

# 2019 Operating Budget



**Metropolitan Airports Commission**

**Minneapolis-St Paul, Minnesota**





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## Mission

Connecting you to your world

## Vision

Providing your best airport experience

## Focus Areas

- Develop new strategies to enhance financial strength
- Grow stakeholder & community engagement
- Deliver a seamless “one journey” experience for MSP Passengers



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## Executive Summary

December 17, 2018

To The Public:

We are pleased to present the 2019 Metropolitan Airports Commission (Commission) Budget which was adopted by the Board of Commissioners on December 17, 2018. Total Operating Revenue for 2019 is projected to be \$380,717,003 and Operating Expense is \$198,433,386, excluding depreciation and noise amortization. Non-operating expenses, including non-operating revenue, are budgeted to be \$122,982,724. The approved 2019 budget results in \$59,300,894 of Net Revenues Available for Designation.

The 2019 budget process commenced in May 2018. Some of the key short-term issues faced by the Commission in developing the overall targets for the 2019 Operating Budget included:

- The impact of Transportation Network Companies (TNCs) on the Commission's parking and auto rental revenues
- Changes in the state of the economy and the airline industry in 2018
- The impact of the 2018-2019 capital improvement program that totaled \$484 million
- Amended and restated airline operating agreement that would extend the term for certain airlines out to December 31, 2030

Details on how each of these critical issues were addressed in our development of the budget are noted later in the Fund Overview.

Imbedded in this discussion is our Mission Statement and Vision Statement.

**Mission Statement:** Connecting you to your world

**Vision Statement:** Providing your best airport experience

### **Budget Targets**

As a result of the key issues, the Commission identified four targets that were to be used in developing the 2019 Operating Budget. These targets and their respective budget results are indicated below.

<b>Target 1:</b>	Maintain a Coverage Ratio of 2.4x on Senior Airport Revenue Bonds and an overall Coverage of 1.4x (with transfer)
<b>Result:</b>	4.03x Senior and 1.79x Total Coverage (with transfer)
<b>Target 2:</b>	Maintain a Six Month Reserve in the Operating Fund
<b>Result:</b>	A transfer of \$4.7 million will be made to the fund on 1/2/19.
<b>Target 3:</b>	Airline Cost/Enplaned Passenger will be in the lower one-third of large hub airports.
<b>Result:</b>	The Commission ranked sixth out of 28 large hub airports surveyed.
<b>Target 4:</b>	The budget shall have the financial resources to operate the MAC's system of airports, meet its debt service obligations and fund its reserves and capital requirements of the Commission.
<b>Result:</b>	The budget forecasts \$59.3 million in Net Revenues available for designation.

The remainder of this message will discuss:

- Fund Overview (Overall, Operating, Construction and Debt)
- Budget Development
- Organizational Strategic Plan
- Performance Measures
- GFOA Budget Award
- Acknowledgement
- Other Awards

**Fund Overview**

The Commission is accounted for as an Enterprise Fund. For internal purposes, three funds are maintained. Each fund relates to a specific function: Operating Fund (Budget – operations of the airport), Construction Fund (Budget – Capital Improvement Program) and Debt Service Fund (Debt). The Operating Fund reserve is set by the Commission. Based on current policy, that reserve amount needs to be equivalent to six months of operating expenses (excluding depreciation and noise amortization). Transfers from the Operating Fund to the Debt Fund are made in June and December of each year to make debt service payments and to ensure that the respective debt service reserve accounts are fully funded. At the end of the year, after all operating expenses and debt service have been funded, any balance not designated is typically transferred to the Construction Fund.

The table below shows a consolidated schedule of revenue and expenses for all funds. Descriptions and key issues for each of the three funds follow the summary table.

