellular - Increased to cover additional data service for Blackberry for Director of Governmental Affairs.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**LABOR AND GOVERNMENTAL AFFAIRS****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.
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.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**LABOR AND GOVERNMENTAL AFFAIRS****2004 PROGRESS REPORT**

Objective	Measurement	Results
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 - 2006 OPERATING BUDGET**LABOR AND GOVERNMENTAL AFFAIRS****2005 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 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 union 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.
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.	Represented MAC at Unit Clarification hearing as well as numerous pre-arbitration hearings. Market comparative data has been collected and contract negotiations have begun with five of MAC's ten labor unions.
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.
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 (MPELRA) and as a member of both the state and national PELRA. Also served on the Board of Directors for Twin City Area Labor Management Council. Participated in Area Negotiators meetings.
Coordinate Labor Management Committee activity.	Improved labor/management environment.	Continued to coordinate and participate in MAC's six cooperative Labor Management Committees.
Conduct management training in labor relations as appropriate.	Improved labor/management environment.	Provided ad hoc training to managers and supervisors as appropriate.
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.
Pursue LOI with TSA for permanent installation of EDS at MSP.	Signed LOI.	TSA not granting any new LOI's for EDS installation. Commission now planning to use PFC receipts to fund the project.
Work with local, state and federal officials to explore and acquire funding for St. Paul Airport dike.	Funding allocated.	No place name legislation passed. Working with FAA to fund this and additional projects with multi-year funding agreement.
Explore and acquire additional funding via the federal AIP and DOT appropriations earmark process.	Funding allocated.	20/20 Plan and Humphrey Parking Ramp project postponed for at least one year.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**LABOR AND GOVERNMENTAL AFFAIRS****2005 PROGRESS REPORT**

Objective	Measurement	Results
Work with MN Congressional delegation and staff to facilitate completion of north/south runway.	Effective aviation legislation and increased airport capacity.	Runway 17/35 completed and opened in October 2005. Federal LOI money (\$8,000,000) received.
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 U.S. Governmental Affairs Steering Committee. Trade group legislative program closely aligned with MAC positions.
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 2005 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 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.

2006 OBJECTIVES

Objective	Expected Results
Coordinate Labor Management Committee activity.	Improved labor/management environment.
Create and implement filing system that integrates all labor files.	Filing system implemented and files from 2000 to present cataloged and filed.
Represent MAC on outside boards and organizations to bring visibility and influence to MAC's labor relations efforts.	Effective labor relations representation and participation.
Monitor legislation and present MAC positions 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.
Participate in formulating airport trade group positions on aviation related legislation.	Airport trade group positions closely aligned with MAC goals and objectives.
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.
Explore and acquire additional funding via the federal AIP and DOT appropriations.	Funding allocated.
Work with local, state and federal officials to explore and acquire funding for St. Paul Airport dike.	Funding allocated.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**LABOR AND GOVERNMENTAL AFFAIRS****2006 OBJECTIVES**

Objective	Expected Results
Assist managers and supervisors in contract interpretation, grievances and labor/management cooperation issues including training as needed.	Improved labor/management environment.
Negotiate labor contracts with six MAC unions whose labor agreements expire at the end of 2005 or mid 2006.	Terms and conditions of employment consistent with Commission goals.
Process and hear grievances on behalf of the Executive Director while representing MAC in mediation, arbitration and veterans preference hearings.	Terms and conditions of employment consistent with Commission goals.
Mediate disputes between outside unions, contractors and airport tenants and negotiate construction project labor agreements when beneficial to MAC.	Effective airport operations and construction projects free of labor disruptions for the traveling public.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**COMMERCIAL MGT/AIRLINE AFFAIRS****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	532,689	644,507	651,823	7,316	1.14%
Administrative Expenses	18,174	30,300	20,090	-10,210	-33.70%
Professional Services	212,416	90,000	155,000	65,000	72.22%
Utilities	152	119	119	0	0.00%
Operating Services/Expenses	170	268,900	600,000	331,100	123.13%
Other	4,324	1,300	600	-700	-53.85%
Total Budget	767,926	1,035,126	1,427,632	392,506	37.92%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 Budget
FTE Total:	9	12	11

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, the department facilitates 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 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
Professional Services	<p>This is for conducting two revenue producing RFP's - Landside concession locations, and for Passenger Services. The Center for Airport Management's (CAM) involvement in evaluating those proposals includes products and services offered at other airports, business histories and performance levels at other airports and at many locations in the private sector. Professional Services increased due to the following:</p> <p>The Passenger Service RFP will be the first of its kind in the airport and will be seeking (mainly) private sector operators to create new services that are not currently offered in airports. The evaluation of the proposals is made easier by the CAM database and their extensive experience. The evaluation process will occur in the first quarter of 2006. CAM is also involved in the completion of the lease agreements based on performance standards established by staff.</p> <p>Consultant fees for industry evaluation and contract negotiation strategies associated with the rental auto concession bid total \$50,000. This contract is currently worth approximately \$13M annually to MAC.</p>
Operating Services/Expenses	Operating Services has increased due to the advertising and promotion of terminal concessions and services. This was a new 2005 budget line item, as directed by the Commission. In the past this expense was identified and offset by a separate revenue amount. The Concession marketing expense increased \$333,100 from budget 2005 to 2006 budget.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**COMMERCIAL MGT/AIRLINE AFFAIRS****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 Humphrey 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.
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.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**COMMERCIAL MGT/AIRLINE AFFAIRS****2004 PROGRESS REPORT**

Objective	Measurement	Results
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.

2005 PROGRESS REPORT

Objective	Measurement	Results
Complete a traveler services RFP.	Execution of a new contract.	Pending. Expected date of bids received is April 2006.
Assist with the negotiation and design necessary to commence construction of the airline belly cargo facility.	Construction commencement November or December 2005.	Indefinitely deferred due to Auto Rental solution at Humphrey Terminal. This solution does not require demolition of Air Cargo City Buildings H and I. The belly cargo facility was going to replace those buildings.
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.	Completed. All occupancy drawing and lease exhibit work is completed in-house.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**COMMERCIAL MGT/AIRLINE AFFAIRS****2005 PROGRESS REPORT**

Objective	Measurement	Results
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).	Ongoing. MOU's for each airline to be relocated have been sent to each carrier in an effort to secure specific gate and facility assignments for each airline.
Continue efforts to further the expansion and growth of wireless internet usage.	Increased connects month over month resulting in increased revenue.	Ongoing. Revenues increased month over month until decision to provide free service with NWA World Clubs. Efforts to continue increasing revenues to continue in 2006.
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.	Ongoing. Lease Agreement completed with ASIG, nearly complete with NWA. Operational details for facility still being worked out.
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.	Completed. License Agreement executed in November.
Develop Business Partner Index to measure partner satisfaction with our working relationship.	Measurement of data to allow partner satisfaction.	Due to other initiatives and a heavy workload, work on this objective was deferred.
Implement new ground rental rates ordinance.	Based on the preliminary review, the ground rental rates should increase on average about 25%.	Additional analysis was required regarding the market rental rate for the rental auto industry as well as questions related to the financial condition of the airline industry. Several reports were developed as well as a number of presentations to the Management & Operations Committee. At the January 17, 2006 Commission meeting, a rate was negotiated with the rental auto industry, which included an increase in the concession fee paid to MAC. The Commission also decided to let all Signatory airlines continue to pay land rent at the existing ordinance rate and not make any change until the next time the ordinance is revised (estimated to be April 2011).
Ensure proper revenue capture and implementation of Minnesota Retail Partners contract and all passenger services contracts.	Proper implementation and revenue capture.	On-going management of this contract. Current status is the implementation of the new stores and agreements.
Administer concessions marketing committee and program.	Effectiveness of program to increase sales and raise awareness of Northstar Crossing.	Solid increases and promotions in 2006 despite many units being transitioned.
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 Force's use of the Airport facilities and to establish a clear understanding of the shared equipment use program.	The Air Force is currently reviewing the proposed changes and the existing agreement is continuing on a month-to-month basis until an agreement can be reached.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**COMMERCIAL MGT/AIRLINE AFFAIRS****2005 PROGRESS REPORT**

Objective	Measurement	Results
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.	Due to some staff reassignments, this project was put on hold until 2006.
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.	Following a series of meetings with the air cargo airlines, it was determined that their financial and service level needs were better met by allowing them to contract directly with the ground handling company. This gave them the ability to shop the airport for the company with the best rates. If service levels were not acceptable they could quickly change vendors without having to go through a formal process with MAC. MAC still receives the same concession fee from the ground handling vendors as well as provides a direct business relationship with the cargo airlines.
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.	75% complete with sales higher than planned.
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.	Cost cutting resulted in delays until April 2006 and smaller scope for research.
Develop standards, reports, and measurements that would allow us to improve the overall quality of products and services offered by our tenants.	Food & Beverage assistant conducts food inspections, price compliance, and menu reviews for each unit at least every four months. Retail and Services assistant to monitor and report on consumer trends, product successes, product voids and possible tenant voids in our merchandising assortments.	Additional concession staff headcount approved for early 2006 which will provide support for completing this objective.
Develop a MAC Food & Beverage 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.	
Create and implement an electronic sales and revenue reporting system.	Current data with which to make management decisions.	Completed in August 2005

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**COMMERCIAL MGT/AIRLINE AFFAIRS****2006 OBJECTIVES**

Objective	Expected Results
Complete development and implementation of the CM/AA Revenue Management and Monthly Report.	Submit monthly report with last year comparisons to director.
Humphrey Terminal Rental Auto Facility Development.	Establish a second consolidated rental auto facility at MSP in the hopes of improving customer service for the passengers that will rent cars from the Humphrey Terminal.
Assist with efforts to attract new entrant airlines in 2006.	Introduction of service by a new entrant airline in 2006.
Continue efforts to maximize wireless internet usage and revenues.	Increase annual revenue from MAC's wireless internet program by 5% over 2005 revenues.
Airline 20/20 Planning.	Assist with future development and implementation of 20/20 Plan towards the planned relocation of airlines in 2008 and continued efforts to identify the appropriate financing methodology that provides rates and charges equitable to the Lindbergh Terminal.
Landside Concessions RFP.	Execution of new contract.
Complete the implementation of the concession transition in North Terminal.	Complete construction by July 31, 2006.
Complete transition of concession management from "Master Concessionaire" to a more direct and proactive management and inspections of the new tenants.	Organize the concession department with clear goals and job responsibilities for each of the department members including relocation of concessions staff to the main terminal.
Rental Auto Concession Agreement Rebid.	Achieve the highest possible revenue stream from the rental auto industry.
Partner with tenants to ensure integration of Customer Service Standards.	Improve Mystery shopper scores and reduce customer complaints.
Complete Memorandum of Understanding with each Airline targeted for Humphrey Terminal operations in 2008 to establish part of the justification necessary to commence expansion of the Humphrey Terminal.	Executed MOU's.
Work with tenants and Bradford logistics on implementing dock and product distribution system.	Keeping product and deliveries out of concourses and increased efficiency.
Work with Marketing Committee on efforts to increasing sales, awareness and customer service.	Increase retention and recruitment of concession employees through Star Service awards program. Increase sales and awareness through Traveler publication, directories and other promotional activities.
Complete bi-annual update of various airline agreement lease exhibits.	Updates completed on schedule.
Following the completion of the TSA License Agreement in 2005, continue efforts to identify suitable on-airport facilities to rent to the TSA.	Amended office space agreement with TSA.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**COMMERCIAL MGT/AIRLINE AFFAIRS****2006 OBJECTIVES**

Objective	Expected Results
Assist with negotiation and drafting efforts between MAC and Northwest Airlines for the establishment of a new Airline Operating Agreement outlining financial and operational parameters acceptable to both MAC and Northwest.	Completion of a restated Airline Agreement.
Identify the permanent facilities necessary within either the Lindbergh or Humphrey Terminal to accommodate AirTran's growth from one gate to two gates.	Airline Agreement amendment outlining the facilities.
Complete the integration of US Airways and America West ticket counters, gates, and operations spaces so as to improve the operational efficiency of the new US Airways.	Airline Agreement amendments.
Work with Customer Service Action Council on customer service programs including joint efforts with tenants.	Better customer service rankings.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

Legal Affairs Division

Executive - General

General Counsel
(8 FTEs)

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

Notations to Service Center Summaries:

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- * The explanation for the variances is based upon the 2005 Budget and 2006 Budget
- * FTE's as stated in each service center are as budgeted in December 2005. Salary dollars in each service center may not reflect the budgeted FTE count for that service center.
- * Negative variances, in most cases, are the result of reductions in one time expenses (Runway 17/35) or budget reductions.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**GENERAL COUNSEL****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	579,530	618,853	672,142	53,288	8.61%
Administrative Expenses	29,425	27,135	27,323	188	0.69%
Professional Services	1,142,698	945,619	1,200,000	254,381	26.90%
Utilities	448	211	450	239	113.27%
Operating Services/Expenses	1,025	938	638	-300	-31.98%
Other		3,000	0	-3,000	-100.00%
Total Budget	1,753,127	1,595,756	1,900,553	304,796	19.10%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 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.

MAJOR 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases. The budget also includes a summer intern.
Professional Services	Projected to increase as a result of the airline bankruptcy filings.

SERVICE CENTER SUMMARIES - 2006 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 - 2006 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.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

GENERAL COUNSEL

2005 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. Addressed airline issues (Northwest Airlines Bankruptcy, 2020 Plan, Part 150 Program, recruiting new airlines for Humphrey Terminal, updating competition plan). Researched various issues as requested by CMAA and Reliever Airports. 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 and participated in Non-Felony Prosecution RFQ.
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.	Advised Finance Department regarding G.O. 15 collateral requirements. Provided assistance to CMAA and Reliever Airports in drafting and adopting ordinances, leases and agreements, including: Taxicab Ordinance, Ground Rent Ordinance, Concession Agreements, Loading Dock Agreement and numerous miscellaneous agreements. Completed Lease, Joint Powers Agreement and other documents for the MAC-Anoka County Northwest Building Area development project. Completed property acquisitions to facilitate Runway 17-35 construction (purchase and condemnation). Continued working with Landside (Taxicab Ordinance No. 102, Commercial Vehicles, Taxicab Permit Fee). Continued working with Transportation Safety Agency (TSA) to implement ongoing security regulations.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**GENERAL COUNSEL****2005 PROGRESS REPORT**

Objective	Measurement	Results
Represent (actual or potential litigation, administrative hearings, proposed legislation or regulations, misc. commercial or other legal claims) MAC and all MAC employees (primarily management employees) and MAC Commissioners.	Successful legal representation and participation.	Behrends v. MAC - successful settlement of human rights lawsuit. Cities of Minneapolis, Eagan, Richfield and Minneapolis Public Housing Authority v. MAC - ongoing litigation. City of Bloomington Request for Supplemental EIS - ongoing. Wiencke, et al v. MAC - ongoing litigation. Caswell v. City of Bloomington - ongoing litigation. City of Bloomington v. MAC - ongoing litigation. Interstate Companies v. MAC, et al - ongoing litigation. AMFA v. MAC - ongoing litigation. Taxicab Hearings/Security Hearings - ongoing. Human Rights Complaints - ongoing. Workers Compensation Issues - ongoing. Various bankruptcies (e.g., Northwest Airlines, Mesaba Airlines, Delta Airlines, United Airlines, USAirways Airlines) - ongoing. Advised Environment Department with respect to ongoing environmental issues at MSP and reliever airports. Laxman Sundae v. MAC - successful defense in Court of Appeals. MAC v. Xcel Energy - ongoing litigation.
Respond to Data Practices Act requests.	Respond in a timely manner.	Responded to numerous data requests. Provided legal advice on numerous data issues. Researched classification of data. Attended Data Practices Committee meetings.
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.	Attended seminars and participated in trade organizations.

2006 OBJECTIVES

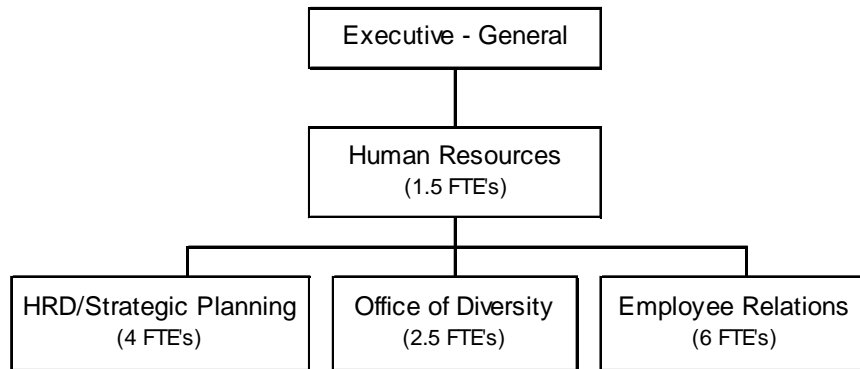
Objective	Expected Results
Represent MAC on outside boards, commissions and task forces, directly bringing visibility and influence to MAC's efforts.	Visibility and influence to MAC's efforts.
Maintain proficiency in all areas of airport law through attendance at seminars and participation in appropriate trade organizations.	Proficiency in all areas of airport law.
Respond to Data Practices Act Requests.	Respond in timely manner.
Represent (actual or potential) litigation, administrative hearings, proposed legislation or regulations, misc. commercial or other legal claims) MAC and all MAC employees (primarily management employees) and MAC Commissioners.	Provide representation when needed. Complete in timely manner.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**GENERAL COUNSEL****2006 OBJECTIVES**

Objective	Expected Results
Draft, negotiate and/or review documents (e.g., leases, ordinances) for all MAC management employees, especially CMAA, Relievers, Airport Development, Police, Fire, Purchasing, Landside, MAC Commissioners, ACI.	Complete in timely manner.
Provide legal advice to all MAC management employees (supervisors, managers, directors, senior staff) and MAC Commissioners.	Provide research and advice when requested. Complete in timely manner.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

Human Resources Division



SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

Notations to Service Center Summaries:

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- * FTE's as stated in each service center are as budgeted in December 2005. Salary dollars in each service center may not reflect the budgeted FTE count for that service center.
- * Negative variances, in most cases, are the result of reductions in one time expenses (Runway 17/35) or budget reductions.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**HUMAN RESOURCES****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	137,215	119,494	149,929	30,435	25.47%
Administrative Expenses	13,042	12,188	8,994	-3,194	-26.21%
Professional Services	3,090	25,000	13,214	-11,786	-47.14%
Utilities		50	50	0	0.00%
Operating Services/Expenses	0	0	0		
Maintenance		0	0		
Other		0	0		
Total Budget	153,347	156,732	172,187	15,455	9.86%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 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, Human Resource Development & Organization Development and the Office of Diversity. Each of these areas has a separate budget and is detailed later in this section.

MAJOR 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
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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.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

HUMAN RESOURCES**2004 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.	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.
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.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**HUMAN RESOURCES****2005 PROGRESS REPORT**

Objective	Measurement	Results
Oversee and direct the strategic planning process for the organization.	MAC's Five Year Strategic Plan is updated to reflect years 2006 through 2010.	Facilitation of MAC's Five Year Strategic Plan was completed with the Plan being updated for 2006-2010. Organizational planning software was updated to reflect the Plan.
Facilitate the re-instatement of in-house training for employees.	Supervisory and management training is delivered to meet the organization's needs.	A series of supervisory and management training was provided to staff in 2005. Additional training is planned for 2006.
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.	The HR Division was re-structured following the retirement of a long term employee and cross-training of staff continued throughout 2005. JDE training on the HR module was delivered to the division staff resulting in improved HRIS capabilities. Work continues on strengthening the partnership between HR and Risk Management on the administration of workers compensation and employee health insurance benefits to employees.
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.	Documentation of succession planning options was completed for the Executive Director and included various recruitment strategies for executive level positions in anticipation of turnover due to retirement eligibility. A search firm has been selected to work with staff on various openings as they occur.
Oversee the development and facilitation of MAC's 3 year workforce strategy.	A 3 year workforce plan is in place for 2005 through 2007.	MAC's 3 year workforce plan continues to evolve as departments improve their ability to project their 2-3 year workforce needs. HR continues to partner with the leadership of all departments to fill their current needs and to assess their upcoming workloads.
Oversee the update of MAC's Affirmative Action Plan for 2006-2008.	Approval of MAC's AA plan.	A draft Affirmative Action Plan for 2006-2008 was completed and will be presented to the Commission for approval in January 2006. The plan includes various initiatives in addition to an analysis of hiring goals for the organization.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

HUMAN RESOURCES**2006 OBJECTIVES**

Objective	Expected Results
Partner with Finance and Operations Departments to develop workforce contingency plans.	Best case, worst case and most likely workforce contingency plans in place.
Partner with Finance and Administrative Services to transition and integrate Human Resources and Administrative Services policy manuals into one reference document.	Easily accessible manual that combines HR and Administrative policies using standardized format, distribution and communication schedules.
Oversee and direct the strategic planning process for the organization.	MAC's Five Year Strategic Plan is updated to reflect years 2007 through 2011.
Facilitate creation of a leadership development program.	Leadership development process defined and in the first phase of implementation by the end of the year.
Oversee the development and facilitation of MAC's 3 year workforce strategy.	A 3 year workforce plan is in place for 2007 through 2009.
Oversee staffing management plan to prepare for and facilitate executive and manager transitions.	A transition plan is in place with recruitment strategies for anticipated turnover at executive levels and other key positions through 2008.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**HRD/STRATEGIC PLANNING****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	202,584	354,530	363,269	8,739	2.47%
Administrative Expenses	18,040	8,827	8,654	-173	-1.96%
Professional Services	2,392	27,000	27,000	0	0.00%
Utilities		0	0	0	0.00%
Operating Services/Expenses	1,747	2,521	2,521	0	0.00%
Maintenance		0	0	0	0.00%
Other	-204	8,300	3,200	-5,100	-61.45%
Total Budget	224,559	401,178	404,644	3,466	0.86%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 Budget
FTE Total:	4	4	4

RESPONSIBILITY/FUNCTION

Employees 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 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Leadership development program for next generation of MAC leaders was added to the training budget. Personnel increases are also attributable to wage structure adjustment and step increases.
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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.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

HRD/STRATEGIC PLANNING

2004 PROGRESS REPORT

Objective	Measurement	Results
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.
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.	(1) Retirement Eligibility Forecast (turnover forecast) completed by job type and service center; vulnerable areas identified. (2) Key functions and positions at risk at senior staff level have been identified. (3) Position/competency profiles for senior staff functions are currently being developed. (4) General organizational leadership competencies developed and integrated into leader job descriptions and performance reviews.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

HRD/STRATEGIC PLANNING

2004 PROGRESS REPORT

Objective	Measurement	Results
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>
Improve HR process documentation to ensure transfer of knowledge.	Staffing and Employee Separation processes fully documented. Key JDE data fields defined and documented.	<p>(1) Defined JDE fields and change reason codes to improve tracking of staffing transactions.</p> <p>(2) Documented core staffing functions (including steps, objectives, and tools).</p> <p>(3) Prepared and implemented "pre-hire" checklist to ensure new-hire records are entered and maintained accurately.</p> <p>(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.</p>

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**HRD/STRATEGIC PLANNING****2005 PROGRESS REPORT**

Objective	Measurement	Results
Develop plan and propose recruitment strategies for anticipated turnover at executive levels of the organization.	Executive level recruitment strategies identified.	Executive level exit forecast was completed. Recruitment strategies have been developed including identifying target markets, developing leadership job profiles, and engaging a search firm.
Develop 3 year staffing forecast.	Identify changing business needs for employee talent. Three Year staffing forecast in place.	Workforce needs assessment developed. A one year staffing forecast is in place. Developed and implemented "Talent Finder" recruiting plan and strategies. Development of the workforce plan will continue in 2006.
Reinstate supervisory management and leadership development programs.	Supervisory management and leadership development programs implemented.	Eight Supervisory Management training programs were presented in 2005. Evaluations were overwhelmingly positive. We plan to continue to offer Supervisory Management training in 2006.
Facilitate the development of 3 year department plans.	Template for business plans established and implementation begun.	Three year department planning using a consistent model was introduced in the Fire Department. Progress has been slow due to conflicts in their schedule.
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.	JDE training for HR personnel was brought in-house. The JDE Implementation team is meeting regularly. Our goal is to have Position Control fully functional and accurate by the end of the year. We will continue to meet in 2006. Org Publisher requires Position Control so we will not be able to complete implementation until 2006.

2006 OBJECTIVES

Objective	Expected Results
Partner with MAC IS to identify and recommend an on-line applicant management system.	On-line applicant management system recommendation developed for implementation in 2007.
Update policies and procedures to enhance customer service.	Policy recommendation developed for filling long term vacancies. Recommend a process to integrate job reclassifications with workforce planning strategies.
To provide executives and managers with the tools to prepare for and facilitate management transitions within their organizations.	A staffing management tool kit in place for directors and managers to facilitate readiness and business continuity planning for future management transitions. Policy recommendations developed for organization-wide management development and transition planning, including options for implementing career development and mobility assignments.
Design and implement first phase of Leadership Development program.	1. Ongoing Leadership Development program designed and approved. 2. A minimum of three formal development events implemented in 2006. 3. Action plan for 2007 developed.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**HRD/STRATEGIC PLANNING****2006 OBJECTIVES**

Objective	Expected Results
Partner with CMAA in the development of airport-wide recruitment and employment strategies.	MAC core competencies integrated with airport-wide customer service competencies. Airport-wide job fair conducted. On-line application tool identified and recommended with the airport community.
Develop and implement diversity recruiting strategies.	A cross selection of MAC employees trained as diversity representatives for employee interview panels. Expand community organization list with professional associations representing underutilized groups. Identify and implement internship opportunities through community organizations for entry-level work and future workforce development.
Increase efficiency by fully implementing Org Publisher.	Organizational charts available in the MAC intranet with data linked to position control in JDE.

2007 - 2010 LONG TERM OBJECTIVES

Objective	Expected Results
Link workforce planning into the budgeting process.	

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**OFFICE OF DIVERSITY****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	213,238	199,528	203,681	4,153	2.08%
Administrative Expenses	14,114	10,400	9,360	-1,040	-10.00%
Professional Services	0	4,000	4,000	0	0.00%
Utilities		0	0		
Operating Services/Expenses	1,891	13,000	9,634	-3,366	-25.89%
Other		0	0		
Total Budget	229,243	226,928	226,675	-253	-0.11%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 Budget
FTE Total:	2.5	3	2.5

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 individuals and key organizations which intersect with MAC's business objectives.

MAJOR 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
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SERVICE CENTER SUMMARIES - 2006 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 - 2006 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 PROGRESS REPORT

Objective	Measurement	Results
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.	An end of year hiring report will be prepared in January 2006. Images ad minority recruitment campaign was executed in 2005. Job Fair outreach was executed for 2005 by MAC Affirmative Action Officer. Outreach project for FMW resulted in two females and one minority hire. MAC HR diversity staff maintained a positive relationship with key protected class organizations. A MAC Workforce analysis was completed in 2005 for new AA hiring goals. A turnover report was conducted by the Affirmative Action Officer with special attention to protected class groups. Recommendations for hiring process improvement were made in 2005.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

OFFICE OF DIVERSITY

2005 PROGRESS REPORT

Objective	Measurement	Results
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 and TGB community.	Submitted TGB and DBE contract compliance reports. Submitted new DBE program goals. Will submit FY 2005-2006 DBE Concession Goal and FY 2004 and 2005 DBE Concession accomplishment reports in early 2006. Will also submit new DBE Construction program DBE goals for calendar year 2006. Attended National Association of Minority Contractors and Association of Women Contractors meetings in 2005. Recommended certification re-certification for 56 DBE firms. Reported an increase to 5.2% in TGB program participation for FY 2004 FY2005 representing over \$2M. MAC 's DBE Program for airport concessions reported over \$21M in DBE revenues. The DBE construction program report for calendar year 2005 will be completed in February 2006.
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.	Provided Preventing Workplace Harassment training to field maintenance staff, including some of the Reliever Airport staff. MAC policies on workplace harassment were a part of all new MAC employees hired in 2005 as a part of New Employee Orientation and New Employee Orientation Group 2. Three EEO internal complaints were investigated. All three complaints were resolved. Provide opportunities for MAC staff to attend diversity training opportunities. Sponsored Multicultural Forum Conference for 13 MAC employees.
Amend MAC's AA Plan for 2006-2008. Set new AA hiring goals.	Approval of MAC's AA Plan for 2006-2008.	The MAC's proposed 2006-2008 Affirmative Action Plan as amended and approved by the Commission in January 2006.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

OFFICE OF DIVERSITY**2006 OBJECTIVES**

Objective	Expected Results
Promote and maintain a harassment and discrimination free workplace.	Preventing Harassment Training for line staff and supervisory staff. Numerical goal 100 people will be trained.
Manage contract compliance for MAC's Disadvantaged Enterprise Program and Target Group Business Program. Create strategies to increase the use of TGB and DBE firms in supplies, services and goods procured.	TGB program goal 3.5%, for FY 2005-2006 DBE Program goal for airport concessions will be an estimated 10% of revenues FY 2005-2006 DBE Program goal for airport construction projects will be set at an estimated 15%, for calendar year 2006
Develops manages, implements the effectiveness of the MAC' affirmative action policies and contract compliance activities. Provide leadership in to increase awareness of workforce diversity.	Increase the number of women, minorities and disabled representation on MAC staff. Engage in community outreach activities for protected class groups to maintain a positive work relationships between MAC and community groups. Provide diversity training opportunities to MAC staff. Implement new regulatory changes for MAC affirmative action compliance programs. Present Prevent Workplace Harassment training to MAC staff.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**EMPLOYEE RELATIONS****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	384,970	357,876	443,636	85,760	23.96%
Administrative Expenses	13,804	4,435	3,273	-1,162	-26.20%
Professional Services	50,205	101,004	67,290	-33,714	-33.38%
Utilities	0	0	0		
Operating Services/Expenses	39,079	46,910	29,366	-17,544	-37.40%
Maintenance		0	0		
Other		0	0		
Total Budget	488,059	510,225	543,565	33,340	6.53%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 Budget
FTE Total:	6	5.5	6

RESPONSIBILITY/FUNCTION

Employee Relations is responsible for attracting and retaining top talent for the organization. Services provided include: 1) Staffing; 2) Counseling with employees regarding benefit options and HR policies and practices; 3) Administration of compensation and benefits services for employees and retirees; 4) Maintenance of accurate personnel files; and 5) The administration of MAC's human resource information system.