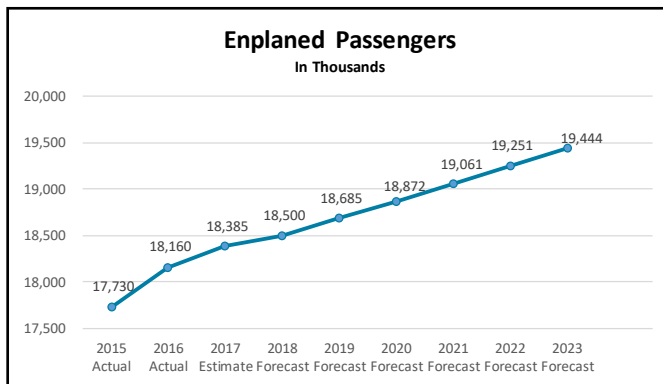
**Summary Fund Table**

<b>Consolidated Enterprise Fund</b> (\$ = 000)	<b>2017</b> <b>Actual</b>	<b>2018</b> <b>Estimate</b>	<b>2018</b> <b>Budget</b>	<b>2019</b> <b>Budget</b>	<b>2020</b> <b>Projection</b>	<b>2021</b> <b>Projection</b>
<b>Sources All Funds</b>						
Total Beginning All Fund Balances <sup>(1)</sup>	\$ 1,032,639	\$ 988,667	\$ 1,027,458	\$ 926,949	\$ 951,276	\$ 795,104
Operating Fund Revenues						
Airline Rates & Charges	113,056	123,937	121,311	127,783	131,615	135,563
Concessions	172,476	172,950	175,495	181,058	187,070	193,617
Other Operating Revenues	68,412	69,395	69,040	71,876	73,314	74,780
Interest Earnings	4,669	4,700	6,436	4,094	4,500	4,700
Other & Self-Liquidating Revenue	4,775	24,672	4,902	2,601	3,200	3,400
Transfers in Equipment Financing	3,784	3,465	3,465	1,800	4,000	4,000
Construction Fund Revenues						
PFC Funding	73,390	73,972	74,155	74,700	75,447	76,201
Federal & State Grants	11,431	4,318	9,600	28,530	34,925	6,850
Interest Earnings	5,586	6,980	4,600	7,500	9,800	8,000
Bond/Notes Proceeds	-	-	-	193,850	-	-
Short-Term Funding Program	28,000	43,400	32,700	18,900	7,500	-
Other Receipts	-	-	-	-	-	-
Transfers In	65,669	75,931	75,592	70,000	59,301	72,034
Debt Fund Revenues						
Interest Earnings	2,049	2,687	1,103	2,467	3,033	3,033
Bond Proceeds	-	-	-	35,347	-	-
Transfers In (PFCs and Garb Requirement)	118,556	128,370	128,522	132,878	126,883	131,175
Total All Receipts	\$ 1,704,492	\$ 1,723,444	\$ 1,734,379	\$ 1,880,333	\$ 1,671,864	\$ 1,508,457
<b>Uses All Funds</b>						
Operating Fund Expenses						
Personnel	81,314	88,300	88,222	93,151	97,950	102,848
Administration	1,993	2,150	2,066	2,133	2,200	2,250
Professional Services	6,151	6,400	7,050	7,990	8,300	8,477
Utilities	19,619	19,500	19,696	19,584	20,269	20,978
Operating Services	26,073	29,000	28,955	30,494	31,866	32,822
Maintenance	36,293	41,350	38,514	40,927	42,359	43,630
Other/Insurance	5,609	4,300	4,494	4,155	4,225	4,290
Equipment & Other Capital Expenditures	10,877	11,046	11,200	10,027	12,050	12,100
Transfers Out - Debt	92,933	112,776	105,526	112,470	107,644	107,767
Transfers Out - Equipment Financing	4,994	4,047	4,382	4,412	4,500	4,525
Transfers Out - Construction	65,669	75,931	75,592	70,000	59,301	72,034
Working Capital/Other	1,862	5,543	-	-	-	-
Construction Fund Expenses						
Capital Project Costs	238,101	247,008	291,529	373,394	318,144	168,670
Debt Service PFC Transfer	27,454	26,244	26,244	26,237	26,239	28,408
Debt Fund Expenses						
Bond Refundings	-	-	-	-	-	-
Bond Principal & Interest Payments	96,883	122,900	122,900	134,083	141,712	138,692
Total All Costs	\$ 715,825	\$ 796,495	\$ 826,370	\$ 929,057	\$ 876,759	\$ 747,491
Total Ending All Net Fund Balances	\$ 988,667	\$ 926,949	\$ 908,009	\$ 951,276	\$ 795,104	\$ 760,966
(1) Includes Operating Fund, Construction Fund and Debt Service Fund.						