MAJOR 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	The expenses are for two part-time employees - one position (temporary) is to staff the front desk as a receptionist. The other is an administrative assistant position providing general administrative services support to the Employee Relations Department. Also, Personnel increases are attributable to wage structure adjustment and step increases.
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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.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

EMPLOYEE RELATIONS**2004 PROGRESS REPORT**

Objective	Measurement	Results
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 - 2006 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 PROGRESS REPORT

Objective	Measurement	Results
Maintain a competitive benefits package and wage structure.	MAC is able to attract and retain a high quality workforce.	The employee benefit offering was updated, approved by the Commission and communicated to all employees. The salary structure for non-organized was approved by the Commission and competitively adjusted by 3% for 2006.
Strengthen Human Resources service delivery skill as employee retirement actions occur.	Acquire highly skilled, superior performing HR professional resource to deliver generalist services.	Successfully attracted an excellent employee to the Employee Relations Department who possesses the skill and experience in the public sector that is having an immediate, positive impact on employee relations department operations.
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.	Successfully coached/consulted with MAC managers and supervisors in resolving employee relations issues, including four difficult involuntary termination issues.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**EMPLOYEE RELATIONS****2005 PROGRESS REPORT**

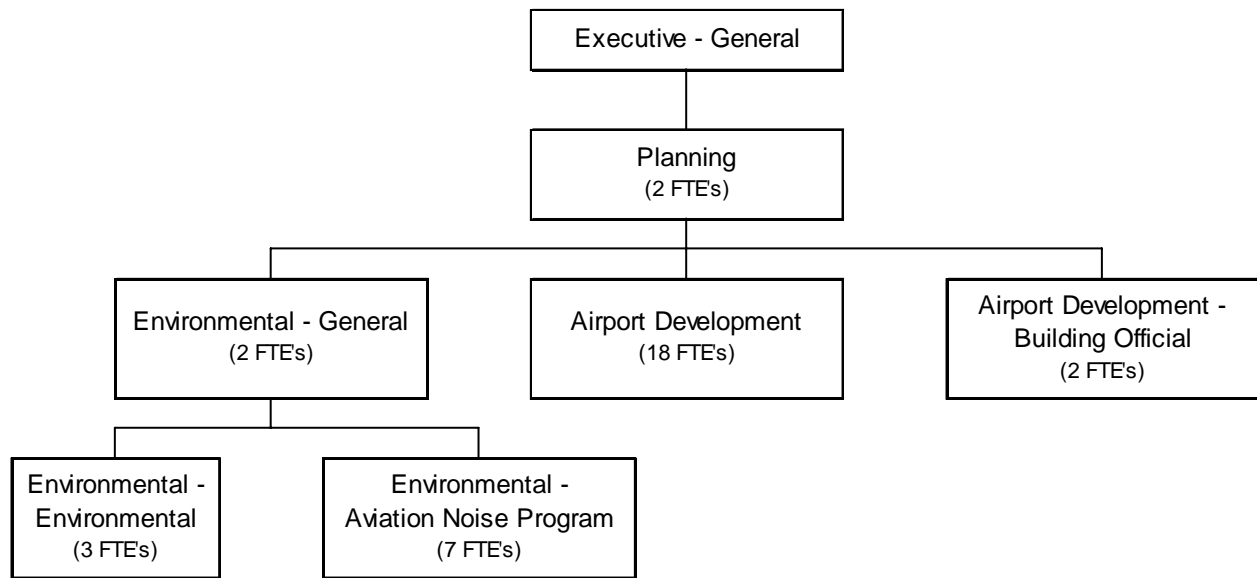
Objective	Measurement	Results
Deliver general compensation, benefits and employee relations services to all MAC organizations.	Solicited feedback from employees and managers/supervisors indicating service value and quality is positively impacting MAC achieving business objectives.	The Employee Relations Department staff delivered all scheduled, approved salary actions to both organized and non-organized employees. The Senior HR Generalist administered all insurance plans for current employees and retirees and successfully completed the open enrollment process for 2006 insurance enrollment. All Senior Generalists and the HR Specialist consulted with managers and supervisors regarding employee relations problems based upon approved HR policies and procedures.
Expand merit pay delivery system to all exempt employees.	Improve alignment/flexibility of compensation delivery system to performance review process.	Objective not achieved due to continuing development of the performance feedback process as a sound foundation for increased merit pay plan implementation.
Improve usefulness of JD Edwards software as Human Resources productivity tool.	More efficient data manipulation and more useful information regarding benefits administration.	The Employee Relations Department staff attended concentrated JD Edwards training and have assisted with data cleanup and the implementation of improved data input processes in order to make JD Edwards a more productive tool. Reports and data are now more accurate tools.
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.	Continued to maintain the employee relations presence at the Airport Directors Office as a full-service function. Office status and strategy will be reviewed in 2006.

2006 OBJECTIVES

Objective	Expected Results
Establish and publish a performance management policy.	Managers and supervisors increase number of performance reviews completed for all performance levels.
Audit all policies and procedures in the HR Policy and Procedure Guide and re-distribute to all managers and supervisors. Add a "Most Frequently Used Policy and Procedure Guide".	The distribution of the Guide and Most Frequently Used Addendum to all managers and supervisors will more independently manage employee relations problems in support of achieving business objectives.
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.
Expand merit pay delivery system to all exempt employees.	Improve alignment/flexibility of compensation delivery system to performance review process.
Solidify a competitive benefits package and wage structure.	MAC is able to attract and retain a high quality workforce.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

Environment and Planning Division



SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

Notations to Service Center Summaries:

- * Variance (dollars and %) is computed between 2005 Budget and 2006 Budget
- * The explanation for the variances is based upon the 2005 Budget and 2006 Budget
- * FTE's as stated in each service center are as budgeted in December 2005. Salary dollars in each service center may not reflect the budgeted FTE count for that service center.
- * Negative variances, in most cases, are the result of reductions in one time expenses (Runway 17/35) or budget reductions.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**PLANNING****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	168,198	169,885	179,465	9,580	5.64%
Administrative Expenses	7,182	10,479	7,818	-2,661	-25.39%
Professional Services	101,850	298,494	203,794	-94,700	-31.73%
Utilities	68	66	66	0	0.00%
Operating Services/Expenses	39,156	29,022	29,022	0	0.00%
Maintenance	2,215	0	0		
Other		0	0		
Total Budget	318,668	507,946	420,165	-87,781	-17.28%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 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 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
Professional Services	\$90,000 transferred to Airport Development for O&M engineering fees and/or services.

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.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**PLANNING****2005 PROGRESS REPORT**

Objective	Measurement	Results
Develop annual Capital Improvement Plan.	Annual Capital Improvement Plan developed and approved by the Commission.	Completed.
Review existing projects for appropriate budgeting levels.	Appropriate budget levels for existing projects set and approved.	Completed.
Oversee Airport Development and Environment Activities.	Completion of individual Department Objectives.	Completed.
Complete property acquisition for Runway 17-35.	Property acquired.	One multi-family parcel and 7 single family units yet to be acquired.
Implement Part 150 Update following FAA approval	Homes above 65 DNL insulated.	2007 contours accepted by FAA; single-family unit contracts awarded.
Oversee/Coordinate 2010 Plan implementation.	Projects awarded.	Continuing.
Review 2020 Vision proposal.	Implementation status of Phase 1.	Deferred by Commission.

2006 OBJECTIVES

Objective	Expected Results
Implement Reliever Airport Safety Zoning.	Zoning Ordinance developed and adopted.
Update Long Term Comprehensive Plans for Lake Elmo, Crystal and Airlake Airports.	LTCP Completion.
Support Legal Department in ongoing litigation.	Information Provided.
Complete property acquisition for Runway 17-35.	Properties acquired.
Implement 2020 Plan.	Implementation status of Phase 1.
Develop Annual Capital Improvement Plan.	Annual Capital Improvement Plan developed and approved by the Commission.
Oversee/Coordinate 2010 Plan Implementation.	Projects Awarded.
Oversee Airport Development and Environment Activities.	Completion of Individual Department Objectives.
Continue implementation of Part 150 Update.	Homes/multi-family units insulated.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**AIRPORT DEVELOPMENT****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	401,430	497,504	509,976	12,472	2.51%
Administrative Expenses	21,817	53,500	50,194	-3,306	-6.18%
Professional Services	206,177	227,500	262,500	35,000	15.38%
Utilities	79	356	356	0	0.00%
Operating Services/Expenses	3,072	1,500	1,500	0	0.00%
Maintenance	2,485	0	0	0	0.00%
Other	0	200	200	0	0.00%
Total Budget	635,061	780,560	824,726	44,166	5.66%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 Budget
FTE Total:	15	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 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
Professional Services	\$90,000 to come from Deputy Executive Director of Planning & Environment's operating budget and put in Airport Development for O&M engineering fees and/or services.

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.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**AIRPORT DEVELOPMENT****2004 PROGRESS REPORT**

Objective	Measurement	Results
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 PROGRESS REPORT

Objective	Measurement	Results
Participate in the ongoing review and development of the 2005 Landside CIP.	Ongoing.	Ongoing.
Participate in the ongoing review and development of the 2005 Airside CIP.	Ongoing.	Ongoing.
Implement the 2005 Landside CIP.	Complete 2005 CIP.	Landside 2005 CIP completed.
Implement the 2005 Airside CIP.	Complete 2005 CIP.	Airside CIP completed.
Develop 2006 Landside CIP.	Adoption of 2006 CIP.	Landside CIP adopted.
Develop 2006 Airside CIP.	Adoption of 2006 CIP.	Airside CIP adopted.
Continue bringing Landside work "in-house" in lieu of using consultants where possible.	Number of projects/tasks transitioned to in-house.	Ongoing.
Continue bringing Airside work "in-house" in lieu of using consultants where possible.	Number of projects/tasks transitioned in-house.	Ongoing.
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.	2005 CIP completed.
Administer CIP related property management acquisition/disposal.	Administration of property management.	Ongoing.
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.	2005: 12 grants - \$28.5 million.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

AIRPORT DEVELOPMENT**2005 PROGRESS REPORT**

Objective	Measurement	Results
Develop and implement a records retention schedule for Airport Development.	Inventory of various documents and approved Records Retention Schedule for Airport Development.	Ongoing.

2006 OBJECTIVES

Objective	Expected Results
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 acquisitions/disposal.	Administration of property management.
Manage all aspect of preparing and implementing the Commission's CIP for MSP and Reliever Airports.	Completion of 2006 CIP and administration of A/E services.
Develop 2007 Airside CIP.	Adoption of 2007 CIP.
Develop 2007 Landside CIP.	Adoption of 2007 CIP.
Implement the 2006 Airside CIP.	Complete 2006 CIP.
Implement the 2006 Landside CIP.	Complete 2006 CIP.
Participate in the ongoing review and development of the 2006 Airside CIP.	Ongoing.
Participate in the ongoing review and development of the 2006 Landside CIP.	Ongoing.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**AIRPORT DEVELOPMENT-BUILDING OFFICIAL****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	132,819	137,227	142,352	5,124	3.73%
Administrative Expenses	861	14,248	16,478	2,230	15.65%
Professional Services	10,003	11,500	0	-11,500	-100.00%
Utilities	0	0	0	0	0.00%
Operating Services/Expenses		200	200	0	0.00%
Maintenance		0	0		
Other		0	0		
Total Budget	143,684	163,175	159,030	-4,146	-2.54%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 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 Deputy Executive Director - Planning and Environment.

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 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
Administrative Expenses	Increase due to higher rates charges by LOGIS.

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 - 2006 OPERATING BUDGET***AIRPORT DEVELOPMENT-BUILDING OFFICIAL*****2006 OBJECTIVES**

Objective	Expected Results
Provide consistent and timely plan review, issuance of permits and the administration of the Minnesota state building code and the MAC Design and Construction Standards.	Review permit and inspection records to verify turnaround time on plan reviews and field inspections. Contact MAC staff and consultants regarding updates to the Design and Construction Standards.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**ENVIRONMENT-GENERAL****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	124,578	142,724	154,230	11,506	8.06%
Administrative Expenses	10,071	10,070	8,514	-1,556	-15.45%
Professional Services		10,000	10,000	0	0.00%
Utilities	650	756	2,160	1,404	185.71%
Operating Services/Expenses	127	0	0		
Other		0	0		
Total Budget	135,427	163,550	174,904	11,354	6.94%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 Budget
FTE Total:	3	2	2

RESPONSIBILITY/FUNCTION

The Department of Environment includes the Director of Environment and the department Administrative Assistant. The department is responsible to ensure and maintain environmental compliance with all state and federal environmental regulations at Commission-owned facilities. The Director supervises the Environmental Affairs and the Aviation Noise and Satellite Programs offices to implement environmental policies which includes environmental documentation for construction projects, assessing noise impacts and corrective measures, compliance activities for stormwater and soil management programs, underground/aboveground storage tank administration, air quality monitoring, hazardous waste management, pollution prevention programs and environmental investigations/audits.

This office understands and is experienced with federal, state and local environmental regulations, rules and ordinances. This office maintains an effective working relationship with state and local units of government. The activities of this office work to establish sound strategies to reduce environmental impacts.

MAJOR 2006 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, plan and implement specific high priority elements of an Environmental Management System for MAC's system of airports to support MAC's five-year strategy #5

2005 PROGRESS REPORT

Objective	Measurement	Results
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.	EPA Effluent Guidelines discussion continues into 2006. MAC is actively involved in the development of the questionnaire at a national level and continues to work with the industry members to address environmental concerns.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**ENVIRONMENT-GENERAL****2005 PROGRESS REPORT**

Objective	Measurement	Results
Continue to work with communities for compatible development around MAC airports.	Meet with local community development personnel to encourage compatible development.	Facilitated discussions with the communities through the Noise Oversight Committee. Due to development pressures for the communities, continued discussion is proposed for 2006.
Proactively engage regulating agencies to identify and reduce impacts.	Meet with MPCA officials to discuss air quality credits for past and future projects.	Met with MPCA. Air quality credits for past projects are not available. Future projects are on a case by case basis.
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.	Met with industry representatives to discuss these issues and agreed that these are ongoing activities. Incorporated additional storm water protection measures for new facilities. New strategies are continually reviewed for applicability and benefit.
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.	All new or revised lease agreements contain updated environmental lease language.
Continue implementation and development of technologies to plan, manage and reduce environmental impacts.	Evaluate pilot projects for reduction of air and water quality impacts.	Pilot projects are ongoing for water quality protection such as pond effectiveness, storm sewer slip lining and best management practices.
Identify, evaluate and prioritize elements of an EMS.	Evaluate and prioritize EMS elements for future implementation.	EMS elements were reviewed and a draft document created to guide future evaluation and implementation.

2006 OBJECTIVES

Objective	Expected Results
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.
Proactively engage regulating agencies to identify and reduce impacts.	Conduct meetings with regulators to meet new and ongoing requirements.
Incorporate environmental reduction requirements into tenant agreements.	New or revised leases, contracts and agreements contain environmental language that protects MAC interests.
Develop Environmental Compliance Program (ECP) for MSP.	Complete Draft ECP.
Oversee and Direct Environmental and Noise Program Objectives.	Completion of Program Activities.
Plan and implement specific high priority elements of an Environmental Management System.	Plan is created to address high priority elements and begin implementation.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**ENVIRONMENT-ENVIRONMENTAL****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	152,795	189,554	208,104	18,550	9.79%
Administrative Expenses	3,709	3,000	3,550	550	18.33%
Professional Services	382,978	465,066	277,500	-187,566	-40.33%
Utilities	0	0	0	0	0.00%
Operating Services/Expenses	44,782	51,100	46,600	-4,500	-8.81%
Maintenance		0	0		
Other	5,009	4,500	10,500	6,000	133.33%
Total Budget	589,273	713,220	546,254	-166,966	-23.41%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 Budget
FTE Total:	3	3	3

RESPONSIBILITY/FUNCTION

Environmental Affairs Office

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

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

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

MAJOR 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
Administrative Expenses	Increase was primarily in the travel category. Increase in monies in this object account (5500-Travel-lodging, meals and transportation) will enhance MAC's opportunity to maintain an excellent staff through training that is not offered with the Twin Cities area.
Professional Services	Professional Services was reduced for two reasons: 1. Responsibilities related to Baytown Township Contamination Site were transferred to the MPCA and 2. Penalty payments for Fuel/NPDES (glycol) Stipulation and a supplemental environmental project for the NPDES Stip are not required in 2006.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**ENVIRONMENT-ENVIRONMENTAL****MAJOR 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000**

Professional Services	Professional Services was reduced for two reasons: 1. Responsibilities/duties related to Baytown Township Contamination Site were transferred to the MPCA and 2. Penalty payments for Fuel/NPDES (glycol) Stipulation and a supplemental environmental project for the NPDES Stip are not required in 2006.
Other	Additional monies were placed in this section to reflect increased cost of regulatory permits and/or licenses.

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.	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. 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.
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.]

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**ENVIRONMENT-ENVIRONMENTAL****2004 PROGRESS REPORT**

Objective	Measurement	Results
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.

2005 PROGRESS REPORT

Objective	Measurement	Results
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.	In 2005, MAC staff and MAC's air quality consultant met and had discussions with MPCA personnel regarding airport air quality data, data reporting and community issues/concerns. The VALE program applies to commercial service airports in air quality non attainment and maintenance areas. [MSP is currently in a maintenance area for carbon monoxide (CO) and sulfur dioxide (SO ₂)]. This program requires coordination with the MPCA to determine if projects are consistent with the State Implementation Plan (SIP).
Proactively engage regulating agencies to identify and reduce impacts.	Meet with MPCA officials to develop water quality standards consistent with national industry standards.	The required NPDES (glycol) Stip studies and reports continued in 2005. The first annual report was sent to the MPCA for review in October. Studies will continue into 2006 with the final reports due in 2008. MAC staff has also been aware of and following the river study currently being conducted/directed by the Met Council Environmental Services group (MCES).
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.	Environmental language is now regularly inserted into tenant leases and agreements. Continuing to negotiate and include language into construction bid packages that will assist in the reduction of environmental impacts by contractors, etc.
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.	Continuing research into "off the shelf" management tools. Department staff is currently developing an internal task tracking methodology.
Identify, evaluate and prioritize elements of an Environmental Management System (EMS).	Identify elements of an EMS for MAC through a thorough scoping process.	Department staff is currently working with MAC environmental consultants on the elements of a MAC-wide EMS.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**ENVIRONMENT-ENVIRONMENTAL****2005 PROGRESS REPORT**

Objective	Measurement	Results
Develop conceptual Environmental Compliance Program (ECP) for MSP.	Create outline of ECP elements applicable to MSP tenants. Draft potential program scope, goals, implementation schedule and MAC and tenant requirements.	In 2005, department staff outlined the elements required to conduct a tenant leasehold inventory/inspection at MSP. The schedule calls for the MAC owned and operated facilities to be the initial group of inspections. These inspections will continue in 2006.

2006 OBJECTIVES

Objective	Expected Results
Continue implementation and maintenance of compliance programs developed in accordance with Stipulation Agreement(s).	Multiple annual reports based on previous year's efforts or baseline assessments.
Develop Environmental Compliance Program (ECP) for MSP.	Draft plan for implementation of program.
Identify, evaluate and prioritize elements of an Environmental Management System (EMS) for the MAC airports.	Create an executive summary plan for prioritizing essential components of an EMS.
Evaluate ways to minimize environmental impacts on air, water and soil.	Investigate available industry management tools to plan and manage environmental issues and implementation strategies.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**ENVIRONMENT-AVIATION NOISE PROGRAM****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	343,992	381,649	408,876	27,227	7.13%
Administrative Expenses	25,182	25,757	21,297	-4,460	-17.32%
Professional Services	77,896	103,059	93,059	-10,000	-9.70%
Utilities	152	409	409	0	0.00%
Operating Services/Expenses	45,679	95,840	95,840	0	0.00%
Maintenance		0	0	0	0.00%
Other	0	0	0		
Total Budget	492,901	606,714	619,481	12,767	2.10%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 Budget
FTE Total:	6	6	7

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 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
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SERVICE CENTER SUMMARIES - 2006 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 - 2006 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 - 2006 OPERATING BUDGET

ENVIRONMENT-AVIATION NOISE PROGRAM**2005 PROGRESS REPORT**

Objective	Measurement	Results
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.	<p>In 2005 MAC Noise Program staff in cooperation with the MSP Noise Oversight Committee (NOC) accomplished the following:</p> <ul style="list-style-type: none"> - A review and modification of the NOC Bylaws focusing on committee process and public input - Studied and coordinated implementation of the Runway 12L Departure Delayed Turn Point Procedure, increasing compliance with the Eagan/Mendota Heights Departure Corridor - Establishment of a comprehensive Airport Noise Public Information Program - Establishment of alternate engine run-up locations with Runway 17/35 in operation - Development of a noise abatement sensitivity training program/materials for pilots - Review of NOC member cities' planning and development practices as they relate to known airport noise impact areas - Development of aircraft operation/noise reporting information and format for Runway 17/35 - An assessment of nighttime operations and associated noise impacts - An update on the progress of the PARTNER low-frequency noise research and requested FAA consideration of MSP as a Continuous Descent Approach (CDA) test site. - Review of supplemental noise metrics - Review and implementation of enhancements to Airport Noise Public Input meetings - Review of the MSP 2020 Plan and associated impacts - Continued review of input received from Airport Noise Public Input Meetings - An analysis of initial Runway 17/35 operations and followed up on early operational issues with FAA.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

ENVIRONMENT-AVIATION NOISE PROGRAM**2005 PROGRESS REPORT**

Objective	Measurement	Results
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.	In 2005 MAC Noise Program staff implemented the provisions of the Airport Noise Public Information Program focusing on the opening of Runway 17/35. The following tasks were completed in 2005: - Development of a Runway 17/35 video for cable television and general distribution - Several presentations to city councils and elected officials regarding the opening and operations of Runway 17/35 - Conducted multiple community open houses regarding Runway 17/35 - Developed and distributed a Runway 17/35 informational brochure - Performed community outreach via a speakers bureau, with presentations to community/noise groups and realtors - Update the entire MAC Noise Program website and completed many reporting/mapping enhancement to the macnoise.com website - Published four quarterly MSP Noise News newsletters - Held four quarterly Airport Noise Public Input Meetings - Implemented an enhanced phone system and developed the Airport Noise Complaint and Communications Record System (ANCCRS) to address noise complaint calls following the opening of Runway 17/35. In total, MAC Noise Program staff made over 50 presentations regarding Runway 17/35 prior to the runway opening in October 2005.
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.	In 2005 MAC Noise Program staff conducted and evaluated all of the city land use planning practices around MSP. The results of the study were reviewed with the MSP NOC in consideration of the preventative land use measures outlined for implementation in the MSP Part 150 document. Moreover, Noise Program staff developed a guide entitled, 'Tips for Insulating Your Home Against Aircraft Noise' for residents who live around the airport outside the noise contours and who are interested in performing their own noise reduction modifications to their homes.
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.	In 2005 MAC Noise Program staff coordinated implementation of the Runway 12L Departure Delayed Turn Point Procedure and addressed FAA regarding operational compliance with the Runway 17 Westbound Jet Departure Turn Point Procedure. Additionally, Noise Program staff provided support to the FAA in addressing litigation related to the FAA's approval of the MSP Part 150 Update 2007 noise contours.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

ENVIRONMENT-AVIATION NOISE PROGRAM**2005 PROGRESS REPORT**

Objective	Measurement	Results
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.	In 2005 all single family homes in the 2007 65 DNL noise contour are either completed or in the process of being mitigated. The MSP NOC was briefed on the mitigation process and the prioritization of the homes being mitigated.
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.	Consistent with the MSP Part 150 Update, Noise Compatibility Program (NCP) measures were implemented including a noise abatement sensitivity training program/materials for pilots, a comprehensive airport noise public information program was developed and preventative land use measures were reviewed and coordinated with communities.
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.	In 2005 MAC Noise Program staff developed ANOMS-like mapping and analysis capabilities on the macnoise.com website. Staff developed an interactive Runway 17 departure procedure analysis and reporting application on the Internet and staff developed the Airport Noise Complaint and Communications Record System (ANCCRS). Several software packages were changed from programs that incur annual support costs to freeware applications that increase application development and customization opportunities while reducing annual network operations costs. Additionally, a new database was developed utilizing open source technology reducing annual software costs while providing more flexibility and enhanced functionality and reporting capabilities internally and on the Internet.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**ENVIRONMENT-AVIATION NOISE PROGRAM****2006 OBJECTIVES**

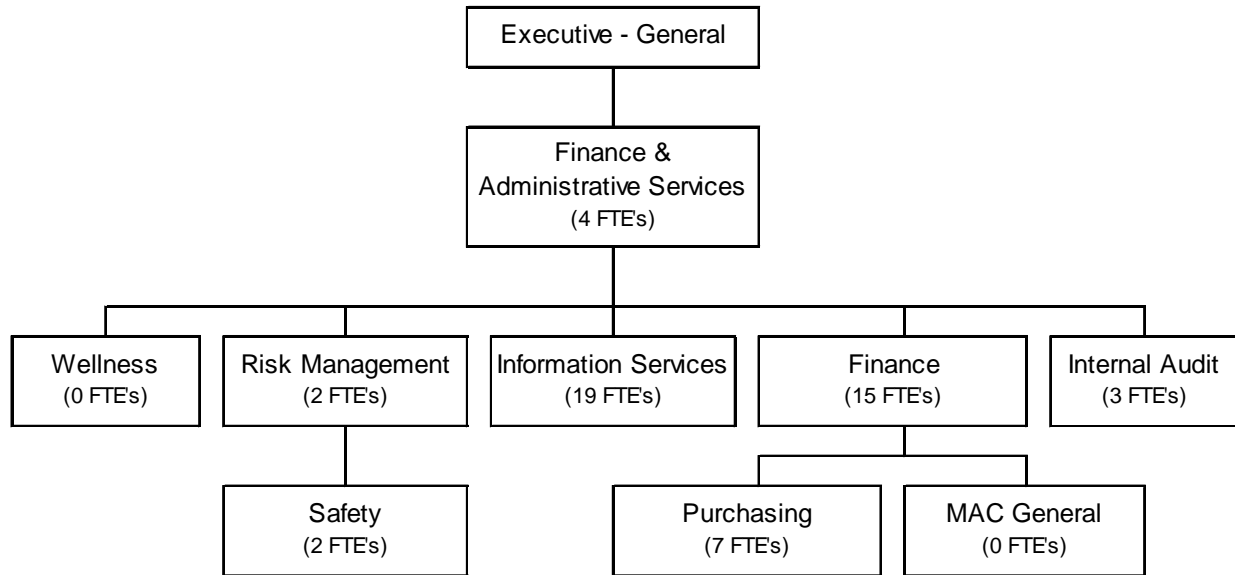
Objective	Expected Results
Provide support and coordination to the MSP Noise Oversight Committee (NOC).	Conduct NOC meetings providing an informative environment for committee members yielding accomplishments on behalf of the Committee.
Support Reliever Airport Advisory Commissions and manage FCM Operational Implementation Plan.	Attend meetings and provide noise related material and presentations to Reliever Airport Advisory Commissions and ensure compliance with the FCM Operational Implementation Plan.
Monitor and address airport noise related issues including those related to the operations of Runway 17/35.	Publish monthly reports including Runway 17 departure procedure compliance reports, address procedure compliance issues with FAA and address cities and residents when necessary or requested regarding airport noise and the operation of Runway 17/35.
Continue airport noise public information and communication program.	Publish four quarterly newsletters, coordinate and staff speakers bureau, continue Internet information/communication program, conduct four quarterly Public Input Meetings and work with cities around the airport in addressing residents' concerns/issues.
Support/coordinate Part 150 implementation	Support/coordinate Noise Compatibility Program (NCP) implementation efforts, provide coordination with FAA and provide litigation support.
Optimize the Technical Information Network (TIN) and maximize the use and application of available technology in effectively and efficiently addressing airport noise issues.	Increased TIN efficiency, automation of monthly reporting functions, enhance Internet based communication and analysis capabilities and use of ANOMS and GIS in developing reports, analysis and studies.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

Finance & Administrative Services Division



SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

Notations to Service Center Summaries:

- * Variance (dollars and %) is computed between 2005 Budget and 2006 Budget
- * The explanation for the variances is based upon the 2005 Budget and 2006 Budget
- * FTE's as stated in each service center are as budgeted in December 2005. Salary dollars in each service center may not reflect the budgeted FTE count for that service center.
- * Negative variances, in most cases, are the result of reductions in one time expenses (Runway 17/35) or budget reductions.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**ADMINISTRATIVE SERVICES****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	299,515	302,102	318,950	16,848	5.58%
Administrative Expenses	9,482	8,234	6,962	-1,272	-15.45%
Professional Services	8,800	14,700	14,700	0	0.00%
Utilities		0	0		
Operating Services/Expenses	162	0	0		
Maintenance	360	130	130	0	0.00%
Other	18	0	0		
Total Budget	318,337	325,166	340,742	15,576	4.79%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 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 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
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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.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

ADMINISTRATIVE SERVICES

2004 PROGRESS REPORT

Objective	Measurement	Results
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.
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.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**ADMINISTRATIVE SERVICES****2004 PROGRESS REPORT**

Objective	Measurement	Results
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 PROGRESS REPORT

Objective	Measurement	Results
Identify financing options for proposed airport expansion and development plan.	Funds are identified and available to complete the 2010 Plan.	Completed and approved by Commission as part of the Capital Improvement Program.
Identify post 2010 financing options and development plan.	Financing plan is established to fund Phase 1 of the 2020 development plan.	Completed and approved by Commission as part of the Capital Improvement Program.
Maintain 1.4x debt service coverage ratio.	AA- bond rating from Standard and Poors and Fitch is maintained.	Ratings maintained as issued with the 2005 debt issuance.
Maintain four-month cash reserve.	AA- bond rating from Standard and Poors and Fitch is maintained.	Completed - Commission approved a staff recommendation to increase the 4 month Reserve to 5 months.
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.	Timely reports emanated from all three data functions throughout 2005 with positive operations growth (4.7%-2005), a positive trend line for "Customer Satisfaction", and reduced complaints per 100,000 passengers throughout 2005. The Data Resource and Wellness Intranet sites were maintained.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

ADMINISTRATIVE SERVICES

2005 PROGRESS REPORT

Objective	Measurement	Results
Coordinate Customer Service Action Council teamwork.	Council goals will be accomplished.	<p>To secure and maintain MSP's position among the Top Ten airports for "Overall Customer Satisfaction" as reported within the Global Airport Monitor(GAM)/AETRA survey process; and, to improve the % of the traveling public rating MSP "Very Good" (Goal=88%) and "Excellent" (Goal=40%). As of 01/04/2006 reporting, AETRA the results for the 1st three quarters of 2005 show MSP has maintained its score position. MSP has averaged a 3.90 score for "Overall Customer Satisfaction". This is a .01point improvement over the 2004 score of 3.89.</p> <p>MSP maintained a positive "Overall Customer Satisfaction" trend line. MSP averaged a high 3.71 score for all evaluative elements in 2005, .02 points below an all-time 2004 high (3.73).</p> <p>MSP has failed to achieve Top Ten rank for "Overall Customer Satisfaction"-ranking 11th in only the 1st Qtr of 2005. MSP held 10th ranking for "Overall Business Passenger Satisfaction" in the 1st Quarter and has had other elements in the Top Ten within the year; but, in general MSP lost rankings in 2005.</p>

2006 OBJECTIVES

Objective	Expected Results
Partner with Human Resources to systematize and integrate Administrative Services and Human Resources policy manuals.	Easily accessible manual that combines HR and Administrative policies using standardized format, distribution and communication schedules.
Initiate the 2nd three year cycle of the MAC customer service training program.	Successful completion of the 1st of 3 years. Training evaluations equal to or better than the 1st 3-year cycle.
Coordinate the MAC Wellness Program; facilitate Wellness Team work; and improve employee participation and the quality assessment of the program.	Improved perceptions of the program-qualitative assessment. Successful implementation and completion of sub-team projects. Employee participation in respective programs greater than for 2005. Healthcare cost/employee<2005.
Redevelop the Complaints & Compliments System to enhance its value for MAC Service Center managers.	Deployment of comment cards is improved-qualitative assessment. Mthly complaint reports are provided to managers-qualitative assessment. Rate of complaints/100,000 passengers averages <.90 for 2006.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

ADMINISTRATIVE SERVICES**2006 OBJECTIVES**

Objective	Expected Results
Coordinate Customer Service Action Council (CSAC) teamwork facilitating achievement of Team goals.	Improve customer satisfaction perceptions of MSP [ACI/ASQ] to >3.90. Maintain the % of the traveling public rating MSP "Good+" >88%. Improve the % of the traveling public rating MSP "excellent" >25%.
Provide data resources that contribute to performance management/measurement results.	Mthly Ops Reports issued before 30th each subsequent month. Mthly Complaints & Compliments Report issued 15th of subsequent month. Qtly Airport Service Quality Report issued by end of subsequent quarter. Data Resources Intranet Site maintained. Wellness Intranet Site maintained.
Ensure the financial interests of the MAC are protected in an airline bankruptcy.	Financial impact is minimized.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**WELLNESS****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	792	975	975	0	0.00%
Administrative Expenses	458	350	350	0	0.00%
Professional Services		0	0		
Operating Services/Expenses	7,428	46,996	64,579	17,583	37.41%
Other	234	0	0		
Total Budget	8,912	48,321	65,904	17,583	36.39%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 Budget
FTE Total:	0	0	0

RESPONSIBILITY/FUNCTION

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

MAJOR 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Operating Services/Expenses	<p>Move-To-Improve Program: Budget figure is based on achieving a 4% overall increase in employee participation with the Move-To-Improve program. This budget figure provides for a 30% participation rate.</p> <p>Also included in the increase for Operating Services is the Health Assessment Program in contract relationship with HealthSource for the on-line system and reporting, and HRA incentive payments which sets a 7% increase in total employee participants (up from 43.6% to 50%).</p>
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SERVICE CENTER SUMMARIES - 2006 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 - 2006 OPERATING BUDGET

WELLNESS

2005 PROGRESS REPORT

Objective	Measurement	Results
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.	The Move-To-Improve program tripled past year's participation rates achieving 29.21%, just under the goal of 30%. Likewise, the MAC did receive an improved corporate health risk assessment respecting physical fitness indicators with 62.2% of employees showing a good fitness status versus 58.8% in 2004.
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.	The Wellness Program was revamped for 2005 with quarterly themes and related practice projects. Participation rates have been 2 and 3 times previous program experience. The "Healthy ME" Wellness program consisted of a revitalized Move-To-Improve program & Health Risk Assessment process and a per quarter education theme with materials in the weekly Update, on the Intranet, and practice projects. The Wellness Team executed seven practice projects (which included a snack fair, two nutrition projects, numerous Update nutrition education items, and a nutrition consultant at the Health Fair), a seminar on stress management, Kick boxing and Yoga classes, chair massages, and a personal trainer once a month in the Fitness Center. The program "exceeded expectations". The motivation and participation of Wellness Team members in the planning and implementation of the program improved measurably 2005 over 2004. Presence of members at Wellness Team meetings increased to 71% of opportunities.
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.	The Health Risk Assessment program involves a annual physical and completion of the Health Risk Assessment. Wellness carried out an intense promotion-with a grand prize incentive-involving numerous flyers, e-mails and a letter from the Executive Director. The promotion was successful in more than doubled the number of employees who had completing the Health Risk Assessment prior to the promotion(210). However, though 60% of MAC employees are thought to complete annual physicals, organizational participation in the online Health Risk Assessment for 2005 was 37%, 6.6% (22 employees) below the 43.6% result for 2004.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

WELLNESS

2005 PROGRESS REPORT

Objective	Measurement	Results
Maintain the Fitness Center-Navy Building; and, increase its utilization.	Increased numbers of employees using (and uses of) the Fitness Center.	4th Qtr data for utilization of the Fitness Center is not yet available. For the three quarters to-date, employees using the Fitness Center has averaged 30 employees with the average monthly usage falling short at 5 uses per user versus the goal of six. Wellness provided a consulting Personal Trainer once/month for the last quarter with consultation holding steady.

2006 OBJECTIVES

Objective	Expected Results
Deliver a better than ever Health Fair/Flu Shot Clinic.	Best ever Health Fair-qualitative assessment. Employee participation in Health Fair > 169 employees.
Increase completions of an annual physical and the Health Risk Assessment process.	Successful implementation of a promotional program-qualitative assessment; assumed at > 43.6% participation in the Health Risk Assessment process.
Implement a nutrition education program and weight loss project.	Nutrition education program is successfully provided-qualitative assessment. HRA overall nutrition/nutritional status rating better than 2004 and/or >27%. Participation in weight loss project(s) >27%; HRA rating of "Excess Weight" < 65%.
Increase utilization of the Fitness Center; increase participation in the Move-To-Improve program; and, promote walking as an exercise of choice.	More than 30 employees using the Fitness Center. Average mthly uses per employee >6. Growing # employees consulting the Personal Trainer. =>30% employees participating in Move-To-Improve. >% employees registering fitness on the 2006 HRA Report. Participation in walking projects to excel 2005 standard of 56 employees.
Coordinate the Wellness Team and facilitate the work/goal accomplishment of the-Physical Fitness, Nutrition, HRA, and Health Fair-sub-teams.	Consistent participation of Wellness Team members > mthly avg. of 2005. Successful implementation of sub-team processes-qualitative assessment.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**RISK MANAGEMENT****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	6,370,235	7,447,436	8,208,134	760,698	10.21%
Administrative Expenses	7,304	5,200	5,161	-39	-0.75%
Professional Services	75,711	110,000	110,000	0	0.00%
Utilities	0	0	0		
Operating Services/Expenses	115	150	150	0	0.00%
Other	2,327,578	2,920,587	2,493,306	-427,281	-14.63%
Total Budget	8,780,944	10,483,373	10,816,751	333,378	3.18%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 Budget
FTE Total:	2	2	2

RESPONSIBILITY/FUNCTION

Under the general direction of the Deputy Executive Director - Finance & 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 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases along with Medical, Dental, Life and Long Term Disability increases for employees. 20 additional FTES hired in 2005 are budgeted for a full year in 2006. Workers compensation increased due to excess lost work days and medical inflation.
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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.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

RISK MANAGEMENT**2004 PROGRESS REPORT**

Objective	Measurement	Results
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 PROGRESS REPORT

Objective	Measurement	Results
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.	We have analyzed losses from a multi-year data base and have been taking initiatives to reduce losses. The frequency of losses are up due to a larger population traveling but our severity is down.
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.	The cost of worker's compensation for medical is increasing at a faster pace than general medical. Thus, this is not a goal to approach since our general medical costs have control measures in place that are not available to the worker's compensation system.
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 who do not qualify for the MAC Medical Plan.	Several sources have been identified and will be assessed. This will be expanded in 2006 and will be noted as a new goal.
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.	The Medicare Part D benefit was studied and action taken that has been implemented within the timeframes established by this legislation.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

RISK MANAGEMENT**2006 OBJECTIVES**

Objective	Expected Results
Finalize a study of alternative insurance methods such as captives, risk retention groups and restricted funds.	Provides custom coverage to address MAC's risks and control costs.
Establish a more effective method of tracking certificates of insurance with contracts.	The certificate verifies that adequate insurance is available in the event of a loss and that MAC is protected.
Provide employees, family members and retirees with the tools to make them wiser consumers of MAC provided benefits.	Those that are provided with MAC benefits will understand the value of the benefits and actions they can take to use the most cost effective benefit. This will reduce costs for MAC and those provided with MAC benefits.
Provide additional supplemental benefits to employees and their families to attract and retain employees.	By offering supplemental benefits at group discounts employees will be able to obtain better benefits at a lower cost to meet their individual needs.
Develop a program to address the impact of a potential Flu Pandemic (H5N1).	A matrix of potential risks associated with a pandemic would be established and countermeasures established. An event could impact revenue, costs, and health issues.
Establish a positive worker's compensation charge back system for costs to the individual cost centers.	This system would establish financial goals for cost centers to control the costs associated with worker's compensation. The cost centers would be rewarded and recognized for preventing worker injuries and costs associated with post injuries.
Prepare an Insurance Risk Annual Report.	The annual report would outline the risks within the organization and the actions that have or can be taken to minimize or eliminate the risks.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**FINANCE****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	899,903	970,760	1,032,571	61,811	6.37%
Administrative Expenses	23,777	24,122	17,251	-6,871	-28.48%
Professional Services	116,889	131,065	126,065	-5,000	-3.81%
Utilities		0	0		
Operating Services/Expenses	170,874	150,204	184,747	34,543	23.00%
Maintenance	33	758	500	-258	-34.04%
Other	7,487	7,122	7,122	0	0.00%
Total Budget	1,218,964	1,284,031	1,368,256	84,225	6.56%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 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 includes, but is not limited to, issuance of all debt, tenant rates and charges development and financial analysis.

MAJOR 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment, step increases and promotions.
Operating Services/Expenses	Increase is due to expected bank fees and charges increases as related to volume, online banking changes/charges and additional commercial paper issue in 2006.

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.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**FINANCE****2004 PROGRESS REPORT**

Objective	Measurement	Results
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.

2005 PROGRESS REPORT

Objective	Measurement	Results
Provide necessary support for various rates and charges and Request For Proposals (rfp's).	Implementation of regular annual rate adjustments for 2005 as well as a new rate structure for the Reliever Airports. In addition, there is likely to be a new ground rental rate Ordinance for MSP that will have to be implemented in 2005.	Reliever Airport rates and charges were implemented in June, 2005. The ordinance for ground rent at MSP was delayed and will be implemented in January, 2006. Additional work and support was provided in the areas of Concessions and Parking.
Identify financial options for 2005 proposed airport expansion and development plan.	Develop Funding Plan for the 2005 CIP, remainder of the 2010 Plan and initial requirements for the 2020 Plan.	Funding for the 2010 Plan projects as well as the 2020 Plan projects were identified. Work stopped on the 2020 Plan as these projects were delayed. The funding plan for 2005 CIP was approved by the Commission in January 2005.
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.	In process.
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.	All RFQ's were developed and were ready to be sent out. However, because of the NWA bankruptcy, staff requested and the Commission approved an extension of all of these consultants.
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.	This objective was completed in October. All costs were reconciled between Airport Development records and Finance records. Also, all funding for the individual projects was reconciled.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**FINANCE****2005 PROGRESS REPORT**

Objective	Measurement	Results
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.	This project is still in progress. It is estimated to be 70% complete. With the delay of the 2020 Plan this project was deferred.
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.	This project was completed. All meters were reconciled and a periodic review of each (electric, natural gas, and water) was established.
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.	This project was completed in the 3rd quarter of 2005. The results of the study were reviewed internally and as a result no additional funding was required at this time.

2006 OBJECTIVES

Objective	Expected Results
Identify and monitor financial options (Costs & Funding) associated with the 2006 CIP, 2010 Plan and 2020 Plan.	<ul style="list-style-type: none"> -Projects funded as identified and approved by the Commission in December 2005. Changes and variances are reconciled. -PFC #10 for 2010 Plan Projects is filed and approved by the FAA no later than 11/30/06. -Issue required debt (bonds) as directed by the Commission for those projects identified with bonds as a funding source. -Apply and receive the maximum amount of Federal and State Aid identified in the 2006 CIP Funding Schedule.
Reconcile electric meters from Xcel records to MAC records.	Meters are all accounted for and are being charged to the appropriate cost center/subledger.
If required by the Commission, develop Request For Qualifications (RFQ's) for Airport Consultant, Bond Counsel, Financial Advisor and Financial Auditor.	Completion of the selection process for any or all of the above RFQ services required by the Commission.
Provide necessary support for various rates & charges and requests for proposals (RFP's) as well as evaluation and modification of the Airline Lease Model.	<ul style="list-style-type: none"> -Evaluation and modification of the Airline model is completed so that low to moderate difficulty forecasting can be completed internally. -Analysis and implementation (if required) of new rates and charges and or concessions adjustments are completed.
Continue Budget Process improvements and evaluate financial software systems.	<ul style="list-style-type: none"> -Financial software is evaluated and determination is made whether an upgrade or new software is required. -Work with individual cost centers to streamline the budget process. -Coordinate records with Human Resources to ensure all data is compliant and matches. -Refine implementation of goals & objectives within the budget process.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**FINANCE****2006 OBJECTIVES**

Objective	Expected Results
Monitor key success measures and strive for improvement.	<ul style="list-style-type: none">-Operating Cost Per Enplaned Passenger will be less than \$7.00.-Airline Cost Per Enplaned Passenger will be in the lower 1/2 of large hub airports and less than the Airline Model Forecast of \$6.08.-Senior Debt Service Coverage will be at least 1.4 times.-Operating Reserve will consist of 5 months of operating expenses.-Operating Revenue Per Enplaned Passenger will exceed \$11.00.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**MAC GENERAL****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	10,142,899	11,188,026	12,937,686	1,749,660	15.64%
Administrative Expenses	43,083	49,000	49,000	0	0.00%
Professional Services	87,119	34,000	34,000	0	0.00%
Utilities	12,594,057	13,508,328	15,197,102	1,688,774	12.50%
Operating Services/Expenses	2,500,528	1,628,568	1,667,916	39,348	2.42%
Maintenance	789,350	706,762	822,095	115,333	16.32%
Other	267,478	30,000	30,000	0	0.00%
Gross Depreciation	83,273,036	94,888,799	117,965,237	23,076,438	24.32%
Total Budget	109,697,551	122,033,483	148,703,036	26,669,553	21.85%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 Budget
FTE Total:	0	0	0

RESPONSIBILITY/FUNCTION

The MAC General Service Center contains expenses that are not specific to any one service center such as employer FICA taxes, retirement plans, postage, utilities (electric, heating, sewer and water), copy agreement, Glycol Impacted Storm Water (GISW) management, rubbish, unleaded gas and diesel. The Finance Service Center is responsible for the budgeting of MAC General.

MAJOR 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Pensions are expected to increase in 2006 compared to the 2005 budget. The MERF unfunded liability will increase \$872,747 between the 2005 and 2006 budgets as a result of the shortfall in funding (the Commission was notified of this in January 2004). In addition, the employer contribution to Police and Fire PERA have increased from 9.30% in 2005 to 10.50% in 2006 along with other employees increasing 5.53% to 6.0%.
Utilities	The anticipated increase in electricity of \$1,211,476 between budgets is based upon additional facilities open for a full year (Runway 17/35 and North Terminal addition) and a rate increase. The budget is based upon the forecast provided by the utility company and an outside consultant. MAC continues to pursue alternative energy saving options. The projected budget increase for natural gas and jet fuel is \$1,004,133. The increase can be attributed to projected rate increases. 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, inventory shortages and demand. Based on the uncertainty and constant fluctuations in the natural gas market MAC has not yet been able to lock in winter pricing. As a result, this area could be increased significantly.
Operating Services/Expenses	The increase in Operating Services is for General Fees associated with the planning of the airport and its relationship with the entire Metropolitan area.
Maintenance	The increased cost of diesel fuel and unleaded gas have increased the Maintenance category 16%.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**PURCHASING****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	382,210	376,842	394,951	18,109	4.81%
Administrative Expenses	17,466	24,288	17,911	-6,377	-26.26%
Professional Services		0	0		
Utilities		0	0		
Operating Services/Expenses	3,591	3,480	3,480	0	0.00%
Maintenance		100	100	0	0.00%
Other	4,891	500	3,696	3,196	639.20%
Total Budget	408,159	405,210	420,138	14,928	3.68%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 Budget
FTE Total:	7	7	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 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
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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.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

PURCHASING**2004 PROGRESS REPORT**

Objective	Measurement	Results
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
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.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**PURCHASING****2004 PROGRESS REPORT**

Objective	Measurement	Results
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.

2005 PROGRESS REPORT

Objective	Measurement	Results
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. 	<ol style="list-style-type: none"> 1. Several positive written comments were received from customers flying into or out of MSP complementing the staff of our Lost and Found facility. Twice during the year staff was recognized with the MSP Customer Service Action Council award. Purchasing staff received several compliments from other departments specifically recognizing the expertise of the staff. 2. We have cross trained staff to provide backup to the mail room, Lost and Found, and credit card processing. 3. In process. 4. Ninetyfour (94) individual internet sales were conducted and one two-day "Garage Sale" held in October 2005. Net revenue exceeded \$111,794.00, which included a fire truck which sold for \$68,000 (Note: a trade in value of \$44K was quoted at the time the commission approved the purchase of a new unit), and the sale of twentytwo cars for the Police Department. Revenue of \$5,948 was generated for used wood pallets, which in the past were given away. Cost avoidance exceeded an estimated \$50,000 with material being transferred from one department to another.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**PURCHASING****2005 PROGRESS REPORT**

Objective	Measurement	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. 	<ol style="list-style-type: none"> 1. Retention Schedule was completed and approved by the State of Minnesota. This is the first retention schedule specific to purchasing related documents including purchase orders, and contracts for materials and supplies. 2. Random audits were completed monthly by the commercial card administrator of credit card holder statements. 3. In process 4. Signature levels were updated and assigned. 5. A Lost and Found procedure manual was completed. 6. In process 7. The purchasing emergency Process plan received several updates during the year. A meeting was held with the Fire Department to ensure emergency items are inventoried or supply sources available on quick notice. 8. In process.

2006 OBJECTIVES

Objective	Expected Results
Sustain a high level of customer service to all MAC Departments when making acquisitions, processing mail, and locating the owners of lost items from the inventory at the Lost and Found office.	Increase in the number of verbal and written comments that are positive and complementary about the level of service being provided. Lost and Found will have at least 50% of all items claimed by the owner.
Continue to identify internal procedures that will improve the acquisition service provided to all MAC departments.	Identify, investigate and implement at least one process that would reduce acquisition costs.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**INTERNAL AUDIT****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	133,145	188,211	209,364	21,153	11.24%
Administrative Expenses	5,179	8,019	3,748	-4,271	-53.26%
Professional Services	32,560	0	0	0	0.00%
Utilities		0	0		
Operating Services/Expenses		0	1,050	1,050	100.00%
Maintenance		0	0		
Other		0	0		
Total Budget	170,884	196,230	214,162	17,932	9.14%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 Budget
FTE Total:	3	3	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 Internal Functions, MAC tenants, concessionaires, consultants, and vendors. Audit results are communicated to the appropriate agency heads and committees.

MAJOR 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
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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.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**INTERNAL AUDIT****2004 PROGRESS REPORT**

Objective	Measurement	Results
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.

2005 PROGRESS REPORT

Objective	Measurement	Results
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.	Four audits of car rental activity have been completed. Three audit reports have been issued and one audit report is being finalized.
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.	Audit of MAC Parking Revenue for 2004 and 2005 through June 2005 has been completed. Audit Report has been finalized.
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.	Training has been accomplished through the Airport Internal Auditors Association, the Institute of Internal Auditors, the Association of Certified Fraud Examiners and others. Newly hired auditors are working independently on audit projects. Professional licensure has been maintained by all staff.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**INTERNAL AUDIT****2005 PROGRESS REPORT**

Objective	Measurement	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.	An audit of a concession provider that produces less than \$3 million per year in gross revenue is in progress.

2006 OBJECTIVES

Objective	Expected Results
Implement a department quality assurance program in or to ensure professional quality of work performed and meet regulatory requirements.	Quality assurance program is fully implemented and documented.
Perform audits of selected MAC expenditure functions or contracts when needed to ensure that consultants and service providers have complied with financial terms of contracts and that charges to MAC are appropriate and reasonable.	Expense audits are completed as needed and audit reports are issued.
Work with MAC Staff to ensure that adequate financial controls are implemented when departmental processes or procedures are changed.	Written policies for new accounting procedures are documented. Follow-up reviews are completed to ensure that adequate financial controls have been implemented.
Perform audits of airport concession operators to ensure that revenue is being properly accounted for and that all required fees are being paid to MAC.	Concession audits are completed and audit reports are issued.
Perform a annual audit of MAC Parking Revenue to ensure that revenue was properly accounted for and properly safeguarded.	Audit of 2005 and 2006 MAC parking revenue is completed and audit report is issued.
Perform an periodic review of auto rental activity using computer data files provided by Auto Rental Agencies to gain assurance that car rental activity has been properly reported to MAC and that all applicable concession fees have been paid.	Audits of car rental agencies are completed and audit reports are issued.
Perform selected audits of MAC internal financial activity in order to document and test internal controls to ensure that they are adequate and to ensure compliance with applicable laws, policies and procedures.	Audits of MAC internal financial activity are completed and audit reports are issued.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**INFORMATION SERVICES****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	1,250,319	1,445,911	1,382,096	-63,815	-4.41%
Administrative Expenses	84,463	73,749	70,626	-3,123	-4.23%
Professional Services	96,859	20,000	50,000	30,000	150.00%
Utilities	2,299	1,170	454,600	453,430	38754.70%
Operating Services/Expenses	258,469	464,895	859,400	394,504	84.86%
Maintenance		0	0		
Other	108,327	138,089	308,145	170,056	123.15%
Total Budget	1,800,737	2,143,814	3,124,867	981,053	45.76%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 Budget
FTE Total:	17	19	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 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel has decreased due to one less position in the 2006 budget over 2005. Wage structure adjustment and step increases are included in the budget.
Professional Services	The requirement for quarterly outside security assessments to meet credit card company security standards is the source of the increase.
Utilities	Cost increase is a result of moving all MAC telephone and Internet service provider expense to the Information Services service center.
Operating Services/Expenses	These costs include a transfer of the expenses for MAC telephone systems to this service center as well as the costs for contractor support of the Common Use systems at the Humphrey Terminal.
Other	The increase comes from two sources: increased paging costs so that the Fire department staff have state-wide paging service, which was selected instead of adding Nextel cell phones; and replacing minor assets (computer equipment) that have worn out.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

INFORMATION SERVICES

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.	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. The network and infrastructure availability met the 99% target.
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.
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.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**INFORMATION SERVICES****2004 PROGRESS REPORT**

Objective	Measurement	Results
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.
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.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**INFORMATION SERVICES****2005 PROGRESS REPORT**

Objective	Measurement	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.	All MAC departments that use radio communications are now using the 800 MHz digital trunked radio system. All MAC vehicles that operate on the movement area including all public safety vehicles are equipped with 800 MHz radios.
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.	The Commission approved the contract award for the Secured Area Access Control system in November, 2005. Installation and re-badging is expected to be completed by the end of the third quarter, 2006.
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.	A contract was awarded in July, 2005 for the new Landside system. Completion is scheduled for the third quarter, 2007.
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.	Ten common use self service kiosks have been purchased for the Humphrey Terminal. The kiosk software has not worked satisfactorily to produce boarding passes or bag tags to date. Sun Country and the vendor, Sabre, are working directly together on a solution, but no resolution date has announced.
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.	Deferred based on Commission action.
Upgrade MAC email to current version of Microsoft Exchange.	Email is updated by year-end 2005.	This project was dropped after evaluation showed little gain for the expense.
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.	Systems have been available 99% of the time. Coverage and interference issues have been corrected by working with the parties involved.
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.	Landside and Public Safety systems were available 99% of the time. The Common Use systems at the Humphrey Terminal did not meet this standard until staffing changes were made in July, 2005. Since then, 99% availability has been achieved.
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.	Telephone service has been available 99% of the time.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**INFORMATION SERVICES****2005 PROGRESS REPORT**

Objective	Measurement	Results
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.	MAC servers including email and data services have had zero downtime. MAC computer security has prevented damage or loss while handling an average of 19,638 incoming emails per day, spam rejected on average of 13,144 per day, and viruses rejected averaging 512 per day. No damage has been done by virus or other malware attacks.
Provide 99% or better availability for MAC networks including LAN, WAN and SONET networks.	Network service was interrupted three times by power failures in the Lindbergh Terminal. These failures lasted long enough so that the UPS (Uninterruptable Power Supply) capacity was exceeded, causing power loss for key network equipment. (Each outage lasted approximately two hours.) Even with these outages, network availability was greater than 98% of the time.	MAC networks have been available 99.9% of the time. The SONET network has been replaced by lower cost, higher speed equipment.
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.	Overall MAC desktop software and hardware has been available greater than 95% of the time.
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.	Applications software products have been available over 95% of the time with the exception of the common use systems. Following staffing changes in July, common use systems are available greater than 95% of the time.
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.	All telecommunications permit applications have been reviewed with response provided within four days. Fifty-five permits have been reviewed this year along with twenty permits for various underground utility work and thirty permits related to the new concession build-outs.
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.	IT related budget proposals were reviewed on schedule. IT purchases have been reviewed within three working days.
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.	This effort was dropped as being outside the scope of the IS department.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**INFORMATION SERVICES****2005 PROGRESS REPORT**

Objective	Measurement	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.	Planned technology and infrastructure have been installed successfully at the new ARFF station and the South Field Maintenance building. This includes telephone, radio and data communications as well as station alerting systems for both fire stations.
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.	The MAC Internet web site has been completely re-designed and expanded to include job postings and business opportunities. No work has been done on the Intranet web site pending upgrades to MAC financial and human resources software that may support employee self-service.

2006 OBJECTIVES

Objective	Expected Results
Continue developing and implementing the Landside information system to manage taxi, commercial vehicle and contract parking.	The project will be on schedule and budget for scheduled completion in July, 2007.
Work with the ACI Business Information Technology (BIT) Committee to revise, distribute and collate an airport survey to discover technologies planned and in use.	A new ACI-BIT Committee survey will be developed and distributed to airports.
Software distribution will be handled electronically including patches for software products, antivirus updates and new software installation.	Updates and installations of software will be performed electronically.
Complete evaluation of existing financial, human resource and payroll system and determine if a new system is required or if the existing system can meet future needs.	Decision on direction for financial, human resource and payroll system with choices identified and evaluated.
Complete the implementation of the Secured Area Access Control system.	The new system will be operating successfully across the MAC including the re-badging of all affected airport workers.
Begin quarterly security assessments required by the Payment Card Industry association (PCI) to ensure that credit card data is safeguarded. The MAC is a Level 4 merchant as defined by the PCI because of the extensive credit card processing used for ePark	An independent assessment firm will be retained and the quarterly evaluations will be completed. Any compliance issues will be corrected.
Work with MAC departments including Police, Fire, and the Communications Center to develop requirements and replace the existing Computer-Aided Dispatch and Public Safety Records Management system.	The Request for Qualifications / Request for Proposals process will be completed and an award made by the end of 2006.
Evaluate and renew the common use systems including support services at the Humphrey Terminal.	Common use systems are upgraded and supported as required by tenant airlines.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**INFORMATION SERVICES****2007 - 2010 LONG TERM OBJECTIVES**

Objective	Expected Results
Perform requirements analysis and purchase products to provide electronic repository and Geographic Information Systems support for MAC maps and drawings.	Requirements analysis is completed. Request for Proposals is written and published. Proposals are reviewed, and a contract is awarded. System is implemented and used operationally.
Assist in creating organization-wide records management policies and processes. Acquire information technology to support document management and policies.	Appropriate information technology is identified and acquired to support document management policies developed by the MAC.
Replace asset management software.	Outmoded and unsupported Asset Handler product is replaced.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**SAFETY****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	127,212	130,200	142,850	12,650	9.72%
Administrative Expenses	1,747	5,080	2,550	-2,530	-49.80%
Professional Services	12,852	17,500	16,406	-1,094	-6.25%
Utilities	0	0	0	0	0.00%
Operating Services/Expenses	1,278	1,000	1,000	0	0.00%
Maintenance		0	0		
Other	6,304	6,300	6,300	0	0.00%
Total Budget	149,393	160,080	169,106	9,026	5.64%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 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 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
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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.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**SAFETY****2004 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.	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.

2005 PROGRESS REPORT

Objective	Measurement	Results
Develop an accountability program for employee safety.	Department supervisors responsible for the accountability program for employees.	In addition to training with supervisor involvement, we conducted assessments with supervisors to identify and develop procedures that would enhance the reduction of accidents and increase accountability. These assessments will result in specific objectives to be implemented in 2006, which include additional training, supervisor coaching sessions, safety audits and inspections.
Develop a database to track and identify primary causes of airport user accidents and incidents.	Identify causes and implement action to reduce these accidents.	Many areas of public accidents have been identified and recommendations have been provided to help reduce these accidents. They include the installation of CCTV cameras at areas identified as having repetitive escalator accidents, the installation of additional experimental signage at selected escalators and the gathering of data from and consulting with key participants (CSAC, Schindler Escalator, MAC Facilities and Airport Development staffs) to improve the reduction of airport user accidents and incidents. This process will continue into 2006.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

SAFETY**2006 OBJECTIVES**

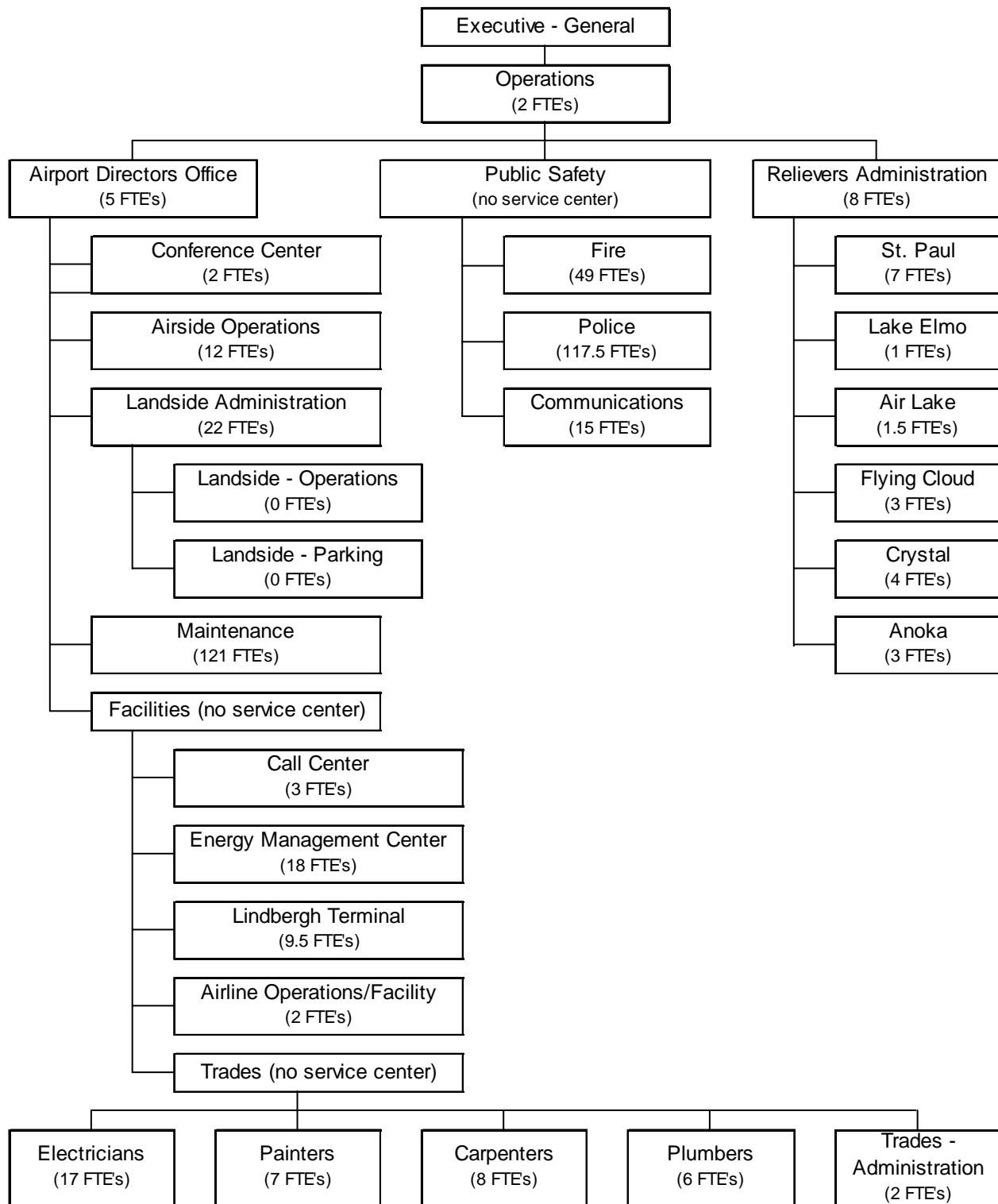
Objective	Expected Results
Review and evaluate the use of the JDE system to track safety data and records.	The improvement of the data tracking and record keeping processes associated with safety training/accident statistics.
Create a public safety process designed to reduce the number and severity of public accidents.	Review public accidents to identify areas/equipment associated with frequent public accidents. Investigate accidents to identify causes/contributing factors associated with those accidents. Provide recommendations for the elimination of public accidents.
Create and implement an internal safety process designed to reduce the number and severity of accidents.	Improve the usability of the monthly loss information currently provided to supervisors. Train all supervisors on effective accident investigation techniques. Identify other training needs to improve safety performance. Implement a coaching process for supervision designed to improve the safety performance of employees. Develop and implement a company-wide safety inspection process. Implement an audit process of the above components to identify the effectiveness of the objective. Train and implement the "Workers' Compensation Management Program".