## Budget Development

As previously indicated, the Commission's process for developing targets/guidelines for the 2019 budget included a discussion of a number of critical issues to be addressed in the short term. Key to this discussion was maintaining a firm grip on expenses, looking for opportunities to derive new revenue and a competitive cost per enplaned passenger. At the start of the budget process in May, passenger activity was flat which was lower than the 1.0% passenger increase budgeted for 2018. At year-end 2018, enplaned passengers are estimated to increase slightly over 2017.

The Commission has experienced positive enplanement growth over each of the last six years, with the largest occurring in 2015, representing a 4.0% increase over 2014. In 2017, the Commission carried a record 36.8 million passengers. In 2019 budgeted enplaned passengers are estimated to grow 1.0% over 2018 estimated passengers. For the period 2019-2023, the estimated growth rate in enplaned passengers is forecasted at 1.0% per year. The chart below shows historical enplaned passenger information from 2015 as well as forecasted enplaned passenger counts to 2023.



In 2018, the budget included funding for eight additional positions with four positions in Police, one in Information Technology, one in Fire and two to be determined. In 2018, the Commission took a new approach on certain positions. The 2018 budget approved five unfunded positions for IT that will be added to the full Commission headcount only in the event the department can document long-term savings by hiring an employee as opposed to continuing to pay for service agreements or professional services. In 2019, the Commission added eight new positions, with two Police positions and three Fire positions receiving the majority of

new headcount. In addition, the Commission approved the transfer of 27 provisional full-time Traffic Control Agents to the Commission's authorized headcount resulting in an authorized headcount of 680.5 positions. For details regarding changes in revenues and expenses year over year, see the Operating Budget Revenue and Operating Budget Expense sections of the budget document.

The 2018 and 2019 projections identified in the previous table are prepared using passenger growth and inflation estimates.

## Operating Budget

The following table is a summary of 2017 Actual, 2018 Budget, 2018 Estimate, and 2019 Budget Revenue and Expenses. This table includes both operating and non-operating items.

2019 OPERATING BUDGET SUMMARY (\$ = 000)					
	2017 Actual	2018 Budget	2018 Estimate	2019 Budget	2019 Budget vs 2018 Estimate Comparison Dollars      Percentage
<b>OPERATING REVENUE</b>					
Airline Rates and Charges	\$ 113,056	\$ 121,311	\$ 123,937	\$ 127,783	\$ 3,846 3.1%
Concessions	172,476	175,495	172,950	181,058	8,108 4.7%
Rentals/Fees	49,970	51,826	51,872	52,754	882 1.7%
Utilities & Other Revenues	18,442	17,214	17,523	19,122	1,599 9.1%
<b>Total Operating Revenue</b>	<b>\$ 353,944</b>	<b>\$ 365,846</b>	<b>\$ 366,282</b>	<b>\$ 380,717</b>	<b>\$ 14,435 3.9%</b>
<b>OPERATING EXPENSES</b>					
Personnel	\$ 81,313	\$ 88,222	\$ 88,300	\$ 93,150	\$ 4,850 5.5%
Administrative Expenses	1,993	2,066	2,150	2,133	(17) -0.8%
Professional Services	6,151	7,050	6,400	7,990	1,590 24.8%
Utilities	19,619	19,696	19,500	19,584	84 0.4%
Operating Services	26,073	28,955	29,000	30,494	1,494 5.2%
Maintenance	36,293	38,514	41,350	40,927	(423) -1.0%
Other	5,610	4,494	4,300	4,155	(145) -3.4%
<b>Total Operating Expenses (Excludes Depreciation)</b>	<b>\$ 177,052</b>	<b>\$ 188,997</b>	<b>\$ 191,000</b>	<b>\$ 198,433</b>	<b>\$ 7,433 3.9%</b>
<b>Net Operating Revenues</b>	<b>\$ 176,892</b>	<b>\$ 176,849</b>	<b>\$ 175,282</b>	<b>\$ 182,284</b>	<b>\$ 7,002 4.0%</b>
<b>Non-Operating Revenues (Expenses)</b>					
Add: Other Non-operating Revenue	\$ 13,228	\$ 14,933	\$ 32,837	\$ 8,644	(24,193) -73.7%
Less: Debt Service/Equipment/Other	(114,189)	(125,221)	(137,525)	(131,627)	5,898 -4.3%
<b>Total Non-Operating Revenues (Expenses)</b>	<b>\$ (100,961)</b>	<b>\$ (110,288)</b>	<b>\$ (104,688)</b>	<b>\$ (122,983)</b>	<b>\$ (18,295) 17.5%</b>
<b>Net Revenues</b>	<b>\$ 75,931</b>	<b>\$ 66,561</b>	<b>\$ 70,594</b>	<b>\$ 59,301</b>	<b>\$ (11,293) -16.0%</b>