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

Operations Division



SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

Notations to Service Center Summaries:

- * Variance (dollars and %) is computed between 2005 Budget and 2006 Budget
- * The explanation for the variances is based upon the 2005 Budget and 2006 Budget
- * FTE's as stated in each service center are as budgeted in December 2005. Salary dollars in each service center may not reflect the budgeted FTE count for that service center.
- * Negative variances, in most cases, are the result of reductions in one time expenses (Runway 17/35) or budget reductions.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**OPERATIONS****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	169,277	166,012	177,733	11,721	7.06%
Administrative Expenses	8,076	9,300	14,908	5,608	60.30%
Professional Services		0	0		
Utilities	481	607	607	0	0.00%
Operating Services/Expenses	44	300	300	0	0.00%
Maintenance		0	0		
Other		0	0		
Total Budget	177,879	176,219	193,548	17,329	9.83%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 Budget
FTE Total:	1	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 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
Administrative Expenses	Administrative Expenses have increased for travel to attend conferences.

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.	

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**OPERATIONS****2004 PROGRESS REPORT**

Objective	Measurement	Results
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.
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 PROGRESS REPORT

Objective	Measurement	Results
Establish and maintain MAC's customer service standards and review for effectiveness.	Customer service standards identified and measurement implemented in all operational areas.	Customer service performance standards have been added to our Performance Review process. Each individual is measured against those standards during their individual performance review. In addition, customer service standards have been identified and measurement implemented in some operational areas. Our goal will be to expand this process in all operational areas in 2006.
Begin to develop a multi-year operating plan.	Model for multi-year operational planning established and piloted in 2005.	A pilot project in the Fire Department to develop a three year business plan is underway but not completed. It will be completed in 2006 and expanded into other operational departments.
Develop and implement a customer service standard communications strategy.	Customer service related communications strategy developed and implemented throughout the MSP airport community.	Quarterly customer service forums have been established and held with representation throughout the airport community.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**OPERATIONS****2005 PROGRESS REPORT**

Objective	Measurement	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.	A single index was determined to be unworkable by the Customer Service Action Council. An alternative plan is being developed that will create a "family" of customer service indices with input from the tenant community. Development will be completed and implementation begun in 2006

2006 OBJECTIVES

Objective	Expected Results
Partner with Finance and HR departments to develop operational contingency plans.	Best case, worst case and most likely operational contingency plans in place.
Transition Operations departments into new MAC organization structure, as applicable.	Affected department(s) have been transitioned and are functioning smoothly.
Implementation of Reliever Task Force recommendations.	Majority of recommendations have been acted upon and effective.
Re-institute new Customer Service training for frontline MAC employees.	All front line employees have successfully completed the new training module.
Develop "family" of Customer Services indices at MSP.	Indices of Customer Service for MSP tenants exists and usable for progress reporting.
Expand multi-year operating plans (business plans) into additional Operations Departments beyond Fire.	Operations Plans in place in minimum of three Operations departments.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**ADO - GENERAL****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	295,399	349,773	357,525	7,752	2.22%
Administrative Expenses	28,774	23,700	22,976	-724	-3.05%
Professional Services	149,829	140,000	12,500	-127,500	-91.07%
Utilities	1,363	825	2,257	1,432	173.58%
Operating Services/Expenses	14,791	1,244,720	2,562,622	1,317,902	105.88%
Maintenance	95,893	35,000	35,000	0	0.00%
Other	13,451	11,100	14,100	3,000	27.03%
Total Budget	599,499	1,805,118	3,006,980	1,201,862	66.58%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 Budget
FTE Total:	5	5	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 are coordinated through this office.

MAJOR 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
Professional Services	The decrease is due to the fact that \$130,000 was transferred to the Facilities budget (86100). An additional \$5,000 is requested for professional services needed with CSAC and Emergency Response.
Utilities	The additional monies in this category are related to the purchase of equipment for two-way contact of the customer service temporaries as noted in Personnel and an telephone upgrade.
Operating Services/Expenses	The additional monies in this category are for a full year's coverage of managed loading dock services per contractual bid (version 2 deducted \$170,000 sales tax; version 3 deducted \$100,250). In 2005 only a half years estimate was budgeted.
Other	Increase of \$3,000 is for maintenance, parts, service and programming of roadway signs. \$1,600 is to upgrade digital camera, fisheye lens, software, annual license for RAMSAFE emergency management software. Increase of \$4,800 is for (2) 800 mhz radios for the Airport Director and the office in case of communications failure.

SERVICE CENTER SUMMARIES - 2006 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 - 2006 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 - 2006 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 PROGRESS REPORT

Objective	Measurement	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.	Training accomplished 3/28/05.
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.	Currently 100% of the MAC first and second responder departments have procedures for responding to emergencies at MAC airports. Overall, 70% of all departments have procedures. All departments that have not submitted procedures have been requested to do so. It is anticipated that 100% of MAC departments will have procedures completed by October 1, 2006.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

ADO - GENERAL

2005 PROGRESS REPORT

Objective	Measurement	Results
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.	Effective ongoing communications processes have been established including the following examples. Two "all airport" tenant lunches were held and will be continued. Monthly Airline Managers Council meetings were held that included discussions regarding interagency communication. Monthly breakfast meetings with airline managers were held to improve rapport, communications and day to day coordination.
Enhance communication 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.	CSAC developed a Public Information Officers system for communicating with tenants and vendors and implemented airport orientation tours for all new airport employees to enhance their skills - subsequently dropped due to underutilization. "Overall Customer Satisfaction" perception increased from 3.88 in 2004 to a 3.91 average in the first 3 quarters of 2005. "Value of Money" perception demonstrated modest improvement, 3.04 for 2004 to an average 3.07 for first 3 quarters of 2005.
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.)	Through Customer Service Action Council Forums, MAC grew its partnership with tenants and vendors, executing four forums in 2005. Attendance at forum workshops averaged between 40 to 60 MAC and tenant/vendor representatives. CSAC, with Forum participants, implemented and expanded several initiatives to build the customer service culture, including "By George" project (customer service motivational project for front-line employees), MSP Service Professional awards and the first annual "Dorothy" awards. The MSP score for "Courtesy of Airport Staff" averages 3.91 in 2005 versus 3.88 for year 2004.
	The number of initiatives implemented. MSP status as among the Top Ten, internationally. Increase number of service functions reflecting 88%/40% achievement levels.	MSP has remained competitive in the top ten ranking internationally in the AETRA survey in several categories but has dropped out of the top ten in the Overall Customer Service category. The addition of several domestic and international airports into the survey process has increased the level of competition dropping MSP to 11th internationally. The MAC staff will redouble our efforts in this area in 2006.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**ADO - GENERAL****2005 PROGRESS REPORT**

Objective	Measurement	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.	A revised customer service training module was developed and will be implemented in February of 2006. In addition a new shorter Customer Service Training module was developed for the orientation training of all new MAC employees and will be a standard part of 2006 orientation training.
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.	The exercise planning and preparation were 100% completed. The exercise was canceled one day prior to the scheduled date. The cancellation was the result of an actual aircraft accident at MSP when two aircraft collided on the ground. The exercise has been rescheduled for May 2006. This objective has been carried into the 2006 objectives.
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.	MAC is about 30% compliant with the NIMS requirements. All requirements must be met by October 1, 2006. This objective has been carried over into the 2006 objectives.
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.).	Process exists for incorporating tenants and vendors into problem resolution efforts. (i.e.: Worked with all tenants to facilitate "into-plane" fueling problem discussions in November and December of 2005.)
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.	Loading dock running successfully for the past six months.
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.	800MHZ system is in place in the Airside Operations, Field Maintenance and Trades departments resulting in more efficient coordinated individual channel uses and more effective response to snow events.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**ADO - GENERAL****2006 OBJECTIVES**

Objective	Expected Results
Enhance security and increase efficiencies in managed loading dock and distribution services as new concessions are fully opened, limiting vendor SIDA access.	Reports on volume of product handled, efficiencies demonstrated and reduction in personnel needing SIDA access.
Conduct a full-scale emergency exercise at MSP.	Compile an after-action report that includes action items identified in the evaluation process and a timeline for changes/improvements.
Ensure that MAC meets new requirements for the National Response Plan (NRP) and the National Incident Management System (NIMS).	1. A MAC Emergency Plan that meets all new requirements for the NRP. 2. All appropriate MAC staff have received the federal and state required NIMS training. 3. MAC meets all NRP and NIMS requirements in order to remain eligible for federal Homeland Security Grants.
Emergency Management office will acquire the responsibility for managing the reimbursement and reporting aspects for the 2006 Federal Homeland Security and Law Enforcement Grants.	Reports will be issued to Minnesota Homeland Security and Emergency Management (HSEM) on a quarterly basis.
Develop a 2020 staffing plan and operational plan in line with projected timing needs.	Plan developed with internal and external customer feedback and involvement.
Update, train and test MSP's Family Reception Area (FRA) plan.	Ensure FRA volunteers are knowledgeable of the plan by offering two training opportunities for those involved.
Facilitate good communication among airlines, TSA and MAC departments to ensure effectiveness of the security program for MSP.	Improved ease of use, processing times and overall airport experience for the traveling public. Security issues included as monthly agenda topic at the Airline Managers Council meetings and formal/informal meetings with airlines. Three "Airport Director Lunches" to be held.
Develop a pandemic influenza plan for MSP Airport.	Integrated plan in place by mid 2006.
Make construction drawings more accessible to key MAC staff.	Review existing equipment, resources and procedures for department and operational suitability. Laserfische initiative underway and training offered to key MAC staff.
Create objective measures for service needs by beginning to develop multi-year operating plan.	Research airport business models to evaluate MSP possibilities.
Continue coordination of CSAC Tenant/Vendor Forums and related programs-Update; "By George", MSP Service Professional; "Dorothy" award.	Increased participation in forums. Increased number of MSP Service Professionals. Improve score for "Courtesy of Airport Staff", > 3.88.
Establish web-based extranet communications accessible by MSP employees and develop interactive technology for use by the public.	Extranet established. Interactive technology for the public in place. Decreased number of "information" complaints. "Overall Satisfaction" perception > 3.88.
Develop Family of Metrics "Measurements for Success".	Completed "family of metrics"-qualitative assessment. Publication of an annual report 2006.
Develop "branding" of MSP's successes; promote improvements to the public; celebrate completion of the concessions program build-out.	Number of "branding" successes-qualitative assessment. Concessions celebration completed.
Improve handicapped accessibility/accommodations issues.	Decreased number of handicapped services complaints.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

ADO - GENERAL**2006 OBJECTIVES**

Objective	Expected Results
Provide CSAC support for the Airports Foundation (MPAF) in the creation of an Arts & Culture program.	Progress in the implementation of an Arts & Culture program-qualitative assessment. number of Arts & Culture opportunities provided.
Improve coordination and communication initiatives.	Host monthly "brown bag" lunch meetings with TSA management. Develop effective program to address security exit lane responsibilities. Forward MAC/airline feedback to TSA headquarters regarding Canadian bag rescreening requirements.
Enhance working relationship between MAC Operations departments and airport tenants and other MAC departments.	Partnership opportunities identified and reviewed throughout the year (i.e.: tenant involvement in CSAC disability subcommittee.).

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**CONFERENCE CENTER****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	68,274	87,859	93,159	5,300	6.03%
Administrative Expenses	2,076	9,760	8,501	-1,259	-12.90%
Professional Services		0	0	0	0.00%
Utilities		0	0	0	0.00%
Operating Services/Expenses	26,574	27,035	31,500	4,465	16.52%
Maintenance	230	1,200	1,500	300	25.00%
Other	2,957	4,025	4,775	750	18.63%
Total Budget	100,111	129,879	139,435	9,556	7.36%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 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. The Conference Center is responsible for the operation, promotion and management of the Center coordinating room rental and providing additional services to the public, tenants and MAC. Because of its location, many individuals stop and ask for directions and where to locate tenants.

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

MAJOR 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
Operating Services/Expenses	Increased catering costs due to cost inflation and customer increase.
Other	Replacement of current computer system in Commission Chambers which is outdated and non capable to current customer requests. Current dial up connection for internet is outdated and request for high speed access is derived for customer satisfaction.

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.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**CONFERENCE CENTER****2004 PROGRESS REPORT**

Objective	Measurement	Results
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 PROGRESS REPORT

Objective	Measurement	Results
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.	Net revenue entered the "black" in 2005 in the amount of \$17,000.
Research and update the audio/visual equipment and technology needs for the Conference Center.	Have an operational and up-to-date equipment inventory that is able to meet the needs of the Conference Center clientele.	In 2005, the Conference Center began updating their meeting rooms with new AVI equipment and technology.

2006 OBJECTIVES

Objective	Expected Results
Increase revenues and clientele by continuing to market the Conference Center in various media outlets.	Increased revenues by continuing to show profitability and customers.
Continue research into AVI and technology enhancements for the Conference Center	Continue to update equipment and technology that is able to meet the needs of the Conference Center clientele.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**CALL CENTER****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	184,641	195,240	202,605	7,366	3.77%
Administrative Expenses	601	2,700	2,250	-450	-16.67%
Professional Services		0	0		
Utilities		0	0		
Operating Services/Expenses	285	6,408	4,408	-2,000	-31.21%
Maintenance		0	0		
Other		0	0		
Total Budget	185,527	204,348	209,263	4,916	2.41%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 Budget
FTE Total:	3	3	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). There are approximately 220 courtesy phones in the Lindbergh and Humphrey terminal combined.

NWA has its own Information and Paging line (202); however, they do not staff this area. When callers dial 202, they receive a message asking them to dial 201 (the MAC Call Center) for paging assistance. The Call Center is responsible for performing a large portion of the paging function in the airport.

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 continue to scale 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 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	5070 Temps - Agency line item increased from 2005 due to agency increases in hourly wages. The MAC Call Center operates 365 days a year, 14 hours a day. In order to continue to operate, 2 agency temps are needed. Personnel increases are also attributable to wage structure adjustment and step increases.
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SERVICE CENTER SUMMARIES - 2006 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.

2006 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 - 2006 OPERATING BUDGET**AIRSIDE OPERATIONS****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	923,530	930,240	1,004,842	74,602	8.02%
Administrative Expenses	73,032	86,825	74,585	-12,240	-14.10%
Professional Services	166,836	146,600	104,336	-42,264	-28.83%
Utilities	7,144	8,922	8,078	-844	-9.46%
Operating Services/Expenses	22,132	74,400	41,500	-32,900	-44.22%
Maintenance	7,740	5,900	5,900	0	0.00%
Other	22,964	36,000	56,800	20,800	57.78%
Total Budget	1,223,378	1,288,887	1,296,041	7,154	0.56%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 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 management 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 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
Other	The proposed increases in Other is due to the replacement of tables as well as the furnishing of chairs and desks for the testing center of the MSP Drivers' Training Center. There is also an increase in Minor Assets - Computer for the replacement of a CD/DVD Duplicator and an increase in Minor Assets - Radios for the proposed Surface Friction Tester.

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.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**AIRSIDE OPERATIONS****2004 PROGRESS REPORT**

Objective	Measurement	Results
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.
Develop and implement a comprehensive data and information structure and management system for the Airside Operations Department.	Existing data and information management consolidated and streamlined resulting in at least 10% savings of existing department network storage capacity.	No longer applicable. Funding for FY 2004 was not approved for the development of the new Airside Log.

2005 PROGRESS REPORT

Objective	Measurement	Results
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.	The MSP Drivers' Licensing Program was unable to be developed due to lack of funding in the FY 2005 Budget.
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.	Runway 17/35 opened on October 27th, 2005 as planned and all FAA required documentation, plans and charts were updated and distributed.
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.	The FAA approved the MSP Airport Certification Manual on August 31, 2005. Printing and distribution was initiated on November 1, 2005. Planning for Revision 01 of the ACM was initiated 12/1/05.
Plan for the relocation of the MSP Drivers' Training Center.	Identification of at least one potential site for the relocation. Identification of resource needs, costs and possible funding for the relocation. Timetable for the relocation.	Not completed. Airport Development staff has advised that the existing facility housing the MSP Drivers' Training Center was no longer slated for demolition within the next 3-5 years. Planning for relocation will be initiated as demolition becomes more imminent.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

AIRSIDE OPERATIONS**2005 PROGRESS REPORT**

Objective	Measurement	Results
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.	Airside staff participated in the 2020 Vision Team Meetings and met with engineering consultants to review plans and designs that potentially impacted operations on the Air Operations Area.
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.	Staff conducted a partial analysis of current tasks, duties and responsibilities as well as a comprehensive SWOT analysis in March, 2005. The Department Business Plan was not completed due to reprioritization of staff time.

2006 OBJECTIVES

Objective	Expected Results
Participate in the planning and implementation of the MSP 2020 Development Plan.	Attend meetings as required/requested. Review all proposals that have possible impact to airfield operations for safety and efficiency considerations
Meet all training requirements specific to Airside Operations and it areas of responsibility per the recently revised FAR Part 139.	Provide and document the following training to all Airside staff with FAR 139 duties: 1. Wildlife identification training 2. Pyrotechnics and firearms training 3. NOTAM training 4. Airfield self-inspection training 5. Movement area and safety area training. 6. Airport condition reporting training
Transition the Airside Operations Center to an Airfield Operations Center (AFOC).	Identify key strategic partners and develop an outline for a transformation planning document. Define and document formal Collaborative Decision Making (CDM) processes for use with internal and external partners. Outline a Crew/Team Resource Management (C/TRM) Program for the Airside Duty Manager and Assistant Manager positions. Identify and document procedures, policies and processes specific to an Airfield Operations Center.
Continue with the development of the MSP Drivers' Licensing Program.	Revise MAC Ordinance 100. Implement a computerized testing system for the current drivers licensed to operate on the Movement Area. Develop a standardized drivers training curriculum for all airlines and tenants that tow or push back aircraft on the Movement Area. Establish a program to maintain training records for all drivers that operate vehicles, equipment or tow/push back aircraft on the Movement Area. Provide communications and low visibility simulator training to 200 Movement Area drivers from the Airside Operations, Field Maintenance, Police, Fire and Trades departments.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**AIRSIDE OPERATIONS****2006 OBJECTIVES**

Objective	Expected Results
Develop an Airside Operations Business Plan.	Complete a comprehensive analysis of current assignments, duties and responsibilities. Inventory and document all critical operational tasks, processes and procedures. Update the SWOT analysis of the department that was completed in 2005. Define and create vision and values statements for the department. Develop a three year staffing and succession management plan.
Provide remote availability and portability to operational systems.	Optimize systems for remote viewing. Provide connections to systems via wireless, dialup and broadband. Equip operational vehicles with laptop and wireless data coverage allowing access to key systems. Provide on-call staff and Duty Managers the ability to view the status of the current operation while off-site.
Complete documentation and inventory of all departmental systems.	Provide staff with a comprehensive users guide to all operational systems. Complete the inventory of all departmental systems and connections to outside assets.
Revise Continuity of Operations Plan.	Install servers at the Airside Remote Office to automatically fail-over and seamlessly resume operations. Provide pre-configured laptops at designated off-site locations capable of executing critical departmental functions. Update and maintain all operational documents and procedures in the Laserfiche repository both online and on removable media.
Continue the installation and development of Collaborative Decision Making Systems.	Improve communication between Airside Duty Shift and outside stakeholders including airline operations, FAA and other MAC departments by providing unified information and displays. Install the FAA Information Display System (IDS4). Participate in the Sensis ground traffic display by equipping movement area vehicles with locator radios. Develop integration amongst systems to facilitated data mining. Production of consolidated reports to improve operation efficiencies.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**COMMUNICATIONS****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	781,507	786,301	854,360	68,059	8.66%
Administrative Expenses	13,771	15,477	13,171	-2,306	-14.90%
Professional Services		0	0		
Utilities	1,058	1,201	895	-306	-25.48%
Operating Services/Expenses	11,828	35,542	38,443	2,901	8.16%
Maintenance		0	0		
Other	5,959	5,755	3,752	-2,003	-34.80%
Total Budget	814,122	844,276	910,621	66,345	7.86%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 Budget
FTE Total:	14	15	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 Emergency Communications Specialists 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 over 720 employees, which has increased the calls for service in the center. This department receives, prioritizes, and disseminates information for emergency and non-emergency calls for service. Communications Specialists are responsible for dispatching and monitoring police, fire, and EMS responses for emergency and non-emergency situations. Examples of daily operations might include coordinating response for medicals, weapons in the scanner, fire alarms, and irate or intoxicated passengers. 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. Light Rail Transit and the implementation of the 800 MHz radio system has also greatly impacted this center. Forthcoming events that will contribute to the augmented activity level of staff members include the Humphrey Terminal and parking lot expansion, additional Humphrey Terminal checkpoint, North Terminal development, passenger growth, and the opening of Runway 17-35. Communications Center staff are responsible for technology changes that influence the way 911 Emergency Communications Centers do business. This technology includes VoIP (Voice over internet protocol), telematic devices for vehicle location, and GIS (Geographic Information Systems).

The Center receives and sends teletypes, telephone and radio information regarding public safety issues, including officer safety, wanted/missing persons, stolen vehicles, property, and guns. Communications Specialists 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. Specialists monitor and control access to restricted areas of the airport through the operation of this system.

The Communications Center also houses the Honeywell fire alarm system. This system has over 8400 devices that are monitored, including fire alarms, smoke detectors, and water flow alarms. Specialists 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. New cameras are being installed to document events at the Humphrey Terminal, checkpoint, and parking lot, the North Terminal addition, as well as the light rail stations at both terminals. Capturing important events such as the collision of two aircraft in May of 2005

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**COMMUNICATIONS**

illustrate the importance of this function.

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. The staff is responsible for activation and management of the Venus signage that displays security threat levels, vehicle inspections and other events. 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.

MAJOR 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Overtime required to meet minimum staffing needs in emergency 911 center. The 2006 dollar amount is \$24,240 less than actual overtime spent in 2004. Also, Personnel increases are attributable to wage structure adjustment and step increases.
Utilities	Decrease of \$306 is based on lowered estimate of cell phone costs of this department submitted by IS
Operating Services/Expenses	Ten percent increase in computer aided dispatch maintenance agreement Two-three year range of hardware maintenance agreement for annual 911 telephone equipment maintenance and repair. This amount is \$1242 higher than 2005 per signed agreement. These are sole source agreements and uncontrollable. \$5000 allotted for equipment and development and training of team to work with the incident commander to coordinate flow of radio and phone traffic with the Communications Center during a critical incident.
Other	Minor assets computers to include workstation and monitor for Hennepin County warrant connection and a proxima projector that connects to a laptop for projecting training material.

SERVICE CENTER SUMMARIES - 2006 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 - 2006 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 - 2006 OPERATING BUDGET

COMMUNICATIONS

2005 PROGRESS REPORT

Objective	Measurement	Results
Revise current in-house training program.	Industry standards are met. Reduction of liability. Trainees receive appropriate training on equipment upgrades and revised operating procedures.	Certified training officers updated and revised current training program. This is an on-going process and updates will continue in 2006. Feedback received from trainees was incorporated into the training program.
Finish development and revision of Communications Center policy manual.	Operating consistency, reduction of liability.	Unanticipated events and other training needs prevented completion in 2005.
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.	Unanticipated events and other training needs prevented completion in 2005.
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.	Funding for new Computer Aided Dispatch system has been approved in the 2006 budget. Communications Systems Administrator is working with IS to review public safety department's requirements for new system.
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.	Due to budget limitations in 2005 this objective was not accomplished.
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.	Workgroups have been formed with police and airside operations. Workgroup with Fire will start after the first of the year. Police and emergency communications meetings are taking place on a monthly basis. Memorandum of Understanding has been finalized between these departments that gives clear standards and protocol for radio communication. Effective relationship between Police Lieutenant and Emergency Communications Supervisor promotes an important partnering between the two departments. Department attendance at police roll calls promotes a beneficial affiliation. Quarterly meetings with Airside and Emergency Communications personnel encourages an open forum to share ideas.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**COMMUNICATIONS****2005 PROGRESS REPORT**

Objective	Measurement	Results
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.	Presentation given by Emergency Communications Specialist at October MSP Security Consortium. This presentation, given to airport tenants and staff members, increased awareness of the Crime Alert Network and Amber Alerts along with 911 reporting. Continuing education with tenants will take place in 2006 with on-site visits. Tenant database is kept current. Manager has effective relationship with TSA representative.

2006 OBJECTIVES

Objective	Expected Results
Develop process to create emergency back-up center.	Uninterrupted assistance of emergency services to airport community. Safe location for emergency communications center personnel to operate from in case of a disaster.
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 Standard Operating Procedures and quality expectations. Provides remedies to improve performance if objectives are not met.
Finish development and revision of Emergency Communications Center policy manual.	Operating consistency, reduction of liability.
Pursue plan to increase space for emergency communications department needs. Current space is insufficient to accommodate increase in technical equipment and elevated staffing.	New facility able to meet current and future department needs. Ability to accommodate future planned equipment such as LCD monitors for the CCTV system and additional Secured Card Access system monitors. Space for critical equipment skills training. Ergonomically correct workstations for 24 X 7 staffing. Adequate storage for current and future equipment and supplies. Appropriate office space for administrative functions and on-going training.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**LANDSIDE-OPERATIONS****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	1,121	0	0		
Administrative Expenses	13,466	9,000	9,637	637	7.08%
Professional Services	58,335	51,000	0	-51,000	-100.00%
Utilities	55	0	0		
Operating Services/Expenses	389,795	257,097	153,977	-103,120	-40.11%
Maintenance	18,433	27,644	33,164	5,520	19.97%
Other		9,998	0	-9,998	-100.00%
Total Budget	481,204	354,739	196,778	-157,961	-44.53%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 Budget
FTE Total:	0	0	0

RESPONSIBILITY/FUNCTION

Landside develops, manages and operates custom commercial vehicle operations and revenue control. During the previous year, the Commercial Vehicle Management system processed 1,158,085 trips.

Landside administers and enforces MAC taxi and commercial vehicle ordinances. We issued 1,900 AVI tags to commercial vehicles operating at the airport. Commercial vehicle operators have 154 accounts that are invoiced monthly for per trip fees and generate \$1.5 million of annual revenue. We process 617 annual or semi-annual taxicab permits, issued to 419 separate owners who provide service through 45 companies. Landside licenses 785 MAC licensed taxi drivers. Taxicab operations generate \$1.6 million in annual revenue. Managing commercial vehicles at the airport includes: tracking and processing annually required insurance and vehicle inspection requirements, managing vehicle operations, receiving and investigating customer complaints, producing monthly billings, and recording monthly payments.

The Landside Department provides taxi starter and information services to the public at six different sites within the Lindbergh and Humphrey Terminal areas. In addition, Landside also manages the commercial vehicle loading areas for both permitted and transient commercial vehicles at the Lindbergh and Humphrey Terminals.

MAJOR 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Maintenance	\$5,520 increase in the annual contract maintenance for portable toilets in commercial vehicle holding areas due to an increase in the number of portable toilets provided.
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SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**LANDSIDE-PARKING****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel		0	0		
Administrative Expenses	2,682	5,000	0	-5,000	-100.00%
Professional Services	38,261	37,000	9,000	-28,000	-75.68%
Operating Services/Expenses	8,586,997	7,295,709	6,939,663	-356,046	-4.88%
Maintenance	151,074	70,416	90,416	20,000	28.40%
Other	408	0	0		
Total Budget	8,779,422	7,408,125	7,039,079	-369,046	-4.98%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 Budget
FTE Total:	0	0	0

RESPONSIBILITY/FUNCTION

Landside - Parking manages the largest single source of MAC revenue. Landside public parking revenue has been \$39.8, \$44.4, and \$55.0 million in the last three years. The Landside - Parking staff consists of 3.75 FTE employees and the public parking management company under its supervision has over 85 employees.

Landside parking facilities consist of Humphrey and Lindbergh Ramps, Lindbergh Valet and additional surface lots with 18,290 spaces (excluding 2,300 spaces currently utilized by rental car operators).

Landside - Parking develops, manages and operates custom software for public parking revenue control and employee parking revenue control. During the previous year, the Parking Revenue Control System processed 2,654,185 revenue transactions, and Parking Automated Control System (employee parking) processed approximately 718,000 parking visits.

Employee parking serves 6,000 employees, consisting of 1,200 accounts, and generates \$1.9 million annually.

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

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

We meet with other airports, municipal, federal and state agencies regarding parking and transportation issues to identify and solve problems for our airport and the region.

MAJOR 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Operating Services/Expenses	The decrease in Operating Services is due to the new parking payment methods that have reduced labor costs associated with patrons exiting the facilities.
Maintenance	\$20,000 Parts-Equipment. During 2006 Landside is taking over preventative and repair maintenance of the call for assistance intercoms in the parking facilities.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**LANDSIDE-ADMINISTRATION****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	1,119,722	987,916	1,190,543	202,627	20.51%
Administrative Expenses	41,645	57,515	33,063	-24,452	-42.51%
Professional Services	-9,000	10,000	0	-10,000	-100.00%
Utilities	4,003	3,642	4,003	361	9.91%
Operating Services/Expenses	53	500	0	-500	-100.00%
Maintenance		0	0		
Other	17,540	11,304	7,372	-3,932	-34.78%
Total Budget	1,173,963	1,070,877	1,234,981	164,104	15.32%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 Budget
FTE Total:	20	22	22

RESPONSIBILITY/FUNCTION

Landside manages the largest single source of MAC revenue which has been \$39.8, \$44.4, and \$55.0 million in the last three years. Landside Operations staff consists of 30 employees. The public parking management company supervised by Landside Operations has over 85 employees.

The Landside Parking enterprise consists of Humphrey and Lindbergh Ramps, Lindbergh Valet and additional surface lots totaling 18,290 spaces (excluding 2,300 spaces currently used 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. In 2004, the Parking RCS processed 2,654,185 revenue transactions, the Commercial Vehicle Management system processed 1,158,085 trips, and Parking Automated Control System (employee parking) processed approximately 718,000 parking visits.

Employee parking serves 6,000 employees; consisting of 1,200 accounts, and \$1.9 million annual revenue.

Landside administers and enforces MAC taxi and commercial vehicle ordinances. Landside has issued 1,900 AVI tags to commercial vehicles operating at the airport. Commercial vehicle operators have 154 accounts that are invoiced monthly for per trip fees and generate \$1.5 million of annual revenue. Landside processes 617 annual or semi-annual taxicab permits, issued to 419 separate owners who provide service through 45 companies. Landside licenses 785 MAC licensed taxi drivers. Taxicab operations generate \$1.6 million in annual revenue. Managing commercial vehicles includes: tracking and processing annually required insurance and vehicle inspection requirements, managing vehicle operational flow, receiving and investigating customer complaints, producing monthly billings, and recording monthly payments.

Landside Operations 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 sites within the Lindbergh and Humphrey Terminal areas. Landside also manages the commercial vehicle loading areas for both permitted and transient commercial vehicles at the Lindbergh and Humphrey Terminals.

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

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

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

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**LANDSIDE-ADMINISTRATION****MAJOR 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000**

Personnel	Personnel increases are attributable to wage structure adjustment and step increases. In addition, Temps have increased due to the need for Passenger Service Assistants to staff information booth at the Lindbergh Terminal; to staff the taxi loading areas in the Lindbergh and Humphrey Terminals; monitor the commercial vehicle roadways and to satisfy heavy traveler demand at the Humphrey Terminal during the charter season.
Administrative Expenses	<p>\$550 Software. Ghost software to back up Landside workstations.</p> <p>\$358 Mileage. The rate of reimbursement increased.</p> <p>\$2,145 Dues. Landside management is more active in professional organizations to take advantage of the pool of knowledge that exists at other airports and related facilities.</p>
Utilities	\$361 Cell Phone. Cell phone utilization has increased.
Other	Technology items. Maintenance kits for Landside printers, one laptop (to replace a laptop that doesn't have enough power to run Landside custom software), one gigabyte switch for Landside file servers, replace one laser printer, repair parts for Landside PCs.

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.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**LANDSIDE-ADMINISTRATION****2004 PROGRESS REPORT**

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

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**LANDSIDE-ADMINISTRATION****2004 PROGRESS REPORT**

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

2005 PROGRESS REPORT

Objective	Measurement	Results
Grow parking revenues by 5% compared to 2004 actual revenues.	Parking revenues increase by 5% over 2004 actual revenues.	Achieved and Exceeded. Parking revenues grew by 19.7% to \$65.9 million in 2005 as compared to passenger traffic growth of 2.6%.
Increase the efficiency of commercial vehicle lanes while simultaneously improving customer service to passengers of commercial vehicles.	Implement new ordinance changes.	Achieved. Taxi Ordinance 102 was developed collaboratively with industry representatives and MAC staff. With industry support, the new Ordinance was implemented in November. Major improvements include greater accountability, changes to benefit industry vitality, and heightened standards to ensure safe and efficient ground transportation. Meeting the needs and expectations of customers was a major focus of these improvements.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**LANDSIDE-ADMINISTRATION****2005 PROGRESS REPORT**

Objective	Measurement	Results
Increase utilization of ePark to 80% while decreasing parking cashiered transactions.	ePark utilization reaches 80%.	Achieved. At 77% ePark utilization, we are within one FTE headcount from the maximum staffing efficiency goal. This produced a headcount reduction of 36% for an ongoing annual cost savings of \$2 million.
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.	In Progress. Landside Operations, IS and Purchasing created a Request for Proposal and selected IBI Group to build the system to replace our current employee parking and commercial vehicle software. During 2006, MAC Automated Vehicle Identification System (MAVIS) software will be developed and hardware installation will begin. Completion is scheduled for March 2007.
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.	Achieved. Landside Operations reviewed and MAC parking audit confirmed quick, accurate and cost effective credit card processing service is provided. Upon acceptance of MAVIS, we will recommend a Request for Proposal for credit card processing be issued.
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.	Achieved. We utilized advanced features of Zeag revenue control system (RCS) and coordinated efforts with Ampco (parking management company) to quickly shift customers to available parking areas. Provided timely information to customers and the airlines to minimize customer stress and disappointment (missed flights).
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.	Achieved. In 2005, the construction of the second Humphrey parking ramp was postponed one year. In preparation for construction and current operations, effective communication with customers was improved in and between LRT, parking, and commercial vehicle operations.
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.	Achieved. Parking capacity was increased in several areas to match increased demand. The Humphrey LRT Station Lot was developed for more convenient Lindbergh overflow parking. By re-striping and reallocation, an additional 76 spaces were created in Lindbergh Short Term parking. This also allowed us to meet additional Valet demand without closure. These actions ensured all customers wishing to park at the airport were accommodated.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**LANDSIDE-ADMINISTRATION****2006 OBJECTIVES**

Objective	Expected Results
Manage annual ramp rehabilitation projects.	Parking facilities are maintained proactively and high priority projects get the resources needed to be successfully completed.
Create a five-year capital project plan.	Projects with long design and lead times are managed and completed so issues are resolved proactively.
Manage parking supply and demand through construction and seasonal fluctuations in parking activity.	Minimal customer complaints related to being diverted from the full parking facilities at the Lindbergh Terminal to the Humphrey Terminal facilities. Tenant parkers are informed long in advance of changes required related to construction and seasonal traffic.
Contribute to second Humphrey ramp development and construction.	Parking ramp has state of the art features that are important to customers and MAC.
Market parking effectively through various media, e.g., billboards, CNN, signage and vehicle wraps.	Increase parking revenues by 4% compared to 2005.
Replace the current software for employee parking (ZipPass) and commercial vehicle management system.	The MAC Automatic Identification System (MAVIS) design and build timeline is kept for completion in March 2007. It meets or exceeds MAC RFP requirements.

2007 - 2010 LONG TERM OBJECTIVES

Objective	Expected Results
Complete a traffic study.	Commercial vehicle fee allocations are adjusted according to the new study results. Operators that are making more trips compared to the overall load will end up paying more which the industry believes is fair.
Revise the non-taxi commercial vehicle ordinance.	Commercial vehicle lanes operate efficiently with minimum congestion and MAC expenses related to commercial vehicles are fully recovered.
Maintain a progressive and professional revenue control system for MAC parking and commercial vehicle facilities.	The RCS continues to process customers accurately and conveniently through our facilities.
Maintain a progressive and professional parking management company to manage MAC parking facilities. Manage this company as a business partner relationship so they are motivated to provide excellent service.	A multi-year contract at market rates with a company that provides professional district support to a strong local General Manager who will develop the parking system to meet MAC goals.
Provide sufficient future parking facilities to meet public and employee demand.	Create and gain approval of a plan to expand parking facilities to meet demand now and in the future.
Market parking availability at the Humphrey Terminal.	Maximize Humphrey and Lindbergh Ramp parking revenues while providing parking spaces for employees.
Create a parking facility for employee parkers when they can no longer be accommodated in the Humphrey Ramp.	Maximize Humphrey and Lindbergh Ramp parking revenues while providing parking spaces for employees.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**FIRE****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	2,980,749	3,031,974	3,289,400	257,426	8.49%
Administrative Expenses	16,974	22,400	18,453	-3,947	-17.62%
Professional Services	5,197	35,093	10,966	-24,127	-68.75%
Utilities	4,309	3,000	2,373	-627	-20.90%
Operating Services/Expenses	28,340	26,500	19,875	-6,625	-25.00%
Maintenance	-1,106	29,489	27,489	-2,000	-6.78%
Other	129,010	158,675	138,910	-19,765	-12.46%
Total Budget	3,163,472	3,307,131	3,507,466	200,335	6.06%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 Budget
FTE Total:	48	49	49

RESPONSIBILITY/FUNCTION

The MAC Fire Department is responsible for providing aircraft rescue & firefighting, structural firefighting, emergency medical services, and responding to hazardous material incidents including terrorism incidents at MSP. The department provides water and technical rescue operations for MSP and the surrounding area. 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. In addition, the Department provides a number of public education opportunities including fire extinguisher, AED, CPR and first aid training. The Fire Department is also responsible for the investigation of all fires to determine origin and cause.

MAJOR 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases as identified in the labor agreement. Contract talks will start at the end of 2005.
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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.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET***FIRE*****2004 PROGRESS REPORT**

Objective	Measurement	Results
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 - 2006 OPERATING BUDGET***FIRE*****2005 PROGRESS REPORT**

Objective	Measurement	Results
Develop Fire Department's five-year plan for department organization, staffing, equipment, apparatus & facilities and communicate it to MAC Senior Staff and Commissioners.	Organizational changes, staffing, equipment, apparatus & facilities requests supported in 2006 budget. MAC Commissioners have a solid understanding of the Fire Department's current status and the direction the Chief would like to move toward regardless of budget outcomes.	This is currently being worked on by Fire Staff and Bob Hunter from MAC HRD. Progress is being made and we expect to have a three year business plan completed prior to the 2007 budget being submitted.
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.	This project is about 60% completed and should be completed by the end of this year.
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.	Completed. All personnel have passed the written & practical exams and are Certified Airport Fire Fighters.
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.	A Plan has been developed to insure compliance with all requirements of revised FAR Part 139.
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.	This project has been incorporated in the 2006 CIP at a three million dollar level and in the 2007 CIP at seven million dollars. Update, this has been removed from the 2006 CIP.
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.	No funding for adding additional services in 2006.
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	Lack of funding to support travel prevented completion of this objective.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET***FIRE*****2005 PROGRESS REPORT**

Objective	Measurement	Results
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.	Completed but the educational part will continue into 2006 and 2007.
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.	Completed. We are at a minimum staffing of 12.
Final review of two station staffing, vehicle parking and response plan.	Plan in writing and ready when new station opens.	New station is in operation and the staffing and equipment plan has been implemented.
Update 2003 Airport Fire Department Staffing Study.	Staffing data updated to 2005 numbers, aircraft operations and passenger numbers from ACI 2004 final numbers.	This survey being done through Index E ARFF working group and will be completed in 2006.

2006 OBJECTIVES

Objective	Expected Results
Complete development of Three Year Business Plan.	Plan completed and communicated to Department, Senior Staff & Commissioners.
Review and update as needed all department operating guidelines.	All DOGs reviewed, updated as needed and distributed.
Increase minimum on-duty staffing to 13 allowing for safer & more effective fire fighting operations.	Hire three additional personnel allowing for 16 personnel assigned to each shift and 13 minimum on-duty.
Complete the integration of all pre-plans into Firehouse for mobile use by fire crews in the field using new approved pre-plan format.	All data imported into firehouse with information being available in a user friendly format to responding crews.
Develop and deliver basic training for technical rescue and confined space operations.	All personnel are trained to the operations level in both technical and confined space rescue operations.
Conduct detailed analysis to review all available options for meeting our FAR #139 annual live burn training requirements.	Written report developed to recommend best method and location to accomplish the required live burn training. The report will review at least four areas, site location, quality of instruction, quality of ARFF equipment and cost effectiveness.
Develop program to equip & train fire personnel according to the fire departments hazardous materials response plan. Including the ability to conduct rescuer and mass decontamination operations.	All personnel have been trained and exercised in decontamination operations. All standard operating procedures have been updated to reflect current operations.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**POLICE****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	7,311,483	6,914,767	7,935,592	1,020,825	14.76%
Administrative Expenses	134,794	144,010	252,271	108,261	75.18%
Professional Services	17,592	9,500	14,721	5,221	54.96%
Utilities	25,849	21,632	31,500	9,868	45.62%
Operating Services/Expenses	776,001	968,900	2,098,837	1,129,937	116.62%
Maintenance	97,660	119,730	94,355	-25,375	-21.19%
Other	104,384	105,701	145,350	39,649	37.51%
Total Budget	8,467,761	8,284,240	10,572,626	2,288,386	27.62%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 Budget
FTE Total:	114	117.5	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 traveling public, all tenants and employees.

MAJOR 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	<p>Personnel has increased due to temporary help required for the following: badging as a result of the SAACS upgrade transcribing reports in RMS scanning documents into LaserFiche fingerprint/SIDA training specialist temporary police officers to fulfill federal security mandates to provide a police presence at security checkpoints traffic control</p> <p>In addition, Personnel increases are also attributable to wage structure adjustment and step increases.</p>
Administrative Expenses	<p>An increase of \$108,000 is included in the 2006 budget for Special Supplies-Badging in the Police service center. This cost is to produce 18,000 badges in 2006, at approximately \$7.00 per badge. Cost of producing badges increased from \$1.00 to \$7.00 each, because of technological changes to the Secured Area Access Control System (SAACS). Increased costs will be passed on to the badge holder.</p>
Professional Services	<p>Continuing professional service project for the K-9 program. Vendor contracted provides health care service for the department's narcotics K-9. The TSA reimburses the police department \$40,000 per EOD canine team per year. 2006 reimbursement will be \$240,000.</p> <p>\$6,000 for checkups, vaccinations and boarding of department K-9s.</p>
Utilities	<p>Cost of operation of cellular telephones/Nextels for department at the average cost of \$55.00 per month. Includes two additional Nextels for RC&E and one for backgrounders. Result of department growth.</p>

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**POLICE****MAJOR 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000**

Operating Services/Expenses	The 2006 budget includes \$1.2 million for additional security that will become MAC's responsibility as the TSA will no longer provide the staffing.
Other	Increase in Other due to cost of replacement of medical supplies, oxygen tanks and refills to supply HHH Office, Lindbergh offices, squads, medical carts and bike patrol units. Also for cost of safety supplies used by department personnel (i.e. ear plugs, eye and ear protection, SARS masks, latex gloves, blood spill kits), and firearms training safety items.

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.
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.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

POLICE**2005 PROGRESS REPORT**

Objective	Measurement	Results
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.	Improvements in areas of equipment, technology and security enhancements are taking place and will continue in 2006.
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.	Addition of office space is 70% completed. Will be finished in March of 2006.
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.	Personnel have been hired, equipment purchased and necessary training will be completed in February of 2006.
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.	Completed by establishing partnerships with Eden Prairie, Edina and Bloomington Police Departments for ongoing training and back-up response when needed.
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.	Close working relationships have been established and will continue in 2006.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**POLICE****2006 OBJECTIVES**

Objective	Expected Results
Reorganization of department structure to enable better response to a rapidly changing commercial aviation industry.	Achieve improved efficiencies to better serve customer expectations while reducing fear and promoting confidence among users of MSP.
Install, integrate, test and implement Secured Area Access Control System (SAACS). Introduce biometrics based security technology as part of the new SAACS system in a controlled environment.	Successful installation, testing and implementation of the new SAACS System. Maintain uninterrupted service with minimal impact to all users while facilitating the migration from the old system to the new.
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.
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 in the POC to provide workspace for employees and at the same time develop a space for badging and SIDA training. Continue to explore the feasibility of a stand alone police structure.
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 - 2006 OPERATING BUDGET**AIRLINE OPERATIONS/FACILITIES****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	169,088	173,999	221,997	47,998	27.59%
Administrative Expenses	6,382	8,700	3,950	-4,750	-54.60%
Professional Services		0	0		
Utilities	846	1,214	1,600	386	31.80%
Operating Services/Expenses	156,633	457,050	144,250	-312,800	-68.44%
Maintenance	45,529	81,900	71,700	-10,200	-12.45%
Other	4,721	2,628	2,078	-550	-20.93%
Total Budget	383,200	725,491	445,575	-279,916	-38.58%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 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 and other regulatory agency rules and regulations.

Coordinate maintenance of all MSP common-use and shared use facilities including Lindbergh Terminal, Humphrey Terminal, fuel farms and aircraft parking ramps.

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

MAJOR 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
Administrative Expenses	Reduction due to transfer of fuel pit mx. Responsibility over to the MFC.
Utilities	Increased to cover costs of two additional cell phones for two new FTE's requested in 2006.
Operating Services/Expenses	Majority of CUTE related expenses (including support staff) have shifted over to MAC IS Dept., now are allocated expense from IS Dept. Budget to Humphrey cost center (.36). See IS Dept. Budget for allocations.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

AIRLINE OPERATIONS/FACILITIES

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 - 2006 OPERATING BUDGET**AIRLINE OPERATIONS/FACILITIES****2005 PROGRESS REPORT**

Objective	Measurement	Results
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.	April - June 2005 - worked with MAC IS Dept. to prepare contract to return to vendor provided on-site technical support of Humphrey common-use (CUTE) system. June 1, 2005 - New support contract with vendor (SITA) Service level specifications incorporated into service contract (SITA). OBJECTIVE REACHED. Completed June-2005. 09/05 - Frequently receive very positive feedback from airline users on quality and effectiveness of new on-site IT support. Note to file - major success and improvement to Humphrey Terminal Operations.

2006 OBJECTIVES

Objective	Expected Results
Upgrade Humphrey Common-use systems/applications to support next generation airline IT functions.	Successful implementation of "next generation" common-use technology to support user airlines.
Improved jetbridge maintenance.	Reduced jetbridge down time. Reduced response time to service calls. Archive of maintenance records and documents.

2007 - 2010 LONG TERM OBJECTIVES

Objective	Expected Results
New entrant carrier at Humphrey Terminal.	New entrant carrier begins service at MSP-Humphrey Terminal.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**FACILITIES MANAGEMENT****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	503,008	550,766	582,311	31,545	5.73%
Administrative Expenses	21,609	18,228	18,210	-18	-0.10%
Professional Services	40,014	0	130,000	130,000	100.00%
Utilities	3,926	4,605	4,920	315	6.84%
Operating Services/Expenses	47,841	86,200	169,200	83,000	96.29%
Maintenance	11,286,046	11,823,492	12,964,982	1,141,490	9.65%
Other	22,530	42,129	26,921	-15,208	-36.10%
Total Budget	11,924,974	12,525,420	13,896,544	1,371,124	10.95%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 Budget
FTE Total:	9.5	9.5	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 and 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 our internal and external customers and tenants impose upon us and expect.

MAJOR 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
Professional Services	Not an increase. Just budget monies transferred from Airport Director's Office budget (82000).
Utilities	Budget numbers from MAC I.S. Division for cellular usage and replacement phones (4).
Operating Services/Expenses	Increase due for support of facilities monitoring system.
Maintenance	The primary increase(s) in this category are due to: (1) Contractual increases with MAC's service providers and, (2) cost increases for raw materials (paper products, steel, etc.) and, (3) increases due to greater usage of the facilities (more passengers utilizing restrooms, elevators, escalators, etc.).

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**FACILITIES MANAGEMENT****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>

2005 PROGRESS REPORT

Objective	Measurement	Results
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.	Additional seating was added up to budgeted amounts. Worn out seating was replaced to enhance the look of the Northstar Crossing and other areas throughout the Lindbergh Terminal. The remainder of budgeted monies was spent adding additional seating in the baggage claim area to enhance customers' comfort. Program will continue in 2006.
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.	Last "Phase" of the Medeco lock program has been completed. All Electrical Vaults / Mechanical Rooms / Telecommunication Hubs have been switched to the new system.
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 buildings 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.	On-going program (yearly) based upon need. In 2004 the majority of "J" Barriers necessary to be replaced were taken care of thereby limiting the need to replace any barriers in 2005. 2006 will see the program reinstated with a thorough tally of all barriers needing replacement.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

FACILITIES MANAGEMENT**2006 OBJECTIVES**

Objective	Expected Results
Participate in the creation of a permanent music program.	Live music in the Lindbergh Terminal.
Roll-out of Facilities Monitoring program.	Facilities Monitoring program rolled-out.
Develop detailed plan for future C.M.M.S.	Potential recommendation of replacement C.M.M.S. software package.
Participate in Travelers Services RFP.	Help in the creation and execution of the Travelers Services RFP.
Successfully complete Signage RFP.	New Signage maintenance contract in place.
Successfully complete Elevator / Escalator / Moving Walkway RFP.	New Contract.
Implement usage of current cleaning vendor's interactive web site for scoring of cleaning inspections.	MAC is able to enter the inspection scoring and comments, monitor resolution of any problems, and access previous inspection results. Additionally, other reports are available to MAC which will be helpful in managing the cleaning inspections. Usage of this software is at no cost to MAC.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**ENERGY MANAGEMENT CENTER****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	968,779	1,022,166	1,097,371	75,205	7.36%
Administrative Expenses	2,379	3,851	3,851	0	0.00%
Professional Services	0	0	40,000	40,000	100.00%
Utilities	2,981	3,887	2,652	-1,235	-31.77%
Operating Services/Expenses		0	0	0	0.00%
Maintenance	660,344	698,302	637,468	-60,834	-8.71%
Other	2,953	4,357	4,407	50	1.15%
Total Budget	1,637,434	1,732,563	1,785,749	53,186	3.07%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 Budget
FTE Total:	18	18	18

RESPONSIBILITY/FUNCTION

The Energy Management Center (EMC) is responsible for the heating, ventilation and air conditioning (HVAC) of all MAC's buildings. The buildings include the Lindbergh Terminal, all 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 the 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, 11 thousand tons 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. Operators troubleshoot all the HVAC and computer equipment, test and chemically treat all systems. Two advanced computerized building management systems are monitored along with carbon monoxide monitors. Operators respond to all incoming trouble calls and keep detailed departments logs on all repair work, preventive maintenance records, gas oil, water and steam usage.

MAJOR 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
Professional Services	Additional 40k to cover the costs of drawing and screen updates to field and terminal changes

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**ENERGY MANAGEMENT CENTER****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 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.	Less cost for stored inventory, less storage needed.	Continue adding information to Preventive Maintenance program. We seldom have any unplanned down time with major equipment. EMC preventive maintenance program has improved 100% resulting in fewer inventories being stored on site.
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.	Continually cross train all Energy Management Center employees on all HVAC equipment for all shifts. 100% re-trained on switching from natural gas to get fuel or #2 oil at different locations throughout airport campus. We have a successful diversified work force.
Fully implement the electronic maintenance program in order to physically account for all EMC assets: pumps, seals, fans, safety reliefs, 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.	Numerous amounts of information collected, safety reliefs, gas meters, variable speed drives, electrical vaults with HVAC. Model numbers, replacement parts, locations.
Enhance our ability to manage carbon monoxide levels by upgrading the CO monitoring systems.	Improved safety due to better management of the system. Systems operate more efficiently, improving air quality which will reduce customer complaints and sick use.	Repairs have been done on as needed basis due to a lack of funds. Without resources, the CO and NO monitors will not be adequately maintained and will fail. Even now sensors and monitors have a life span of 3 years and up.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET***ENERGY MANAGEMENT CENTER*****2006 OBJECTIVES**

Objective	Expected Results
Continually improve on Energy Management Center preventative maintenance program.	Continue to add assets to electronic tracking system.
Customer service within MAC. Provide heat to Field Maintenance bays so their equipment is able to operate when needed.	Replace infrared heaters at building 8.
Minimize damage to buildings due to ice or freeze-ups.	Replace heat in south bay for Lake Elmo.
Provide a safe environment for our customers and employees.	Complete installation of audible and visual alarms within Energy Management Center. The majority of time we only have one operator available. The operator must be able to see and hear all alarms to be able to respond in a timely manner.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**TRADES - ELECTRICIANS****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	1,309,813	1,156,168	1,282,595	126,427	10.94%
Administrative Expenses	18,549	11,160	11,600	440	3.94%
Professional Services	11,305	11,500	11,500	0	0.00%
Utilities	4,751	5,900	5,144	-756	-12.81%
Operating Services/Expenses	469	1,007	707	-300	-29.79%
Maintenance	581,992	693,821	476,852	-216,969	-31.27%
Other	31,020	24,120	21,642	-2,478	-10.27%
Total Budget	1,957,899	1,903,676	1,810,040	-93,636	-4.92%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 Budget
FTE Total:	17	17	17

RESPONSIBILITY/FUNCTION

The MAC Electrical Department provides 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 responsible for all security gates and electronic card readers throughout MAC's airport system.

MAJOR 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases as identified in the labor agreement.
Administrative Expenses	Only increase in Administrative Expenses category is due to freight charges increase.

2006 OBJECTIVES

Objective	Expected Results
Reduce reliance on outside professionals.	Purchase heat imaging camera to identify electrical hot spots that in-house electricians will utilize.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**TRADES - PAINTERS****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	443,027	497,961	617,260	119,299	23.96%
Administrative Expenses	717	2,195	518	-1,677	-76.40%
Professional Services		0	0	0	0.00%
Utilities	1,329	1,485	1,485	0	0.00%
Operating Services/Expenses		500	500	0	0.00%
Maintenance	114,863	178,200	150,410	-27,790	-15.59%
Other	2,172	2,500	11,231	8,731	349.24%
Total Budget	562,109	682,841	781,404	98,563	14.43%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 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). This department insures that all information signage is correct and completed, not only in the public buildings, but also on the roadways and in all parking areas. Only the most appropriate and safest materials are utilized in accomplishing these tasks. The Paintshop is also responsible for the correct markings on public roadways, as well as maintaining runway, taxiway and ramp markings in accordance with FAA regulations.

MAJOR 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases as identified in the labor agreement.
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2006 OBJECTIVES

Objective	Expected Results
Meet FAA requirements.	Repaint to new FAA specifications the last 150' of taxi lines prior to the hold position bars.
Continue to maintain MAC airport system to current standards.	Increasing productivity / changing the way work is performed.
Reduce amount of hazardous waste.	Reducing hazardous waste will reduce disposal costs and employee chemical exposure.
Continue to upgrade sign shop.	Meet substantial demands of signs required at MSP and Reliever Airports.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**TRADES - CARPENTERS****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	598,645	566,428	610,527	44,099	7.79%
Administrative Expenses	4,062	5,163	3,063	-2,100	-40.67%
Professional Services		0	0		
Utilities	2,664	2,970	3,093	123	4.14%
Operating Services/Expenses	58	4,830	4,830	0	0.00%
Maintenance	197,603	191,902	210,475	18,573	9.68%
Other	12,369	15,907	13,359	-2,548	-16.02%
Total Budget	815,402	787,200	845,347	58,147	7.39%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 Budget
FTE Total:	8	8	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. Its goal is to provide quality service to 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 maintenance 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 and varied projects of tenants and MAC staff.

MAJOR 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases as identified in the labor agreement. In addition, the carpenters have already in place 38 pre-maintenance Asset handler work orders. Of that number 22 are done every week. This includes servicing 13) Tug Doors daily, 187) auto doors, 92) bathrooms, 255) Medeco ILS units. The pre-maintenance on jetway doors are done twice a year which involves 127 doors that the hardware is viewed, tested, cleaned and lubed.
Maintenance	<p>Maintenance increase due to:</p> <p>Level Three, Schlage High Security Primus locks, key blanks, housings, rings and padlocks will still be used within the terminal buildings. The Primus key and cores will be the primary lock of our tenants, concessions and interior Mac offices.</p> <p>Medeco High Security ILS locksets, single door controller, interchangeable cores and audit keys will be used to secure future Telecommunication, Electrical Vaults and remaining Mechanical Rooms.</p> <p>Medeco3 High Security locks, key blanks, housings, rings and padlocks will be used to secure the outer perimeter of MAC buildings and sensitive areas that MAC Police deem suitable to secure with this lock.</p>

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**TRADES - CARPENTERS****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.
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.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**TRADES - CARPENTERS****2004 PROGRESS REPORT**

Objective	Measurement	Results
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 PROGRESS REPORT

Objective	Measurement	Results
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.	Carpentry staff works closely with MAC Development and outside architects to ensure plans comply with established door numbering system and that changes in the field are recorded.
Implement a plan in organizing of the work shops and inventory the all Carpentry Staff storage areas. 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.	Due to lack of staff and budget, this objective has been deferred.
Complete training to receive Certification on ANSI regulations/standards related to the Automatic Sliding Doors.	Certified person on staff will eliminate questions or concerns relating to insurance claims against MAC.	Certification expires June of 2006. New requirements state that certified personnel must work for a company that sells, services or installs automatic sliding doors. This company must do this as its' primary business. MAC legal staff is researching the regulations as they apply to MAC and will recommend how to proceed.
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 carpenters were on staff.	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.	Staff increases have been deferred due to budget cuts.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**TRADES - CARPENTERS****2005 PROGRESS REPORT**

Objective	Measurement	Results
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.	One part-time staff now helps with day to day work.
Insuring the high standards of security throughout 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 thus creating a safer environment for the traveling public.	One carpenter and back-up locksmith attended classes in maste keying this year.
Broaden the educational opportunities that exist in the carpentry field.	Necessary in maintaining existing buildings. New techniques and products associated with the carpentry field will create a safer environment for the traveling public.	This objective was deferred due to budget cuts.
Insuring that safety would be a high priority in the Main Terminal building, an appointment of a carpenter foreman would be necessary. The Foreman 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.	Deferred due to budget limitations.
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.	Due to limited resources this objective has been deferred.
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 buildings that have come on line.	Truck was purchased to replace the loaned Field Maintenance vehicle.
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 throughout MAC to individuals in the department.	A computer was purchased for the carpentry staff.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

TRADES - CARPENTERS**2006 OBJECTIVES**

Objective	Expected Results
Ensure compliance with TSA mandated key management program.	Expand MAC's Key Database Program to include padlocks, cipher codes and the ability to "query" questions from the TSA and MAC Police.
Insure the high standards of security throughout the main campus and relievers.	Attend seminars in security and visit trade shows for current product knowledge.
Appoint Carpenter Foreman to Lindbergh Terminal.	Create Lindbergh Terminal Carpenter Foreman position.
Establish a contact person within the department who understands the current door numbering system. This "in house" person will work closely with Airport Development and associated architectural firms in keeping with the standard scheme of labeling.	Keeping the system updated for the key database, the Facility Monitoring Program and current blueprints for Architects, Facilities, Police and Fire and Airport Development.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**TRADES - PLUMBERS****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	696,478	686,743	822,217	135,474	19.73%
Administrative Expenses	3,532	1,434	1,333	-101	-7.04%
Professional Services	4,537	5,000	5,000	0	0.00%
Utilities	2,609	3,088	3,088	0	0.00%
Operating Services/Expenses	1,303	4,000	4,000	0	0.00%
Maintenance	132,087	161,004	165,601	4,597	2.86%
Other	6,592	6,250	8,320	2,070	33.12%
Total Budget	847,139	867,519	1,009,559	142,040	16.37%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 Budget
FTE Total:	6	6	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 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases as identified in the labor agreement.
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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.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**TRADES - PLUMBERS****2004 PROGRESS REPORT**

Objective	Measurement	Results
Survey storm and sanitary sewer collection system for deficiencies. Start up rehab project.	Reduced inflow and infiltration. Fewer sewer back ups, compliance with Federal Regulations.	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.

2005 PROGRESS REPORT

Objective	Measurement	Results
Survey storm and sanitary sewer collection system for deficiencies.	Implement a sewer re-hab program which will provide a base line for future repairs.	A few areas of deficiencies were noted and added to the CIP program. As money becomes available or when a project is in the area of the utility needing reform, collaboration between MAC Development and MAC Plumbing will take place. Preventative maintenance has taken place in areas of new construction such as sewer cleaning at the new Airport Fire Station and South Field Maintenance Building.
Maintain the fire sprinkler system within the industry standards and in compliance with NFPA regulations.	To insure the entire fire sprinkler system has been tested and is in compliance with NFPA regulations.	The fire system has been tested ahead of schedule. We are currently working to document the entire MAC Campus fire system flow and tamper valves relating to door number and locations on plan drawing. On 12-29-05 Arlin Long (MAC Plumber), who was assigned to the task of fire system documentation, finished assembling 2 books with the MAC Campus fire systems drawing relating to tamper valve location and door numbers. This is a major step toward our goal to document all utilities inside of MAC buildings and this task is also above and beyond the NFPA regulations.
Create a plan within our department on the necessities to maintain and operate increased development.	Better, more productive operating procedures created. Cross train personnel to achieve efficiency.	Have had some difficulty dealing with this concept. Lack of personnel and large work load make it nearly impossible to cross train personnel. Productivity has increased but at the expense of overtime. This objective will carry over into 2006 and 2007.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**TRADES - ADMINISTRATION****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel		135,917	135,796	-121	-0.09%
Administrative Expenses	163	5,047	5,702	655	12.98%
Professional Services		0	0		
Utilities		250	250	0	0.00%
Operating Services/Expenses		0	300	300	100.00%
Other	322	4,400	5,400	1,000	22.73%
Total Budget	485	145,614	147,448	1,834	1.26%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 Budget
FTE Total:	2	2	2

RESPONSIBILITY/FUNCTION

This department has the responsibility for the administration and coordination of carpenters, electricians, painters, and plumbing divisions. Trades - Administration works with airport development on construction projects, enforces construction standards, conducts construction inspections and oversees the computerized maintenance management system. Trades - Administration represents the Trades in the CIP process and interfaces with consultants and vendors on behalf of the Trades group. Responsible for oversight of the Lindbergh Terminal Emergency Generator and UPS contracts.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**MAINTENANCE - FIELD****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	6,527,727	7,274,135	7,721,618	447,482	6.15%
Administrative Expenses	30,466	22,740	35,121	12,381	54.45%
Professional Services	35,442	32,000	32,000	0	0.00%
Utilities	10,889	12,406	10,800	-1,606	-12.95%
Operating Services/Expenses	54,535	70,900	70,900	0	0.00%
Maintenance	2,715,571	2,786,400	3,142,080	355,680	12.76%
Other	89,551	108,450	48,764	-59,686	-55.04%
Total Budget	9,464,181	10,307,031	11,061,283	754,251	7.32%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 Budget
FTE Total:	121	121	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 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 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Headcount increase associated with runway 17-35 operations; base wage increase per bargaining unit agreements.
Administrative Expenses	Computer software upgrades (automotive diagnostics); one-time expense for hosting the 2006 AAAE Large Hub Winter Operations Conference.
Maintenance	Cost per square yard formula applied to account for new runway 17-35 maintenance operations. Air carrier personnel involved in the discussions and determination of the rate.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**MAINTENANCE - FIELD****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.
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 - 2006 OPERATING BUDGET**MAINTENANCE - FIELD****2005 PROGRESS REPORT**

Objective	Measurement	Results
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.	At least two runways have been available during the first snow events after the opening of Runway 17-35. The snow events have been average or light (less than 1/2" snow per hour).
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.	Job descriptions were revised and hiring procedures were established prior to May 1, 2005. An assistant manager was assigned as a training officer. All new personnel were trained and licensed for airfield operations prior to the opening of runway 17-35.
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.	Five multi-function vehicles were added to the fleet in 2005; two combination plow/brooms, and three combination sander/liquid deicers. As a result, five crew members were reassigned to other areas, and five additional pieces of equipment were deployed during snow/ice events.
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.	Tenants have been routinely invoiced for services outside the scope of current lease agreements. Spreadsheets were maintained and forwarded to MAC Finance as appropriate.
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.	No injury/accident claims were reported to MAC Field Maintenance by MAC Risk Management. The MAC responded to public complaints regarding exposure to the elements while standing on the platform by adding additional facilities designed to block wind, rain and snow.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**MAINTENANCE - FIELD****2006 OBJECTIVES**

Objective	Expected Results
Enhance customer service by establishing stronger working relationships with MSP air carrier station managers and FAA MSP air traffic control tower supervisors.	Identify a communication forum and direct key department personnel (Maintenance Manager/Planning and Maintenance Manager/Operations) to attend opportunities where the target group routinely convenes.
Identify a computerized payroll system to replace the current manual timesheet process.	Ascertain if ID cards associated with the new security card access control system are compatible with available employee payroll control systems. If applicable, seek permission to use ID cards for payroll purposes. Identify software package for purchase and installation in 2007.
Incident command principles and practices are applicable to non-standard, non-emergency events such as snow and ice storms. Department management team should be prepared to respond to any situation that dictates the implementation of incident command.	Managers, assistant managers and working foremen to train and be certified for Incident Command procedures
Reduce the number of injuries and vehicle accidents through a clear focus on safety and safe operations. Conduct training appropriate for the operating environment of the department.	Injury rate per full-time employee and accident rate per full-time employee will be less than 2005 rates. Claim costs will be less than the 2005 total.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**RELIEVERS - ADMINISTRATION****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	552,833	567,454	600,621	33,166	5.84%
Administrative Expenses	9,543	12,587	11,821	-766	-6.09%
Professional Services	71,435	75,000	75,000	0	0.00%
Utilities	1,428	1,200	1,025	-175	-14.58%
Operating Services/Expenses	1,302	700	1,000	300	42.86%
Other	0	0	0		
Total Budget	636,540	656,941	689,467	32,525	4.95%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 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 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases.
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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 - 2006 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 - 2006 OPERATING BUDGET**RELIEVERS - ADMINISTRATION****2005 PROGRESS REPORT**

Objective	Measurement	Results
Update operations manuals for Reliever Airports.	To create a comprehensive operations manual specific to each Reliever Airport.	Higher priorities (Reliever Airports Task Force Report) did not allow sufficient time to complete the updates.
Develop Emergency Plans for each of the Reliever Airports which will be incorporated into the Operations Manuals.	A written 'stand alone' document for each of the Reliever Airports that will stipulate responsibilities and actions to be taken during emergencies.	Higher priorities (Reliever Task Force Report) did not allow sufficient time to complete the updates.
Bring to resolution capacity, capital improvement, and funding issues for the Reliever Airports.	A Commission decision on the future development strategy of each of the Reliever Airports.	The Reliever Airports Task Force completed its report which outlines a strategy to address each of these issues.

2006 OBJECTIVES

Objective	Expected Results
Implement those recommendations from the Reliever Airports Task Force under the control of the Reliever Airports staff.	<p>"Reliever Airports Lease Policies, Rules and Regulations" amended to:</p> <ol style="list-style-type: none"> 1) implement the "Facility Acquisition Fee" 2) increase the Administrative Fee applicable to transaction of lease documents <p>Ordinance 101 amended to:</p> <ol style="list-style-type: none"> 1) implement the Sublease Fee 2) provide a percentage rent exemption for first 20% of commercial operators revenue 3) amend the reverse sliding scale of commercial operators revenue to establish a 1% cap <p>Amend the lease language to ensure adequate control over the use, structural integrity, and aesthetics of facilities</p> <p>Develop an ordinance that provides standards for the structural integrity and aesthetics of hangars</p>

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**RELIEVERS - ST. PAUL****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	423,698	478,735	486,779	8,045	1.68%
Administrative Expenses	1,458	1,700	1,700	0	0.00%
Professional Services	60,000	0	48,000	48,000	100.00%
Utilities	2,294	2,428	2,428	0	0.00%
Operating Services/Expenses	26,393	924	924	0	0.00%
Maintenance	132,068	155,732	153,675	-2,057	-1.32%
Other	447	2,700	1,200	-1,500	-55.56%
Total Budget	646,357	642,219	694,706	52,488	8.17%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 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 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases as identified in the labor agreement.
Professional Services	Goose control \$33,000 and \$15,000 for wildlife control not budgeted for by Airside Ops in the 2006 budget.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**RELIEVERS - LAKE ELMO****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	63,991	73,828	75,678	1,850	2.51%
Administrative Expenses	258	250	250	0	0.00%
Professional Services	0	0	12,000	12,000	100.00%
Utilities	710	726	726	0	0.00%
Operating Services/Expenses		0	0		
Maintenance	23,533	26,825	26,325	-500	-1.86%
Other	50	1,700	200	-1,500	-88.24%
Total Budget	88,543	103,329	115,179	11,850	11.47%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 Budget
FTE Total:	1	1	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 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases as identified in the labor agreement.
Professional Services	Goose control and wildlife control not budgeted for by Airside Ops in the 2006 budget.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**RELIEVERS - AIRLAKE****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	58,285	95,313	93,784	-1,529	-1.60%
Administrative Expenses	255	250	250	0	0.00%
Professional Services		0	12,000	12,000	100.00%
Utilities	278	310	310	0	0.00%
Operating Services/Expenses		0	0		
Maintenance	12,978	25,320	24,820	-500	-1.97%
Other	348	210	210	0	0.00%
Total Budget	72,144	121,403	131,374	9,971	8.21%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 Budget
FTE Total:	1	1.5	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 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases as identified in the labor agreement. The decrease in Personnel is a result of the starting date of an open position.
Professional Services	Goose control and wildlife control not budgeted for by Airside Ops in the 2006 budget.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**RELIEVERS - FLYING CLOUD****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	171,337	184,120	189,760	5,640	3.06%
Administrative Expenses	374	250	250	0	0.00%
Professional Services		0	12,000	12,000	100.00%
Utilities	545	581	474	-107	-18.42%
Operating Services/Expenses	103	0	0		
Maintenance	37,161	44,700	43,700	-1,000	-2.24%
Other	0	250	250	0	0.00%
Total Budget	209,519	229,901	246,434	16,533	7.19%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 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 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases as identified in the labor agreement.
Professional Services	Goose control and wildlife control not budgeted for by Airside Ops in the 2006 budget.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**RELIEVERS - CRYSTAL****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	171,183	232,547	223,877	-8,671	-3.73%
Administrative Expenses	1,995	2,400	2,163	-237	-9.88%
Professional Services		0	12,000	12,000	100.00%
Utilities	1,943	2,415	2,098	-317	-13.13%
Operating Services/Expenses		1,975	1,975	0	0.00%
Maintenance	53,026	45,040	43,140	-1,900	-4.22%
Other	20	370	370	0	0.00%
Total Budget	228,167	284,747	285,623	875	0.31%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 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 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases as identified in the labor agreement. The decrease in Personnel is a result of the starting date of an open position.
Professional Services	Goose control and wildlife control not budgeted for by Airside Ops in the 2006 budget.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

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SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET**RELIEVERS - ANOKA****BUDGET SUMMARY**

	2004 Actual	2005 Budget	2006 Budget	\$ Variance	% Variance
Personnel	174,718	193,699	188,487	-5,211	-2.69%
Administrative Expenses	990	1,975	1,125	-850	-43.04%
Professional Services	7	0	12,000	12,000	100.00%
Utilities	1,205	1,036	1,609	573	55.31%
Operating Services/Expenses	122,213	153,469	148,900	-4,569	-2.98%
Maintenance	92,095	74,280	72,000	-2,280	-3.07%
Other	1,409	2,298	250	-2,048	-89.12%
Total Budget	392,638	426,757	424,371	-2,385	-0.56%

FULL TIME EQUIVALENT SUMMARY

	2005 Actual	2005 Budget	2006 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 2006 OPERATING BUDGET CHANGES GREATER THAN \$4,000

Personnel	Personnel increases are attributable to wage structure adjustment and step increases as identified in the labor agreement. The decrease in Personnel is a result of the starting date of an open position.
Professional Services	Goose control and wildlife control not budgeted for by Airside Ops in the 2006 budget.

SERVICE CENTER SUMMARIES - 2006 OPERATING BUDGET

RELIEVERS - ANOKA

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CIP SUMMARY AND POLICIES – 2006 OPERATING BUDGET

The construction budget is presented in three sections. The Capital Improvement Plan (CIP) is detailed first, along with 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 is included.

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. These priorities are key, especially for those projects identified in the first year of the Plan. For those projects listed in the first year, Commission approval authorizes staff to proceed with plans and specifications. Bid results are presented to the Commission prior to awarding any contracts.

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 noise abatement, asbestos abatement or wetland mitigation and are precipitated by environmental concerns as well as regulations.
5. Preventative Maintenance
These are projects oriented toward the constant 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 – 2006 OPERATING BUDGET

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

Commission policies for Capital Projects are:

1. Safety and customer service oriented.
2. Maximize all federal aid.
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 2006, 2007, 2008 and the extended period 2009-2012 (i.e. the proposed Capital Improvement Plan for 2006) 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 2006 dollars.

CAPITAL IMPROVEMENT PLAN SUMMARY (CIP)					
(\$ = 000)					
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009-2012</u>	<u>Total</u> <u>2006-2012</u>
<u>Minneapolis/St. Paul International - 2010 Plan</u>					
Runway Deicing/Holding Pad	0	0	0	0	0
Runway 17/35	13,000	0	0	0	13,000
Runway 4/22 Development	0	3,700	0	0	3,700
Noise Mitigation	14,000	3,000	13,200	32,400	62,600
Taxiway C/D Complex Construction	5,000	11,000	10,000	0	26,000
Airfield Rehabilitation	500	7,300	1,000	3,500	12,300
Runway Rehabilitation	0	16,000	20,000	0	36,000
Environmental Remediation	1,300	0	0	0	1,300
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	500	3,600	0	0	4,100
Humphrey Terminal Development	0	0	0	0	0
Landside Rehabilitation & Repair	3,700	7,400	3,900	17,600	32,600
Miscellaneous Field & Runway	400	900	900	1,600	3,800
Miscellaneous Landside	60,450	16,750	0	0	77,200
New Projects	25,385	53,750	30,500	25,000	134,635
Total Minneapolis/St.Paul International - 2010 Plan	124,235	123,400	79,500	80,100	407,235
<u>Minneapolis/St. Paul International - 2020 Plan</u>					
Humphrey Terminal	89,800	108,200	16,300	0	214,300
Lindbergh Terminal Phase 1	0	3,300	18,700	0	22,000
Lindbergh Terminal Phase 2	0	0	0	357,200	357,200
Total Minneapolis/St.Paul International - 2020 Plan	89,800	111,500	35,000	357,200	593,500
<u>Reliever Airports</u>					
Reliever Airports	15,000	49,970	23,900	42,270	131,140
Reliever Airports Utility Extension	0	3,400	2,400	500	6,300
Total Reliever Airports	15,000	53,370	26,300	42,770	137,440
Total All Facilities	229,035	288,270	140,800	480,070	1,138,175

CIP SUMMARY AND POLICIES – 2006 OPERATING BUDGET

The seven-year total of approximately \$1.138 billion represents an increase of \$466.0 million from the previous year's CIP. This increase can be attributed to the inclusion of the 2020 Plan, Phases 1 and 2, totaling approximately \$594 million.

The Construction Budget below represents anticipated sources and uses of funds during the years 2004-2008. The information for 2005 indicates expected transactions during the fourth quarter.

CONSTRUCTION BUDGET 2006

(\$ = 000)

	<u>Actual 2004</u>	<u>Estimated 2005</u>	<u>Budget 2005</u>	<u>Budget 2006</u>	<u>Projected 2007</u>	<u>Projected 2008</u>	<u>Projected Total</u>
Sources of Funds							
Balance 12/31/03	\$ 111,245						\$ 111,245
Balance Carried Forward		\$ 224,694	\$ 205,156	\$ 336,203	\$ 210,666	\$ 243,431	
Transfer From Operating Fund	\$ 19,763	8,710	27,457	55,120	55,000	53,785	192,378
PFC Funding	69,747	69,900	70,302	65,007	66,632	68,298	339,584
Federal Grants	14,744	15,291	61,165	14,125	13,800	14,150	72,110
State Grants	1,581	1,581	1,400	1,400	1,400	1,400	7,362
Interest Income (1)	2,633	8,891	5,266	6,724	4,213	4,869	27,330
Net Bond Proceeds (See Above)	101,538	233,060	0	0	0	0	334,598
Commercial Paper Program (2)	40,350	9,500	27,489	0	0	0	49,850
Principal Amount of Bonds	0	0	182,151	0	154,413	0	154,413
Federal Letter Of Intent (LOI)	8,000	8,000	8,000	7,500	7,000	5,000	35,500
Other Receipts (UPS Reimburse)	6,936	0	0	5,800	18,600	20,000	51,336
Total Sources of Funds	\$ 265,292	\$ 354,933	\$ 383,230	\$ 155,676	\$ 321,058	\$ 167,502	\$ 1,264,461
Uses of Funds							
CIP Project Costs	(120,716)	\$(147,982)	\$(299,076)	\$(251,597)	\$(249,589)	\$(232,182)	\$(1,002,065)
Commercial Paper Retired	(7,000)	(64,689)	(96,313)	0	0	0	\$(71,689)
Debt Service Reserve Transfer	(22,283)	(28,751)	(27,252)	(29,617)	(32,705)	(32,722)	\$(146,078)
Capitalized Interest/Issuance Exp	(1,844)	(2,002)	(24,849)	0	(6,000)	(12,000)	\$(21,846)
Total Use of Funds	\$ (151,843)	\$ (243,424)	\$(447,490)	\$(281,214)	\$(288,294)	\$(276,904)	\$(1,241,678)
Balance Carried Forward	\$ 224,694	\$ 336,203	\$ 140,896	\$ 210,666	\$ 243,431	\$ 134,028	\$ 134,028

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	8.09%
Transfer From Operating Fund	13.98%
PFC Funding	24.68%
Federal Grants	5.24%
State Grants	0.54%
Interest Income	1.99%
Net Bond Proceeds-(See Current)	24.32%
Commercial Paper Program	3.62%
Principal Amount of Bonds - PFCs	6.18%
Principal Amount of Bonds - Garbs	5.05%
Federal Letter Of Intent (LOI)	2.58%
Other Receipts	3.73%
Total Sources of Funds	100.00%

SOURCES AND USES OF FUNDS – 2006 OPERATING BUDGET**SOURCES AND USES**

From 12/31/04 through 2008, MAC has identified eleven funding sources totaling \$1,181,993,000 including a beginning balance of \$111,245,000. During this period, MAC will expend \$1,241,678,000 leaving a net balance of \$51,560,000 at the end of 2008. This balance represents a portion of the 2007 and 2008 projects that were started but not yet completed by 12/31/08.

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. For 2006, a transfer of \$8.7 million is anticipated. No transfer was made for 2004. The balance to be transferred for the period is estimated at \$192.4 million or 13.98%.

PFC funding or Passenger Facility Charge funding is the largest funding source at \$339.6 million or 24.68% 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 (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) and 4) interest costs associated with the new debt \$683 million.

SOURCES AND USES OF FUNDS – 2006 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 and all project costs identified.

During 2005, three additional applications were filed and approved. PCF #7 was actually an adjustment to PFC #6. The Fire Station (originally included as new debt in #6) was amended out of PFC #6 as requested by the FAA. A new application was required because of the timing of the project. PFC #8 was issued for 2010 Plan projects. This application was approved at \$191,380 million. The approved amount included three segments: A Pay As You Go portion (\$19.064 million); a portion dedicated to payment of existing bond debt (\$58.504 million) and new debt (\$113.812 million). PFC #9 was issued for the purchase of capital equipment \$7.315 million) and does not impact the construction budget.

Federal Grants are funds which are used for FAA approved projects including approved noise compatibility programs and noise insulation projects for communities surrounding the airport. These funds are estimated at \$72.11 million or 5.24% 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.

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 \$7.4 million or 0.54% of the total funding through 2008.

Interest Income is based on the balance in the fund. As noted above, a 4.0% rate is assumed for 2004 through 2008. This figure can vary significantly depending upon approval of projects and their starting dates. Interest Income of \$27.3 million or 1.99% of sources is projected.

Net Bond Proceeds total \$334.6 million or 24.32% of the total sources. This figure includes \$101.5 million listed in 2004 and represents the 2004 bond Issue. The \$233.1 million identified in Estimated 2005 represents the Bond Issue in 2005.

Commercial Paper is used as an interim funding source. For the period 2004-2008, the Commission anticipates issuing \$49.9 million or 3.62% in Commercial Paper. It is planned that the outstanding balance of Commercial Paper will be paid down in 2008 through 2010.

SOURCES AND USES OF FUNDS – 2006 OPERATING BUDGET

Bond Funding - PFCs (Passenger Facility Charges) are presented as part of the Principal Amount of Bonds. This amount is the principal portion only and represents the 2006 issue of \$85.0 million. The debt service for these bonds will be paid for with PFCs as explained in the Debt Service Section.

Bond Funding – GARBS (General Airport Revenue Bonds) are at \$69.4 million of the \$154.4 million bond total and 11.23% of total funding. This amount represents one issue in 2006. 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 2004 was \$8.0 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 \$35.5 million or 2.58%.

Other Receipts are funds received by MAC from various tenants and/or government entities that are paid to MAC for project expenditures incurred by the Commission on behalf of the tenant/entity. This amount is estimated at \$51.3 million or 3.73%.

USES

There are four general categories of uses listed. The first, CIP project costs (\$1.002 billion) represent 80.7% of the total. The second area is Commercial Paper Retired (\$71.7 million) and represents 7.2% 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 12.1% 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 the 2020 Plan expansion, parking facilities, Reliever Airports and other field and terminal projects.

The balance carried forward at the end of 2008 can be attributed to a number of projects scheduled to begin in early 2008. 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 – 2006 OPERATING BUDGET

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

Projects in Process (As of December 2, 2005) (\$ = 000)		
<u>Project Description</u>	<u>Estimated Project Cost</u>	<u>Payments To Date</u>
2005 Pavement Reconstruction - Aprons	\$ 6,450	\$ 5,155
Taxiway C-D Complex South	7,975	5,801
Runway 17/35 Land Acquisitions & Developments	681,507	602,580
North Terminal Expansion	34,485	30,661
Lindbergh Terminal EDS Baggage Screening	50,000	4,052
Airport Fire Station - Runway 17/35	14,500	13,562
Humphrey Terminal - Gate 10 Expansion	4,350	3,399
Field Maintenance Center Shop Addition	7,200	441
Runway 17 Deicing Ops Facility	3,500	2,391
Part 150 Sound Insulation Projects (Homes & Multi-Family)	21,562	14,135
Reliever Airports - St. Paul (Flood Protection Perimeter & Sub Drain Improvements)	13,700	2,045
Reliever Airports - Anoka/Blaine (Rwy 9/27 Extension, NW Bldg Area & Wetland Mitigation)	23,260	4,539
2020 Plan Projects - Phase One	261,604	5,959
All Other Projects in Process	231,368	44,605
Totals	\$ 1,361,461	\$ 739,325

CAPITAL IMPROVEMENT PROJECT SUMMARIES – 2006 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)

	2006	2007
	\$	\$
MSP INTERNATIONAL		
 <u>Runway 17/35 Program</u>		
 <u>Taxiway M Extension</u>	\$ 5,000	
This project provides for the extension of Taxiway M to the south approximately 2,100 feet to connect with Taxiway S to provide an alternative taxi route for Runway 17 departures for the Lindbergh Terminal during low visibility conditions.		
 <u>Runway 17/35 Property Acquisition</u>	\$ 8,000	
During 2006, there will be a continuation of the acquisition of single family residences and apartment complexes located in Bloomington south and east of the Mall of America. Costs for the land acquisition will be determined based on appraisals and negotiations with the impacted property owners.		
 <u>Runway 17/35 Program</u>		
Other Runway 17/35 Program Projects Less Than \$5,000,000	\$ 0	\$ 0
Total Runway 17/35 Program Projects	\$ 13,000	\$ 0
 <u>Runway 4/22 Development</u>		
Other Runway 4/22 Program Projects Less Than \$5,000,000	\$ 0	\$ 3,700
Total Runway 4/22 Program Projects	\$ 0	\$ 3,700
 <u>Noise Mitigation Program</u>		
 <u>Multi-family Sound Insulation (Inside 2007 65 DNL)</u>	\$ 7,000	
This series of projects will complete the sound insulation of 575 multi-family units within the 2007 65 DNL contour.		
 <u>Trinity School</u>	\$ 7,000	
MAC staff is currently working with Trinity School to either proceed with a noise insulation project or relocate the school operations to a new site.		
 Other Noise Mitigation Program Projects Less Than \$5,000,000	\$ 0	\$ 3,000
Total Noise Mitigation Program Projects	\$ 14,000	\$ 3,000

CAPITAL IMPROVEMENT PROJECT SUMMARIES – 2006 OPERATING BUDGET

Taxiway C/D Complex Construction**Taxiway C/D Complex**

\$ 5,000 \$ 11,000

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 construction of Taxiways B and H between Runway 4/22 and Taxiway C and the construction of Taxiway M6 between Runway 4/22 and Taxiway M. The third phase in 2007 provides for the reconstruction of segments of Taxiways C and D and associated crossover taxiways.

Other Taxiway C/D Complex Program Projects Less Than \$5,000,000

\$ 0 \$ 0

Total Taxiway C/D Complex Program Projects

\$ 5,000 \$ 11,000

Airfield Rehabilitation Program**Pavement Rehabilitation – Aprons**

\$ 6,800

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 provide for the reconstruction of apron pavement between and including gates D1 and D6 and C1. This project also includes pavement joint sealing and area repair at Gates C2 to C8.

Other Airfield Rehabilitation Program Projects Less Than \$5,000,000

\$ 500 \$ 500

Total Airfield Rehabilitation Program Projects

\$ 500 \$ 7,300

Runway Rehabilitation Program**Pavement Rehabilitation – Runway 12R/30L Seg. 2**

\$ 16,000

This project provides for the reconstruction of the section of Runway 12R/30L located between Runway 4/22 and Taxiway A4. Reconstruction of three separate segments has been completed in previous years with Segment 2 being the final section of pavement requiring reconstruction.

Other Runway Rehabilitation Program Projects Less Than \$5,000,000

\$ 0 \$ 0

Total Runway Rehabilitation Program Projects

\$ 0 \$ 16,000

Environmental Rehabilitation Program**Other Environmental Remediation Program Projects Less Than \$5,000,000**

\$ 1,300 \$ 0

Total Environmental Remediation Program Projects

\$ 1,300 \$ 0

CAPITAL IMPROVEMENT PROJECT SUMMARIES – 2006 OPERATING BUDGET

Lindbergh Terminal Rehabilitation and Development Program

Other Lindbergh Terminal Rehabilitation and Development Program Projects Less Than \$5,000,000	\$ 500	\$ 3,600
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Total Lindbergh Terminal Rehabilitation and Development Program Projects	\$ 500	\$ 3,600
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Landside Rehabilitation and Repair Program

Other Landside Rehabilitation and Repair Program Projects Less Than \$5,000,000	\$ 3,700	\$ 7,400
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Total Landside Rehabilitation and Repair Program Projects	\$ 3,700	\$ 7,400
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Reliever Airports Program**Anoka County-Blaine****Building Area Development - Northwest**

	\$ 5,070	
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This project provides for the construction of taxiways, connectors, a new Fixed Base Operator (FBO), apron infiltration basins for storm water and a water main loop from the new building area to the air traffic control tower. The construction of the access road from Radisson Road to the building area and the installation of sanitary sewer and water main for the building area will be completed by Anoka County and/or the developer.

St. Paul**Flood Protection Dike**

	\$ 6,800	\$ 21,700
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This year's project provides for the construction of a flood control perimeter dike at St. Paul Downtown Airport including sheetpile walls, earthen berms and temporary deployment walls, stormwater 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.

The 2007 project provides for the construction of the full perimeter dike including temporary deployment walls, storm water management and subgrade improvements. This project also includes compensatory riverbank excavation and airfield improvements including the relocation of Taxiway E between the ends of Runways 31 and 32. *Funding for this project for both years will be provided by others.

CAPITAL IMPROVEMENT PROJECT SUMMARIES – 2006 OPERATING BUDGET**Runway Safety Area**

\$ 1,900 \$ 2,400

This project consists of improvements to the end of all runway safety areas to meet current FAA requirements. This year's project will include shortening of Runways 13/31, 14/32 and 9/27. This project must be completed in 2006 as a result of impacts from the perimeter dike compensatory excavation phasing. This project includes runway re-striping, runway light replacement, relocation of runway end lights, replacement and relocation of approach lights (VASIs to PAPIs) and relocation of Taxiway D at the Runway 9 end.

The second phase of the project in 2007 will provide shortening of Runways 13/31, 14/32 and 9/27. This project includes runway re-striping, runway light replacement, relocation of runway end lights, replacement and relocation of approach lights (VASIs to PAPIs) and relocation of Taxiway D at the Runway 9 ends. The work is being done to coincide with the impacts from the perimeter dike project.

Airlake**South Building Area Development**

\$ 2,700

This project is the second phase in the program to develop a new South Building Area and partial parallel taxiway. This year's project will provide for the installation of sanitary sewer and water main as well as the pavements and taxiway lighting system. The paving of a section of 225th Street to connect to Cedar Avenue is also included in this project.

Runway 10R/28L Widening Extension

\$ 10,700

This project provides for the extension of 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.

South Building Area Development

\$ 5,200

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.

Lake Elmo**East Building Area Development**

\$ 2,100

This project includes the grading and paving for alleyways, an access road and connecting taxiway for the new East Building Area, taxiway pavement marking and reflectors and street lighting along a section of the county road. Also included is storm water management and minor wetland mitigation.

Reliever Airports Utility Extension Program**Flying Cloud**

\$ 3,400

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 area. In addition, the project will include construction of a restroom facility for tenants who do not or cannot connect to the new utilities (many are in a non-service area) and a plane wash facility.

Other Reliever Airport Program Projects Less Than \$2,000,000

\$ 1,230 \$ 5,170

Total Reliever Airport Program Projects

\$ 15,000 \$ 53,370

CAPITAL IMPROVEMENT PROJECT SUMMARIES – 2006 OPERATING BUDGET

Miscellaneous Field and Runway Program

Other Miscellaneous Field and Runway Program Projects Less Than \$5,000,000	\$ 400	\$ 900
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Total Miscellaneous Field and Runway Program Projects	\$ 400	\$ 900
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Miscellaneous Landside Program

<u>Humphrey Parking Structure Expansion</u>	\$ 55,000	\$ 11,000
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This project provides for the expansion of the Humphrey Parking Structure to provide an additional 4,550 parking spaces. The existing parking structures continue to fill up on a regular basis and additional parking will be required ahead of the expansion of the Humphrey Terminal under Phase 1 of the 2020 Development Plan.

The 2007 project provides for the expansion of the Humphrey Parking Structure to provide an additional 4,550 parking spaces. The existing parking structures continue to fill up on a regular basis and additional parking will be required ahead of the expansion of the Humphrey Terminal under Phase 1 of the 2020 Development Plan.

<u>Ground Services Equipment Building Relocation</u>	\$ 5,000	
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This project provides for the relocation of the existing ground service equipment (GSE) building to make way for the expansion of gates at the Humphrey Terminal.

Other Miscellaneous Landside Program Projects Less Than \$5,000,000	\$ 450	\$ 5,750
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Total Miscellaneous Landside Program Projects	\$ 60,450	\$ 16,750
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<u>Lindbergh Baggage Screening</u>	\$ 11,500	
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This project provides for the installation of EDS baggage conveyors to the ticket counters in the north area of the Lindbergh Terminal that will be abandoned when the non-Sky Team airlines relocate to the Humphrey Terminal. This project also includes the construction of an On-Screen Resolution (OSR) room at the Humphrey Terminal that will serve both the Lindbergh and Humphrey Terminals.

CAPITAL IMPROVEMENT PROJECT SUMMARIES – 2006 OPERATING BUDGET

ALEC North Relocation

\$ 15,000

MAC currently has two airport lighting and electrical centers. The older of the two facilities is located next to the existing Fire/Rescue facility (north) and the second was constructed within the Runway 17/35 midfield area (south). The north facility currently controls the airfield lighting systems for two runways but currently only controls Runway 17/35. In order to provide better system reliability and flexibility, the regulators that serve Runway 4/22 will be relocated from the north to the south facility.

Runway 30R Safety Improvements

\$ 8,300

The Runway 30R safety area does not meet FAA standards. To achieve a compliant runway safety area, the landing threshold was displaced 200 feet to the west in 2005. This displacement will result in a 200-foot decrease in landing length. If this displacement has an intolerable impact on airline operations, an Engineered Materials Arresting System (EMAS) will be constructed. This system would be similar to the system installed at the end of Runway 30L. An EMAS is comprised of cellular cement blocks located beyond the end of the runway and is designed to minimize the potential for structural damage to aircraft overrunning the runway during an aborted takeoff or while landing. The EMAS is a passive system that exerts predictable deceleration forces on an aircraft's landing gear as the cellular cement blocks are crushed beneath the weight of the aircraft.

Relocate Air Traffic Control Tower

\$ 5,000

With the construction of Runway 17/35 and the development of the adjacent building areas, there will be a need to construct a new tall Air Traffic Control Tower in order to see all aircraft operational surfaces.

Other New Projects Less Than \$5,000,000

\$ 13,885

\$ 25,450

Total New Projects

\$ 25,385

\$ 53,750

2020 Development Program**Humphrey Terminal Expansion**

\$ 75,000

\$ 100,000

The Humphrey Terminal will be expanded from 10 gates to 22 gates over a three-year period. The expansion will be the construction of 12 new gates and all associated facilities including ticketing, baggage make-up and in-line baggage screening, road improvements, new aircraft apron and hydrant fueling at all gates.

Auto Rental Facilities

\$ 14,800

This project provides for auto rental including counters, back office and ready and return facilities for all on-airport auto rental providers as well as new Quick-Turn-Around (QTA) facility to serve vehicles at the Humphrey Terminal.

Other 2020 Development Program Projects Less Than \$5,000,000

\$ 0

\$ 11,500

Total 2020 Development Program Projects

\$ 89,800

\$ 111,500

CAPITAL IMPROVEMENT PROJECT SUMMARIES – 2006 OPERATING BUDGET**Program Summary 2006 - 2007****\$ = 000**

	<u>2006</u>	<u>2007</u>
<u>MSP & Relievers 2010 Plan Summary</u>		
Runway 17/35	\$ 13,000	\$ -
Runway 4/22 Development	-	3,700
Noise Mitigation	14,000	3,000
Taxiway C/D Complex Construction	5,000	11,000
Airfield Rehabilitation	500	7,300
Runway Rehabilitation	-	16,000
Environmental Remediation	1,300	-
Lindbergh Terminal Rehab. & Development	500	3,600
Landside Rehabilitation & Repair	3,700	7,400
Miscellaneous Field & Runway	400	900
Miscellaneous Landside	60,450	16,750
New Projects	25,385	53,750
Reliever Airports	15,000	53,370
Subtotal MSP & Relievers 2010 Plan	139,235	176,770
<u>MSP 2020 Plan Summary</u>		
Humphrey Terminal	89,800	108,200
Lindbergh Terminal	-	3,300
Subtotal MSP 2020 Plan	89,800	111,500
TOTAL ALL PROGRAMS	\$ 229,035	\$ 288,270

CAPITAL IMPROVEMENT PROJECT SUMMARIES – 2006 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 2006 and 2007. The 2006 budget dollars for operating expenses include the figures listed in the "Budget Year 2006" column. As sated in the Budget Message, the two-year capital program (2006 and 2007) totals \$517.3 million. This total is comprised of the following major projects:

2020 Plan Expansion of Lindbergh and Humphrey Terminals	\$ 201.3 million	39%
Humphrey Terminal Parking Facility Expansion	\$ 66.0 million	13%
Runway Rehabilitation – 12R/30L Segment 2 and C/D Complex	\$ 32.0 million	6%
Reliever Airport Projects	\$ 64.9 million	12%
	<u>\$ 364.2 million</u>	<u>70%</u>

Category**2006-2007 Maintenance & Operating Expense Impact**

Field and Runway

Of the \$91.4 million in projects listed (excluding the completion/opening of Runway 17/35), \$67.8 million relate to either rehab projects or those that will be completed post 2007. The majority of the cost increase for 2006 reflects the full year use of Runway 17/35. This new runway opened in late October. Other maintenance costs associated with new taxiways, snow melting areas and safety areas have been included.

Environmental

A total of \$18.3 million is included, of which only an \$800,000 project will require approximately \$1,000 each year in maintenance costs.

Terminals and
Landside

Of the \$137.9 million of projects, \$47.0 million are rehab or other projects which result in no new areas or facilities and, as such, have no budget impact. Approximately \$71.5 million of projects will either be completed late 2007 or early 2008. Because of this timing, no maintenance dollars are shown. The balance of the project's \$19.4 million is estimated to have the following budget impact: 2006 = \$250,000; 2007 = \$5,000,000. The increase can be attributed to the completion of the Lindbergh Terminal Baggage Screening Project.

Relievers

Of the \$68.4 million of projects, \$18.5 million relate to either rehab projects or those that will be completed post 2007 and, as such, have no budget impact. The majority of the \$49.9 million of projects which will be completed includes \$16.6 million for the Flying Cloud Airport expansion, which will be completed late 2007 and have little impact, and \$28.5 million for the Dike at St. Paul Downtown Airport which may have a significant impact (\$450,000) in 2007.

2020 Plan

The projects in this category total \$201.3 million. Approximately \$194.6 million will be completed post 2007 (\$193.8 million) or is for rehab projects (\$800,000). The remaining projects, \$6.7 million, is for expanded roadways and auto rental facilities at the Humphrey Terminal. The additional maintenance cost for these projects is estimated at \$100,000 for 2006 and \$150,000 for 2007.

CAPITAL IMPROVEMENT PROJECT SUMMARIES – 2006 OPERATING BUDGET
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DEBT SERVICE POLICIES – 2006 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 Fitch, Moodys and/or Standard and Poor's Rating Agencies on Airport Improvement Bonds and General Obligation Revenue Bonds.
- 4) Procedures/mechanisms will be developed and maintained 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 remaining 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 Facility Bonds, staff will adhere 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 reserve 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 regard 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 respectively). 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 REQUIREMENTS – 2006 OPERATING BUDGET
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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 (CIP). 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. In 1998, the Commission began to issue 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 Senior Lien GARBs and 110% for outstanding Subordinate Lien GARBs. (See Long Term Debt Section below.)

With regard to General Obligation Revenue Bonds, 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 and payable there from to the end of the second following year. The required balance as of October 10 in this Debt Service Account for the next five years is as follows (in thousands):

October 10, 2006	\$64,063
October 10, 2007	\$64,440
October 10, 2008	\$64,820
October 10, 2009	\$65,342
October 10, 2010	\$62,330

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

The annual actual debt service requirement for the next five years for the GARB issue 1998 Series A, B, C, 1999 Series A, B, 2000 Series B, 2001 Series A, B, C, D, 2003 Series A, 2004 Series A, and 2005 Series A, B, C is:

January 1, 2006	\$111,366
January 1, 2007	109,947
January 1, 2008	113,385
January 1, 2009	113,351
January 1, 2010	113,373

(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, 2005 for the next five years as well as a cumulative total for the period 2011-2035. The dollars shown are in thousands.

	Notes	General	General			
(\$ = 000)	Payable	Obligation	Airport	Total		Total
Year(s)	(Principal)	Bonds	Revenue Bonds	Outstanding	Total All	Principal
	(Principal)	(Principal)	(Principal)	Bonds	Interest	& Interest
2006	\$ 55,837	\$ 13,810	\$ 24,005	\$ 37,815	\$ 106,762	\$ 200,414
2007	0	13,185	25,405	38,590	103,256	141,846
2008	0	14,165	30,315	44,480	101,068	145,548
2009	0	15,085	31,920	47,005	98,622	145,627
2010	0	16,250	33,588	49,838	96,079	145,917
2011-2035	0	244,655	1,522,172	1,766,827	1,095,919	2,862,746
	\$ 55,837	\$ 317,150	\$ 1,667,405	\$ 1,984,555	\$ 1,601,706	\$ 3,642,098
Notes Payable represents Commercial Paper						

(The October 10, 2006 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. The tables above do not include any new bond issues.)

LONG TERM DEBT – 2006 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 (GORBs) 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. These bonds may 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 test for future issuance of either its Senior Lien or Subordinate Lien GARBs (the additional bonds test is designed to demonstrate that the Commission will have the current and future ability to repay its debt). For Senior Lien GARBs, the additional bonds test requires the Commission to either show that historical revenues are at least equal to 1.1 times total expected Senior Lien debt service or that projected net revenues are expected to exceed 1.25 times total expected Senior Lien debt service. For Subordinate Lien GARBs, the additional bonds test requires the Commission to either show that historical revenues are at least equal to 1.1 times total expected debt service or that projected net revenues are expected to exceed 1.1 times total expected debt service. These coverage ratios include debt service on the General Obligation Revenue Bonds.

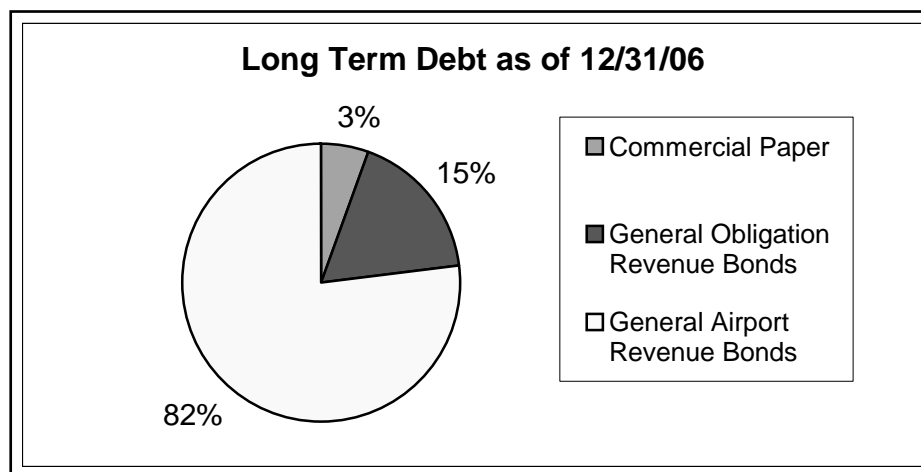
The projected coverage ratio for 2006 on Senior Debt Obligations is 2.01x. With the optional coverage transfer this figure goes to 2.17x.

LONG TERM DEBT – 2006 OPERATING BUDGET

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

Bonds Payable, due serially (\$ = 000):	Issue Date	Original Amount	Final Payment In	Outstanding as of Year End	
				2006	2005
Notes Payable:					
Series A - 2.80 to 3.25%	*	\$ 83,000	2007	\$ 39,219	\$ 39,219
Series B - 2.95 to 3.45%	*	\$ 42,000	2007	16,618	6,768
Series D	*	\$ 49,000	2007	-	-
Total Notes Payable				<u>\$ 55,837</u>	<u>\$ 45,987</u>
General Obligation Revenue Bonds:					
Series 10 - 3.6 to 5.0% (Refund Series 1 & 6)	05/01/93	\$ 29,025	2006	\$ -	\$ 1,515
Series 13 - 4.0 to 5.25% (Refund Series 7)	11/01/98	\$ 38,750	2015	25,740	27,985
Series 14 - 5.0 to 5.5% (Refund Series 8)	11/01/01	\$ 25,690	2011	15,745	18,445
Series 15 - 3.0 to 6.85% (Refund Series 9)	01/01/02	\$ 287,825	2022	261,855	269,205
Total General Obligation Revenue Bonds				<u>\$ 303,340</u>	<u>\$ 317,150</u>
General Airport Revenue Bonds:					
1998 Series A - 5.00 to 5.20%	06/01/98	\$ 225,885	2030	\$ 225,885	\$ 225,885
1998 Series B - 5.00 to 5.50%	06/01/98	\$ 84,000	2016	84,000	84,000
1998 Series C - 5.94 to 6.27%	06/01/98	\$ 37,040	2007	3,635	10,060
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	113,710	118,605
2000 Series A - 5.75 to 5.99%	05/01/00	\$ 115,325	2032	-	-
2000 Series B - 5.25 to 6.20%	05/01/00	\$ 88,745	2021	76,915	80,110
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	87,650	90,650
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	53,845	58,235
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	107,850	109,950
2005 Series A - 4.25 to 5.00%	06/02/05	\$ 136,110	2035	136,110	136,110
2005 Series B - 5.00%	06/02/05	\$ 113,155	2026	113,155	113,155
2005 Series C - 3.00 to 5.00%(Refund 2000 A)	06/02/05	\$ 123,750	2032	123,750	123,750
Total General Airport Revenue Bonds				<u>\$ 1,643,400</u>	<u>\$ 1,667,405</u>
TOTAL BONDS OUTSTANDING				<u>\$ 2,002,577</u>	<u>\$ 2,030,542</u>
* Issue dates for the Notes Payable are various.					

* Issue dates for the Notes Payable are various.



LONG TERM DEBT – 2006 OPERATING BUDGET**BOND REFUNDING**

No refundings are planned for 2006.

DEBT ACTIVITY – 2005

In June 2005, the Commission issued General Airport Revenue Bonds 2005 Series A, B and C. The 2005 A and B Bonds were issued on a subordinate basis. The A/B Bonds were used to fund new construction and to refund Commercial Paper Notes. Also, a portion of the debt service of both the Series A and B Bonds will be paid with Passenger Facility Charges. The table below summarizes the 2005 A/B Bonds.

\$ = 000	New Construction	Commercial Paper Refund	Total	Passenger Facility Charges	General Revenue	Total
Series A	\$ 123,621	\$ 12,489	\$ 136,110	\$ 34,665	\$ 101,145	\$ 136,110
Series B	60,955	52,200	113,155	7,385	105,770	113,155
Total	<u>\$ 184,576</u>	<u>\$ 64,689</u>	<u>\$ 249,265</u>	<u>\$ 42,050</u>	<u>\$ 207,215</u>	<u>\$ 249,265</u>

The Subordinate 2005 Series C Bonds refunded the Senior 2000A Bonds. The present value savings realized in this transaction were \$7.8 million or 6.78%. In addition, this refunding allowed the Commission to convert this issue from Senior Lien debt to Subordinate Lien debt freeing up Senior Lien capacity yet realizing significant savings.

NEW ISSUES

The Capital Improvement Program presented in the fall of 2005 identified the need to issue in late 2006 or early 2007 approximately \$154.4 million in new debt. This new debt issue will be segregated as follows:

\$ = 000	General Construction Debt	PFC Debt	Total
2006 CIP	\$ 37,863	\$ 40,500	\$ 78,363
2007 CIP	24,600	26,847	51,447
2008 CIP	6,950	17,653	24,603
Total	<u>\$ 69,413</u>	<u>\$ 85,000</u>	<u>\$ 154,413</u>

The majority of this proposed debt is related to the implementation of the 2020 Plan. This Plan, (expansion of the Humphrey and Lindbergh Terminals in phases) originally scheduled to begin in September 2005, was deferred until April, 2006 as a result of the Northwest Airlines Bankruptcy. The 2020 Plan will be reviewed in April. If deferred in April, the Capital Program can be accommodated without any new added debt. The 2006 Capital Plan and funding associated with this Plan, as well as the 2006 Operating Budget assumes the Plans will proceed. Additional Commercial Paper may be issued depending on the timing of some projects.

The table below illustrates gross proceeds, net proceeds and capitalized interest/issuance costs attributed to the anticipated Bonds to be issued for late 2006 or early 2007:

(\$ = 000)	Gross Bond Proceeds	Net Bond Proceeds	Capitalized Interest/Issuance Costs
2006 or 2007 General Airport Revenue Bond Issue	\$ 79,478	\$ 69,413	\$ 10,065
2006 or 2007 PFC 11	<u>97,325</u>	<u>85,000</u>	<u>12,325</u>
	<u>\$ 176,803</u>	<u>\$ 154,413</u>	<u>\$ 22,390</u>

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

LONG TERM DEBT – 2006 OPERATING BUDGET

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 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 \$55 million outstanding. The Commercial Paper program is essentially a short-term gap issue based on timing of projects, PFC applications and long term debt issuance.

DEBT SERVICE BUDGET AND SOURCES AND USES – 2006 OPERATING BUDGET**DEBT SERVICE BUDGET**

The Debt Service Budget is shown below.

2006 DEBT SERVICE BUDGET						
(\$=000)						
	Actual	Estimated	Budget	Budget	Projected	Projected
	2004	2005	2005	2006	2007	2008
January 1 Balance	\$ 230,693	\$ 240,028	\$ 240,027	\$ 274,225	\$ 269,858	\$ 288,155
Source Of Funds:						
Transfer from Operating Fund	\$ 70,309	\$ 63,728	\$ 68,320	\$ 73,473	\$ 76,723	\$ 79,227
Transfer from PFCs 3	22,283	28,751	27,252	29,617	32,705	32,722
Coverage Account	-	-	-	-	-	-
Interest earnings 1	6,797	8,052	6,500	7,700	7,575	7,714
Bond Proceeds 2	7,824	158,435	7,500	-	22,390	-
NWA payments	27,197	26,697	26,250	26,557	26,750	26,370
Total Sources Of Funds	\$ 134,410	\$ 285,663	\$ 135,822	\$ 137,347	\$ 166,143	\$ 146,033
Uses Of Funds						
Bond Series 2000A Refunding	\$ -	\$ (129,370)	\$ -	\$ -	\$ -	\$ -
Principal/Interest payments 2	(125,075)	(122,096)	(129,842)	(141,714)	(147,846)	(157,548)
Ending Balance	\$ 240,028	\$ 274,225	\$ 246,007	\$ 269,858	\$ 288,155	\$ 276,640
1 Interest Rate Assumed 4.0% 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.						

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 2006-2008 reflect a new bond issue (GARBS) in late 2006 or early 2007.

The PFC transfer represents the use of PFCs to pay a portion of existing debt beginning in 2003 for various issues in 2003, 2004, 2005, and 2006 instead of operating funds.

Interest earnings are assumed at 4.0% for 2005 through 2008. 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 2004 represent the Passenger Facility Charge (PFC) backed GARB issues, while the amounts in 2005 and 2006 represent the proceeds from the 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 2006 represents the debt service on 2005 Series A and B Bonds. Also included in the use of funds in the defeasance of the 2000A Bonds which were refinanced with the 2005 Series C bonds.

DEBT SERVICE BUDGET AND SOURCES AND USES – 2006 OPERATING BUDGET

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HISTORICAL REVENUE/EXPENSE COMPARISON – 2006 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 1995 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 2004 and 2005. In 2006, the airline rates and charges increased to 39.0% of total revenue due to implementation of the deferred charges per the Airline Agreement. Significant changes occur when comparing the percentage in categories to the total between the years 1995 and 2004. Depreciation represented 30.2% of the expense budget in 1995 with the 2006 budget projected to be 49.8%. This large increase is due to closing of construction projects associated with the 2010 expansion program. Other Expenses have also increased from .4% in 1995 to 1.7% in 2004. In the past, Reimbursed Expenses were included in this category; however, since 2002 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 1995 VS 2004						
(\$ = 000)						
	1995		2004		1995-2004	Annual
	\$	% of Total	\$	% of Total	Change \$	% Change
Operating Revenue						
Airline Rates & Charges	\$ 35,193	40.3%	\$ 71,578	36.5%	\$ 36,385	8.2%
Concessions	41,838	47.9%	85,971	43.8%	44,133	8.3%
Other	10,225	11.7%	38,593	19.7%	28,368	15.9%
Airline Rent Credit			0		0	
Total Operating Revenue	\$ 87,256	100.0%	\$ 196,142	100.0%	\$ 108,886	9.4%
Operating Expenses						
Personnel	\$ 24,360	32.5%	\$ 50,429	27.2%	\$ 26,069	8.4%
Administrative Expenses	1,003	1.3%	1,089	0.6%	86	0.9%
Professional Services	5,705	7.6%	3,745	2.0%	(1,960)	-4.6%
Utilities	5,354	7.1%	12,684	6.9%	7,330	10.1%
Operating Services	8,276	11.0%	13,394	7.2%	5,118	5.5%
Maintenance	7,236	9.7%	17,249	9.3%	10,013	10.1%
Depreciation	22,656	30.2%	83,273	45.0%	60,617	15.6%
Other	327	0.4%	3,206	1.7%	2,879	28.9%
Total Operating Expenses	\$ 74,917	100.0%	\$ 185,069	100.0%	\$ 110,152	10.6%
Net Revenues	\$ 12,339 ^{a)}		\$ 11,072 ^{a)}		\$ (1,267)	
a) Required as contribution towards debt service payments and construction program financing.						

HISTORICAL REVENUE/EXPENSE COMPARISON – 2006 OPERATING BUDGET

This first comparison 1995 versus 2004 emphasizes the following results:

1. Changes in revenue are as follows:

- ◆ The largest growth occurred in the Other Revenue category (15.9%); however, Other Revenue represents 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 average annual percentage increase is in the Concession Revenue (8.3%) between the years of 1995 and 2004. 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.)
- ◆ The average annual percentage increase in the Airline Rates and Charges is 8.2%. 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 1995 and 2004 also results from changes in the Airline Agreement and new facilities that have become operational. (See Operating Budget Revenue Assumptions.)

2. The average annual percentage increase in revenue from 1995 to 2004 (9.4%) is slightly less than the annual percentage increase in expenses from 1995 to 2004 (10.6%). Over this ten-year period, revenue grew at a slightly lower rate than expenses. The spread between 1995 and 2004 revenue to expense is 1.2%. This percentage difference 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. In addition, new and remodeled facilities under construction restricted the revenue growth in 2005. These facilities were opened in late 2005 and will be open all of 2006. These facilities are projected to generate additional revenue. The 2005 estimate reflects rates and charges calculated as per the Airline Agreement.

3. Expense changes are as follows:

- ◆ Personnel expenses have increased from 1995 to 2004 by \$26.1 million. This equates to an average annual increase of 8.4%; however, the percentage of total expense for personnel was reduced from 32.5% in 1995 to 27.2% in 2004. Full Time Equivalents (FTEs) in 1995 were budgeted at 404 while the 2006 budget is 574.5.
- ◆ Professional Services decreased from 7.6% of the 1995 budget to 2.0% of total expenses for 2004. In addition, Operating Services have been reduced from 11% in 1995 expenses to 7.2% in 2004. 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 15.6% or \$60.6 million resulting in the depreciation percent of total increasing from 30.2% in 1995 to 45.0% in 2004. This change can be attributed to the virtual completion of the 2010 Plan which includes 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, Runway 17/35 and associated taxi lanes and connectors, and two automated people movers.
- ◆ The largest category increase is Other at 28.9%. 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 COMPARISON – 2006 OPERATING BUDGET**B.****HISTORICAL OPERATING REVENUE & EXPENSE SUMMARY 2004 VS 2006**

	Actual 2004		Estimated 2005		Budget 2006		2004-2006	Annual
	\$	% of Total	\$	% of Total	\$	% of Total	Change \$	% Change
Operating Revenue								
Airline Rates & Charges	\$ 71,578	36.5%	\$ 81,700	36.7%	\$ 96,338	39.0%	\$ 24,760	16.0%
Concessions	85,971	43.8%	96,000	43.1%	99,830	40.4%	13,859	7.8%
Other	38,593	19.7%	45,000	20.2%	50,986	20.6%	12,393	14.9%
Airline Rent Credit	0							
Total Operating Revenue	\$196,142	100.0%	\$ 222,700	100.0%	\$ 247,154	100.0%	\$ 51,012	12.3%
Operating Expenses								
Personnel	\$ 50,429	27.2%	\$ 60,000	28.5%	\$ 59,640	25.2%	\$ 9,211	8.7%
Administrative Expenses	1,089	0.6%	1,260	0.6%	1,214	0.5%	124	5.6%
Professional Services	3,745	2.0%	3,825	1.8%	3,700	1.6%	(46)	-0.6%
Utilities	12,684	6.9%	14,300	6.8%	15,751	6.6%	3,067	11.4%
Operating Services	13,394	7.2%	13,700	6.5%	16,075	6.8%	2,682	9.6%
Maintenance	17,249	9.3%	17,950	8.5%	19,294	8.1%	2,045	5.8%
Other	3,206	1.7%	3,650	1.7%	3,384	1.4%	179	2.7%
Total Operating Expenses without Depreciation	\$101,796	55.0%	\$ 114,685	54.5%	\$ 119,059	50.2%	\$ 17,262	8.1%
Depreciation	\$ 83,273	45.0%	\$ 95,677	45.5%	\$ 117,965	49.8%	\$ 34,692	19.0%
Total Operating Expenses Including Depreciation	\$185,069	100.0%	\$ 210,362	100.0%	\$ 237,024	100.0%	\$ 51,954	13.2%
Net Revenues	\$ 11,072	a)	\$ 12,338	a)	\$ 10,130	a)	\$ (942)	

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

The second table illustrates 2004 actual, 2005 estimated and 2006 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 12.3% annually from actual 2004 to budget 2006. The greatest increase is in the Airline Rates and Charges category (16.0%).
- ◆ Airline Rates and Charges which include landing fees, ramp fees and terminal building rentals, are increasing 16.0%. 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 estimate calculates revenue for rates and charges as per the Airline Agreement. In the 2006 budget, the rates and charges formula includes a provision that eliminates the deferred charges applicable to the 17/35 Runway totaling \$5.1 million and the Terminal Building (\$9.5 million).
- ◆ Concessions are predicted to increase by 7.8%. Parking revenue for the 2006 budget is projected to increase by \$13.0 million from the 2004 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 2004 and budget 2006 by \$3.7 million due to contract extensions and the budget allowing for reduced minimum guarantees based on current industry trends. Food and Beverage increased \$3.6 million and Merchandise increased \$870,658 in the 2006 budget from 2004 actuals due to the completion of construction and remodeling of various tenant facilities identified in the new contract and lease agreements. (See Revenue Assumptions.)
- ◆ Other Revenue is increasing 14.9% or \$12.4 million primarily attributable to the re-emergence of Sun Country Airlines increase in activity, Humphrey Terminal, lease rental increases and new ground rent fees from an updated appraisal.

HISTORICAL REVENUE/EXPENSE COMPARISON – 2006 OPERATING BUDGET

2. Changes in Expenses are as follows:

- ◆ Increases in Expenses (excluding depreciation) are projected to be 8.1% from actual 2004 to budget 2006 and will be summarized below. (See Operating Expense Assumptions).
- ◆ Personnel expenses have increased by 8.7% or \$9.2 million between the years 2004 and 2006 budget. Annual wage and step increases have been included in the 2006 budget for both organized and non-contract employees. 10 new employees were added in 2004 along with 20 FTEs hired in 2005. The FTE count remains the same in the 2006 budget (574.5). (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 8.7% increase is employee benefits with an increase of \$4.7 million associated with the additional FTEs, cost increases and an additional Minneapolis Employees Retirement Fund (MERF) pension adjustment. (See Expense Assumption.)
- ◆ The increased amount in Administrative Expense of 5.6% is related to special badging supplies in the Police Service Center due to technological changes to the Secured Area Access Control System. Travel and Printing expenses have decreased as a result of service centers implementing budget cuts and deferral of publications.
- ◆ Professional Services have decreased .6%. The consultants associated with the opening of Runway 17/35 are no longer necessary and the hiring of additional employees contribute to the decrease. In addition, engineering costs are projected to decrease due to the Environmental department's penalty payments not being required in 2006 to the National Pollutant Discharge Elimination System (NPDES) for glycol impacts.
- ◆ The category for Utilities indicates a 11.4% 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 9.6% increase. The majority of the increase is related to a full year of loading dock expenses in 2006 and additional security at the checkpoints. The parking management contract and the shuttle bus contract indicate minimal increases or decreases (shuttle bus) due to new automated parking methods that 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 has increased 5.8% between the 2004 actual data and the 2006 budget. The largest increase (\$860,440) is related to the cleaning of additional facilities. The second largest increase is for building expenses (\$822,934) all related to contracted mechanical areas (Automated People Mover, moving walks, escalator and elevator expenses).
- ◆ The majority of the 2.7% increase in the Other category reflects MAC's costs for liability insurance (\$183,350). 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 results in an increase of \$172,324 between actual 2004 and budget 2006. The increases for these two areas are offset by a decrease in other expenses (\$176,954) due to the elimination of one-time only expenses.
- ◆ Depreciation expenses show a 19.0% increase due to completion of major projects, both new and renovations. (See Operating Expense Assumptions.)

HISTORICAL REVENUE/EXPENSE COMPARISON – 2006 OPERATING BUDGET

C.

Facility Expansion				
Lindbergh and HHH				
	<u>1995</u>	<u>2005*</u>	<u>Increase</u>	<u>% Increase</u>
Lindbergh & Regional				
Terminal Square Footage	1,585,032	2,766,774	1,181,742	74.6%
Number of Gates (Aircraft Loading Positions)	66	117	51	77.3%
Ramp Lineal Footage	8,874	11,302	2,428	27.4%
Humphrey Terminal				
Square Footage	80,000	398,134	318,134	397.7%
Number of Gates	4	10	6	150.0%
Parking (All Facilities)	11,232	19,928	8,696	77.4%
*Actual as of 12/05				

The final chart in this section compares the development and expansion of the major facilities at MSP International between 1995 and 2005. 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. (See the Construction Budget for impact of the new facilities on the Operating Budget.) The following table identifies major new facilities that have been completed since 1996.

Major New Facilities Completed 1996 through 2006

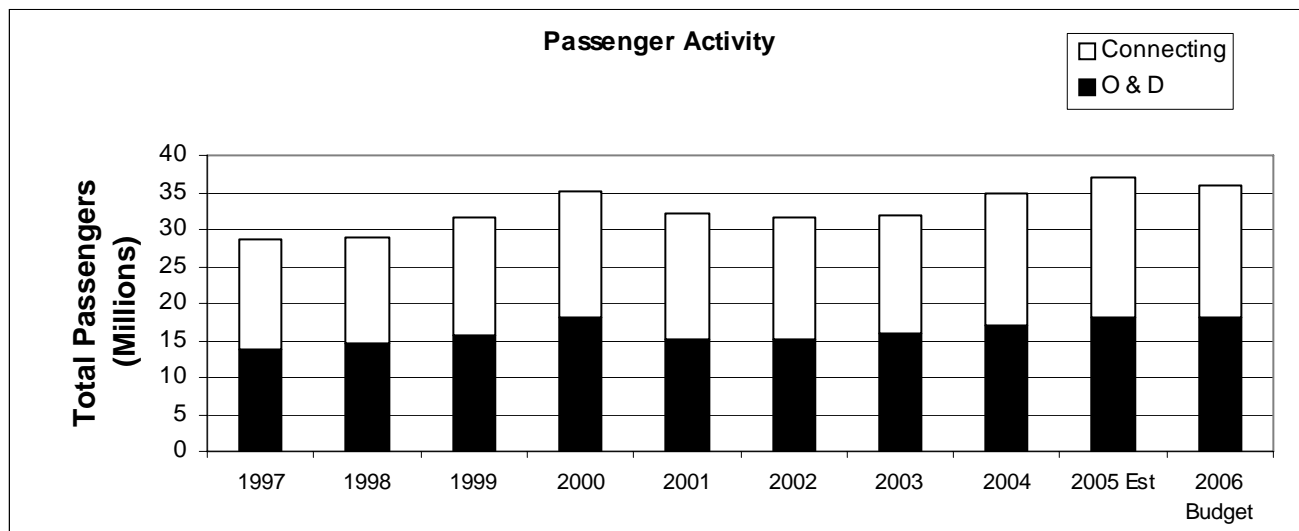
<u>New Facilities</u>	<u>Closing Date</u>	<u>New Facilities</u>	<u>Closing Date</u>
Runway 4/22 Extension	1996	A,B,C/G Connector, Bag Check, Emergency Generator	2000
Lindbergh Terminal - International Arrival Facility	1996	General Office - West Addition	2000
Upper/Lower Level Roadway	1996	Parking Ramp Expansion/Auto Rental Facilities	2000
Ground Transportation Center - Valet	1997	MSP Air Mail Center	2001
Parking Office/ West and East Vertical Circulation		Hubert H. Humphrey (HHH) Replacement Terminal Developments	2001
Runway 12L Deicing Apron	1998	A,B,C Concourse Apron Expansion	2002
Trades Shop Building	1998	HHH Parking Ramp	2003
Taxiway W - Segment 2 & 3	1998	Runway 12R Deicing Pad	2004
Lindbergh Terminal Concessions	1998	LRT (Light Rail Transit) Tunnel/Stations	2004
Modification Phases 2 & 3		A,B,C Concourse -- Moving Walks, People Mover & Expansion	2004
Commercial Vehicle Passenger Shelter	1998	17/35 Runway	2005
Material Storage Building	1999	Fire Station No. 1	2005
		North Terminal Expansion	2006

ACTIVITY/OPERATIONS COMPARISONS – 2006 OPERATING BUDGET**ACTIVITY/OPERATIONS STATISTICS**

This section contains the historical and forecasted levels of activity for the period 1997 through 2006 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 1997 to 2000. Approximately 50% of passengers were connecting passengers (those transferring directly to another flight) in 1996 and slightly increased during the time period 2001 to 2006 budget. The 2006 budget reflects 54% of the total passengers as connecting. The number of passengers is projected to be a record high in the 2005 estimate with the budget for 2006 showing a decrease of 1.7% (based upon airline projections and bankruptcy issues). (O & D = Originating and Destination.)

B.

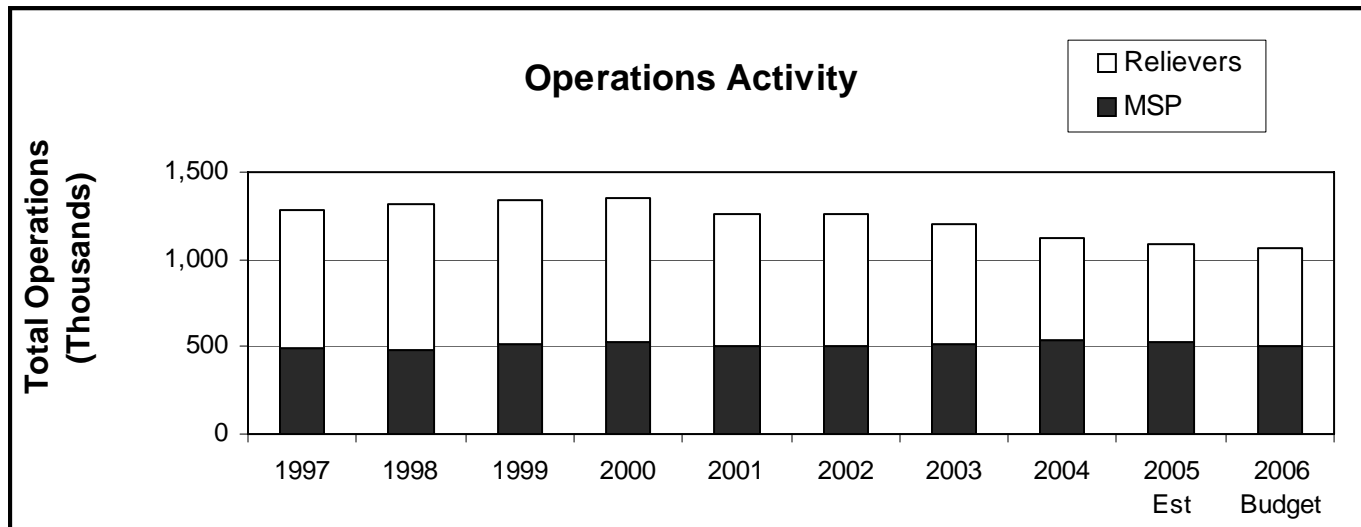
Passenger Type Comparisons 2002 to 2006					
	2002	2003	2004	2005	2006
	Actual	Actual	Actual	Estimate	Budget
Passenger Type					
Enplaned	7,567,091	8,212,271	9,014,653	9,194,350	9,042,354
Deplaned	7,566,234	7,405,159	8,445,646	8,614,000	8,471,598
Connecting	16,394,435	16,689,454	18,326,335	18,691,650	18,382,648
Total Passengers	31,527,760	32,306,884	35,786,634	36,500,000	35,896,600

Estimates of passenger activity form an important element in forecasting revenue each year. The second chart represents actual passenger statistics for 2002, 2003 and 2004 with estimates for 2005 and budget 2006. The following categories are each used in a specific manner when calculating revenue:

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

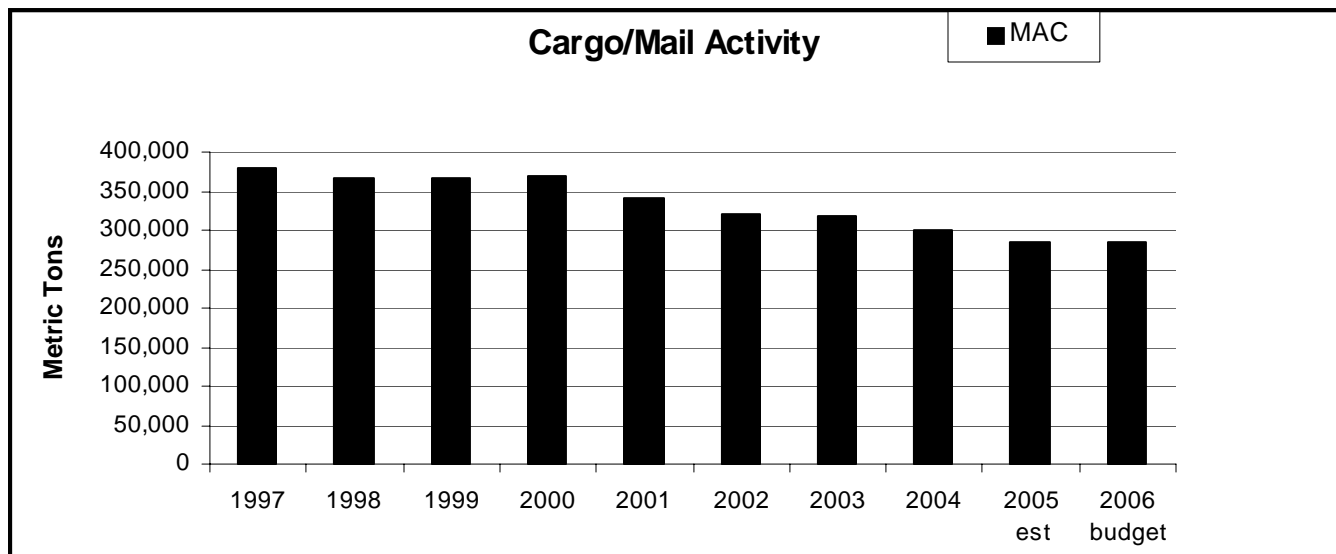
ACTIVITY/OPERATIONS COMPARISONS – 2006 OPERATING BUDGET

C.



The third chart depicts the total Operations Activity for both the Reliever Airports and MSP International. An operation represents one takeoff or landing. Total operations for the MAC system have fluctuated from 1997 as shown above. From 2005 estimate to 2006 budget, MAC operations are expected to decrease about 5% or approximately 26,612 operations based upon the current trend. The Reliever Airport activities are projected to remain the same as estimate 2005.

D.



The Cargo/Mail Activity Chart indicates a steady decrease in activity from 1998 through 2005 estimates, with 2006 budgeted to be about the same volume level as 2005. 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. 2004 activity is less than the actual for 2003 due to Northwest Airlines loss of the USPS contract in the last quarter of 2003. The 2006 budget anticipates the same volume level as 2005 estimates as the trend, (nationally as well) is for shipments to be made via truck or rail due to costs and security.

NATIONAL COMPARISONS – 2006 OPERATING BUDGET**NATIONAL COMPARISONS**

The information presented in this section was obtained from the national survey conducted by Standard and Poor's. 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.

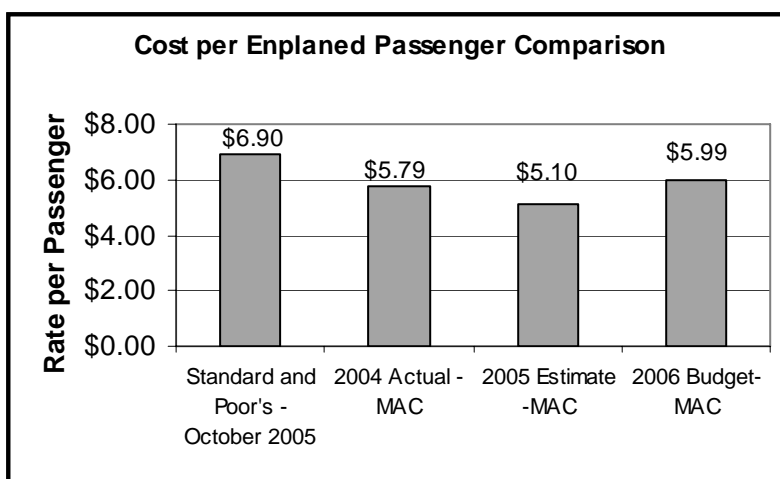
The following two subjects are addressed:

Rates and Concessions
Industry

RATES AND CONCESSIONS

Four comparisons will be reviewed in this section utilizing the 2004 national statistics from the most recent Standard & Poor's survey dated October 2005 and MAC's data from the 2006 budget.

A.



This graph, Cost per Enplaned Passenger, compares MSP's operating expenses for airlines in the airfield, ramp, terminal buildings and International Facilities) per enplaned passenger to the average cost per enplaned passenger as indicated in the Standard & Poor's report. In the 2006 budget, MAC's expense of \$5.99 per passenger is less than the 2004 national average of \$6.90.

B.

Concession Revenues						
(in thousands of dollars)						
Year	Parking	Rental Car & Ground Transportation	Food & Beverage	General Merchandise	Other	Total
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	50,466	17,958	7,311	6,038	4,198	85,971
2005 Est	60,900	18,200	8,100	4,900	3,900	96,000
2006 Budget	63,539	14,442	10,889	6,909	4,051	99,830

NATIONAL COMPARISONS – 2006 OPERATING BUDGET

The table on the previous page presents historical concession revenues from 1999 to 2006.

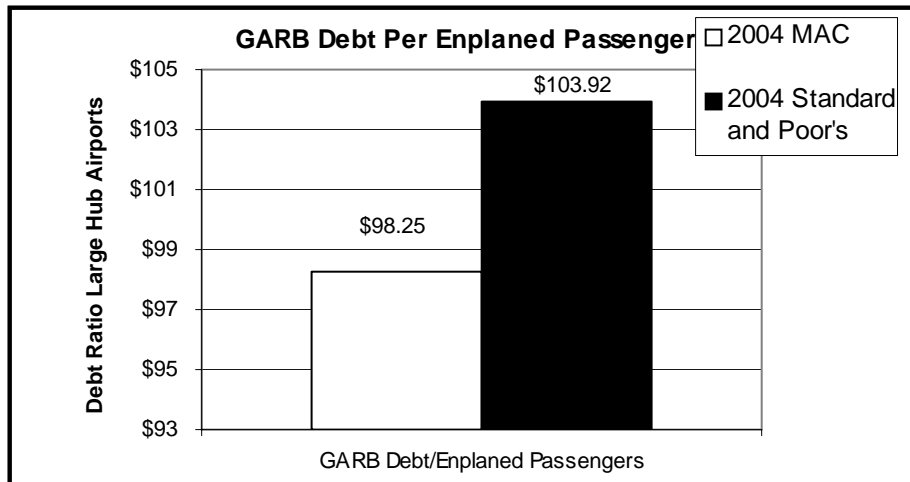
- ◆ Parking revenues are related to the level of originating traffic at MSP. Expanded facilities in 1999 and 2000 account for the increases in those years. 2001 and 2002 indicate a decrease in revenue due to the closing of parking spaces and the decline in passenger air travel related to the economy and events of September 11, 2001. 2003 and 2004 parking revenue, along with 2005 estimates and the 2006 budget, predicts a continued rise in patrons and revenue. An increase in parking fees in November 2004 and May 2005 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 attributed to the expanded facilities. For the 2006 budget, auto rentals are anticipated to decrease as the budget is based only upon the minimum rental fee each firm pays. The contract is anticipated to be re-bid in 2006 with the trend in the industry being lower minimums. 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 and increase in passengers through 2004, as well as increased dwell time. The 2005 estimate for Concessions revenue is higher related 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 2006 budget for General Merchandise reflects an increase related to completion of 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 estimate is primarily related to a reduction in telephone services with the 2006 budget slightly increasing due to rate changes.
- ◆ See Revenue assumptions for further details.

NATIONAL COMPARISONS – 2006 OPERATING BUDGET

INDUSTRY

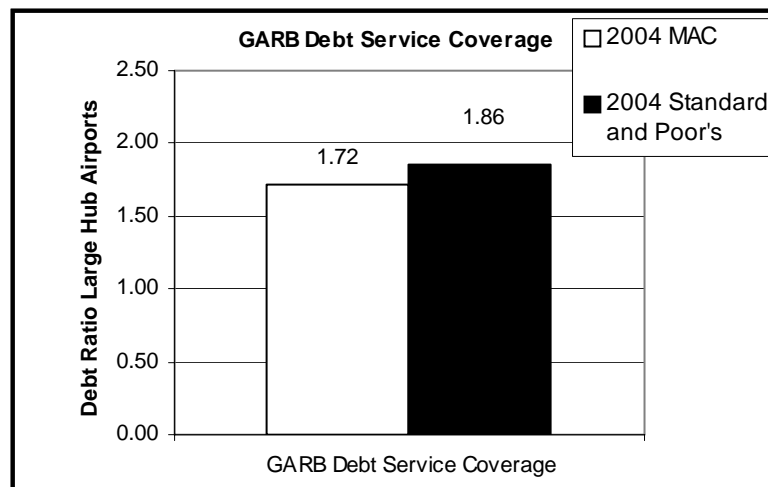
Four charts presented in this segment compare MAC's financial and operating ratios to industry performance ratios. Standard and Poor's, publishes separate financial and operating ratios for large, medium and small airports. These ratios are based on 2004 financial and operating data (the most recent available) and have been used for purposes of comparison. The means published by Standard and Poor's are intended to serve as broad indicators. Significant deviation from the mean 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 actual 2004 information.

A.



Debt per enplaned passenger is calculated by dividing total outstanding General Airport Revenue Bond (GARB) debt by the number of enplaned passengers. MAC's ratio of debt/enplaned passenger is below the industry average because the debt has been issued for the 2010 Plan and passenger traffic has continued to rebound and increase.

B.

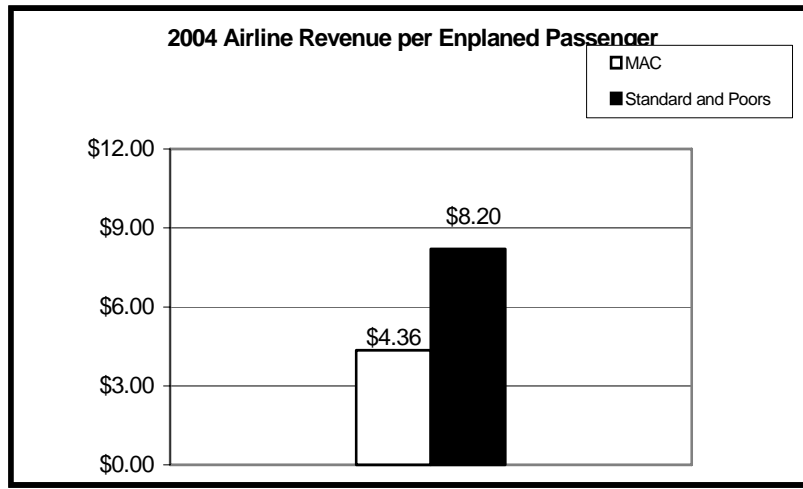


Debt service coverage demonstrates the current ability to repay debt. MAC's coverage ratio, as shown, is at 1.72 for actual 2004. Debt service coverage is not quite at the average of other airports. This is due to the fact that MAC facilities for the 2010 Plan are now virtually complete. 2005 and 2006 represent years which MAC will be able to charge a full year's rent for use, thus generating additional revenue and increasing the coverage ratio. (See also Debt Service Section.)

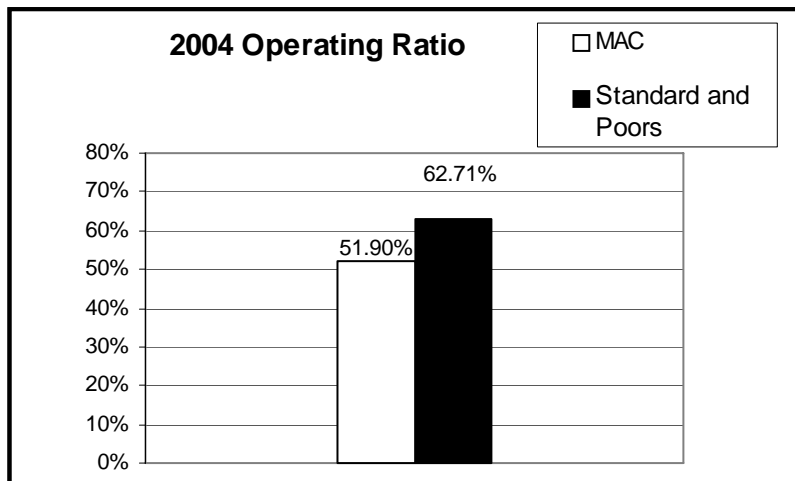
NATIONAL COMPARISONS – 2006 OPERATING BUDGET

Ratios derived from the income statement provide measures of profitability. Two ratios are discussed below.

B.



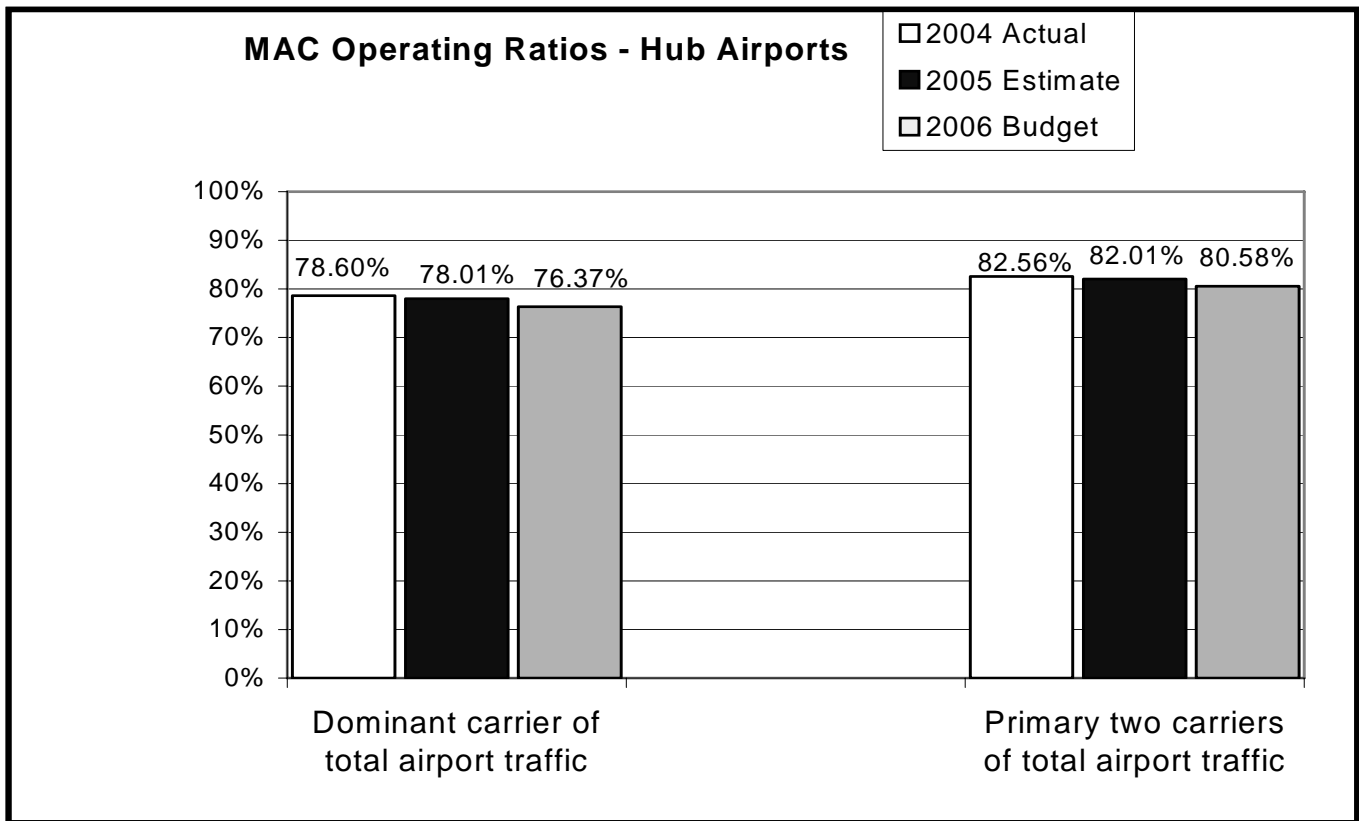
- ♦ Airline Revenue per Enplanement Passenger measures how much airlines pay the airport on a per enplaned passenger basis. Cargo revenue is not included. This ratio is below the median by \$3.84/enplanement. Due to the slow economy and lack of recovery in the aviation industry, airline rates and charges were held constant for the years 2002, 2003 and 2004. The rates and charges formula in the Airline Agreement has been fully implemented in 2005 and budget 2006. Also, as stated earlier, the remodeling of facilities and newly constructed additional facilities opened in late 2005 and to be open all of 2006, will generate increased revenues. (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 mean represents. This difference is partly attributable to the manner in which other airports account for long term leases with the airport tenants.

NATIONAL COMPARISONS – 2006 OPERATING BUDGET

C.



The dominant carrier at MSP is Northwest Airlines. The 2006 budget is projecting a slight decrease in Northwest percentages due to the airline reducing services and Chapter 11 bankruptcy status.

The second largest carrier in 2004 was United Airlines which served 3.9% of total airport traffic. In 2005, the second largest carrier became Sun Country with 4.0% of total airport traffic as United is also in Chapter 11 bankruptcy.

OTHER INFORMATIONAL STATISTICS – 2006 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 2004 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	3,057	1.1%	60.8%
2003E	290,789	5,064	3,084	1.1%	60.9%
2004E	293,655	5,101	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 Metropolitan Statistical Area (MSA). 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 – 2006 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%	3.2%	2.6%
*2001	4.7%	3.9%	3.4%
2002	5.8%	4.6%	4.4%
2003	6.0%	4.9%	4.7%
2004	5.5%	4.7%	4.4%
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 5/26/04. *Indicates national recession during all or part of year **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.			

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 2006 budget.

OTHER INFORMATIONAL STATISTICS – 2006 OPERATING BUDGET

C.

The following third chart depicts per capita personal income comparing the Nation, Minnesota and the MSA. In every year shown in the chart, the MSA's amount of per capita personal income has been higher than the per capita personal income amount for the nation and the State. This is in conjunction with a moderate cost of living which leads to higher discretionary disposable income, on average, than others throughout the State and the United States and relates positively to the demand for air travel.

Per Capita Personal Income						
Year	United States	Minnesota	MSA as % of U.S.	MSA as % of Minnesota	MSA	
1970	\$ 4,085	\$ 4,039	\$ 4,652	113.9%	115.2%	
1980	10,114	10,256	11,768	116.4	114.7	
1990	19,477	19,891	22,728	116.7	114.3	
2000	29,845	32,017	36,840	123.4	115.1	
2001	30,575	32,609	37,407	122.3	114.7	
2002	30,804	33,180	37,787	122.7	113.9	
2003	31,472	34,031	n.a.	n.c.	n.c.	
2004P	32,937	35,861	n.a.	n.c.	n.c.	
Historical AAG						
1970-2002	6.5%	6.8%	6.8%			
1970-1980	9.5%	9.8%	9.7%			
1980-1990	6.8%	6.8%	6.8%			
1990-2000	4.4%	4.9%	4.9%			
2000-2002	1.6%	1.8%	1.3%			
Source: U.S. Department of Commerce, Bureau of Economic Analysis website, accessed March 29, 2005						
Notes: AAG = Average annual compound growth; P=Preliminary; n.a.=not available; n.c.=not calculated.						

OTHER INFORMATIONAL STATISTICS – 2006 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.

2004 RANKING OF U.S. AIRPORTS					
(For the 12 months ending December 31, 2004)					
Total Passengers* (in thousands)			Total Cargo (freight and mail, in thousands of metric tons)		
Rank	Airport	Passengers	Rank	Airport	Cargo
1	Atlanta	83,579	1	Memphis	3,554.6
2	Chicago-O'Hare	75,374	*		
3	Los Angeles	60,711	18	Boston Logan	366.3
4	Dallas/Ft. Worth	59,412	19	Toledo	352.4
5	Denver	42,394	20	Seattle-Tacoma	345.7
6	Las Vegas	41,437	21	Phoenix	325.7
7	Phoenix	39,494	22	Denver	317.4
8	New York-Kennedy	37,362	23	Dulles-Washington	307.6
9	Minneapolis-St. Paul	36,749	24	Minneapolis-St. Paul	299.2
10	Houston-Bush	36,491	25	Portland	252.1
11	Detroit	35,199	26	Baltimore	251.8
12	San Francisco	33,497	27	Detroit	221.7
13	New York -Newark	31,847	28	Salt Lake City	209.1
14	Orlando	30,157	29	Olando	201.0

Source: Airports Council International website 04/05

Note: *Enplaned and deplaned volume

MSP is one of the highest-activity airports in the United States. Approximately 50% of the passengers are connecting while the other 50% 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 2004 statistics indicate MSP has remained in 9th place as in 2002 and 2003.

When ranked with total cargo, MSP placed 24th in the U.S. In 2003, MSP ranked 23rd. The cargo volume is expected to remain about the same in 2005 and 2006. 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 – 2006 OPERATING BUDGET

B.

DOMESTIC SCHEDULED PASSENGER JET SERVICE MINNEAPOLIS-ST. PAUL INTERNATIONAL AIRPORT (for the second week of March, 2005)					
	1996	2001	2005	Change	
				1996-2001	2001-2004
U.S. cities served*					
Total Jet	74	82	115	+8	+33
Large Jet	73	77	80	+4	+3
Regional Jet	2	19	72	+17	+53
Turboprop	45	31	27	-14	-4
Average weekly departures**					
Total Jet	2,756	3,362	4,002	+606	+640
Large Jet	2,721	3,023	2,741	+302	-282
Regional Jet	35	339	1,261	+304	+922
Turboprop	997	794	509	-203	-285
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 May 05 Debt Service Publication					

As the table above illustrates, over the past nine years scheduled domestic passenger jet service increased substantially at MSP while the number of turboprop flights declined. Over the five year period (2001 – 2005), regional jets were utilized both to upgrade air service in several MSP markets that were formerly served by turboprop aircraft and to replace mainline jet service on certain short and medium haul routes.

OTHER INFORMATIONAL STATISTICS – 2006 OPERATING BUDGET

C.

Major International Passenger Markets¹
Minneapolis-St. Paul International Airport

	12 months ended December 31					9 months ended June 30				
International Market Area	1996	2000	2001	2002	2003	AAG 1996- 2000	% Change 2000- 2003	2003	2004	% Change 2003- 2004
Total	939	1,286	1,171	1,137	1,133	8.2%	-12.0%	888	993	11.9%
Scheduled	827	1,178	1,090	1,060	1,015	1,015	9.3%	781	896	14.7%
Canada	426	574	523	552	529	7.8	7.9	411	431	5.0
Europe (excluding U.K.)	212	282	246	236	223	7.4	-20.9	172	207	20.7
United Kingdom	79	80	69	75	75	0.5	-7.0	54	62	14.6
Japan	40	153	130	124	111	40.1	-27.6	79	99	25.7
Mexico	14	35	65	34	49	25.4	42.8	42	63	49.3
Caribbean	7	13	10	10	7	16/6	-45.0	7	14	91.4
Other	49	41	47	29	20	-4.7	-49.8	16	18	15.8
Non-Scheduled (charter)	112	109	81	77	118	-0.9%	8.6%	107	98	-8.5%
Mexico	89	86	61	67	101	-1.0	-22.4	92	83	-10.1
Caribbean	15	21	20	10	15	8.7	-53.7	14	14	5.0
Other	8	2	1	1	2	n.c.	n.c.	1	1	-34.5

Source: DOT, Schedule T-100. John F. Brown Company 5/05

Notes: 1. Includes both O&D and connecting passengers departing from MSP.
AAG=Average annual compound growth.n.c.=not calculated.

Since 1996, MSP experienced a substantial increase in volume of international passenger traffic to and from four world areas, namely, Canada, Europe, Mexico, and Japan. Between 1996 and 2000, despite pilot strikes at Northwest and Air Canada and the Asian economic downturn, the number of travelers departing from MSP flights grew strongly (9.3 percent per year on average). For the years 2000 to 2002 international enplanements declined ten percent at MSP. 2003 remained about the same due to the war in Iraq and the SARS outbreak in Asia and Toronto, Canada. In 2004, however, international traffic grew strongly reflecting recovery from the depressed traffic levels in 2003.

OTHER INFORMATIONAL STATISTICS – 2006 OPERATING BUDGET

D.

The final table presented indicates the Air Carriers providing service at the Airport. The Airport is served by 34 carriers including 26 U.S. flag carriers, 3 foreign flag carriers and 5 all cargo service carriers.

**Minneapolis-St. Paul International Airport
Air Carriers Serving the Airport
(As of May 1, 2005)**

U.S.-Flag Carriers

Scheduled Services

Air Tran*	Comair* ₅	Pinnacle* ₇
Air Wisconsin* ₂	Continental*	PSA Airlines* ₆
American*	Delta*	Sky West* ₂
American Eagle* ₃	Frontier*	Sun Country*
America West*	Mesa Air Group* ₆	Trans State* ₆
ATA* ₄	Mesaba*	United* ₈
Atlantic Southeast* ₅	Midwest Connection*	US Airways* ₉
Chautauqua* _{5,6}	Northwest*	

Non-Scheduled (Charter Services)

Champion Air*	Omni Air Express*	Ryan International*
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All-Cargo Services

Airborne*	Emery Worldwide*	UPS*
Bemidji*	FedEx*	

Foreign-Flag Carriers

Air Canada*	Icelandair*	KLM*
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*Denotes those Air Carriers that are Signatory Airlines to the Airline Lease Agreements.

- 1 Excludes carriers reporting fewer than 1,000 passengers per annum. Does not indicate which major air carriers codeshare with each other.
- 2 Codeshare with United.
- 3 Codeshare with American.
- 4 ATA filed for bankruptcy protection on October 26, 2004 and has continued operating at the Airport while in bankruptcy proceedings.
- 5 Codeshare with Delta.
- 6 Codeshare with US Airways.
- 7 Codeshare with Northwest Airlines.
- 8 United filed for bankruptcy protection on December 9, 2002 and has continued operating at the Airport while in bankruptcy proceedings.
- 9 US Airways filed for bankruptcy protection on September 12, 2004 and has continued operating at the Airport while in bankruptcy proceedings.

OTHER INFORMATIONAL STATISTICS – 2006 OPERATING BUDGET

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GLOSSARY – 2006 OPERATING BUDGET

AA – Affirmative Action

AAAE – American Association of Airport Executives

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

AETRA – An airport customer satisfaction benchmarking program. (Not an acronym – derived from the Latin word for clear sky, upper sky.)

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.

ARFF - Aircraft Rescue Fire Fighting

ASIG – Aircraft Service International Group

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.

GLOSSARY – 2006 OPERATING BUDGET

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.

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 issuer's obligation to repay the principal and interest.

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

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.

GLOSSARY – 2006 OPERATING BUDGET

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.

DNL - Day Night Noise Level

DOT – Department of Transportation – FY05 Omnibus DOT Appropriation

DTN – Data Transmission Network Corporation

Dual Track Process – The path designated by the Legislature that MAC and the Metropolitan 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.

ECP – Environmental Compliance Program

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.

Enterprise Fund – The cost (expenses including depreciation) of providing goods or services to the general public on a continuing basis is to be financed or recovered primarily through user charges. That is, operating and capital expenses are paid from revenues generated by users.

EPA – Environmental Protection Agency

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.

FD&E Committee - Finance, Development and Environment Committee composed of Commissioners meeting on a monthly basis.

FIDS – Flight Information Display System

FTE – Full Time Equivalent – term referring to employee headcount.

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

GLOSSARY – 2006 OPERATING BUDGET

Funds – Refers to the Commission's 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 practices 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 unit 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

HHH Terminal – Hubert H. Humphrey Terminal – The Commission's second terminal where some international, some scheduled and most charter flights arrive and depart.

HVAC – Heating, Ventilating and Cooling System

IATA – International Air Transport Association

IMLA – International Municipal Lawyers Association

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.

Landed Weight – Actual gross weight of a particular plane. The weights for all aircraft are published by the FAA.

GLOSSARY – 2006 OPERATING BUDGET

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.)

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.

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.

LRT – Light Rail Transit

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.

Maintenance Expense – One of the main expense categories and includes five subdivisions: Trades building, field, equipment and cleaning.

Major Carriers – Those airlines which participate in the Airline Agreement. As of November 30, 2000, 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.

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

MOU – Memorandum of Understanding

MSP or MSP International – Minneapolis/St. Paul International Airport. This is the name used for the total airport facility.

MUFIDS – Multiple Users Flight Information Display

NIGP – National Institute of Governmental Purchasing

NOC - Noise Oversight Committee

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

NPDES – National Pollutant Discharge Elimination System

NOTAMS – Notice to Airmen System

GLOSSARY – 2006 OPERATING BUDGET

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.

NWA – Northwest Airlines

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.

OSHA – Occupational Safety and Health Administration

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 Proposals

RFQ – Request for Qualifications

RAAC – Reliever Airports Advisory Council

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.

GLOSSARY – 2006 OPERATING BUDGET

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

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".

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.

SIDA – Security Identification Display Area

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.)

STP – St. Paul Reliever Airport

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).

SWOT – An analysis that provides information that is helpful in matching the firm's resources and capabilities to the competition.

GLOSSARY – 2006 OPERATING BUDGET

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.)

VALE – Voluntary Airports Low Emission

VOR – Visual Omni-Directional Radio

WMD – Weapons of Mass Destruction

Wold–Chamberlain Field (WCF) – The airfield itself excluding the Terminal Building.

Working Capital – Current assets minus current liabilities.