**Capital Improvement Process**

Each year the Commission approves a seven-year Capital Improvement Program which is divided into three areas. The first area is approval of projects that will be initiated in year one of the program. The second area identifies projects which may be reviewed in detail to determine cost and feasibility. The third area of the program is the identification of potential projects in years three through seven. At the same time the final Capital Improvement Program is presented for approval, a plan for funding the first three years of the program is provided. The following table summarizes the most recent past program year (2018), the current three-year program (2019-2021), and funding summary.

<b>CAPITAL IMPROVEMENT PLAN (CIP) SUMMARY</b> <b>(\$=000)</b>				
	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>
<b><u>CIP</u></b>				
Minneapolis/St. Paul International Airport				
End of Life/Replacement Projects	\$ 35,750	\$ 25,850	\$ 26,150	\$ 18,350
Information Technology	11,600	13,550	12,000	12,000
Long Term Comprehensive Plan Projects	92,100	131,400	108,100	32,500
Maintenance Facility Upgrade Projects	20,755	21,458	100,105	6,205
Ongoing Maintenance Programs	16,700	24,600	28,200	35,150
Noise Mitigation Projects	6,500	13,500	7,500	2,000
Tenant Projects	39,700	9,300	45,200	200
Total Minneapolis/St. Paul International	223,105	239,658	327,255	106,405
Reliever Airports	5,600	15,300	11,950	5,420
Total All Airports	\$ 228,705	\$ 254,958	\$ 339,205	\$ 111,825
<b><u>Funding</u></b>				
Passenger Facility Charges (PFC's)	\$ 110,850	\$ 101,800	\$ 112,800	\$ 35,500
Federal and State Grants	9,600	28,530	34,925	6,850
General Airport Revenue Bonds-Line of Credit	32,700	66,400	126,300	5,500
Internal/Airline Funds	75,555	58,228	65,180	63,975
Total Funding	\$ 228,705	\$ 254,958	\$ 339,205	\$ 111,825

**Debt Service**

Going into the future, the Commission's plan is to issue new debt in 2019 to fund the capital program. Bonds were issued in 2016 to finance projects in the 2016-2019 timeframe, primarily a new auto rental/public parking facility at MSP. The 2019 bond issue is expected to fund various projects around MSP, with the majority of the work in Terminal 1-Lindbergh.

**Refundings**

Throughout the past seven years, the Commission has aggressively pursued the refunding options of its outstanding debt. The following table illustrates the results of this action.

<b>Debt Service Summary</b> <b>(\$=000)</b>				
<b><u>Series Refunded</u></b>	<b><u>Refunding Year</u></b>	<b><u>Total Savings</u></b>	<b><u>Annual Savings</u></b>	<b><u>Present Value % Savings</u></b>
1998A, 1999A, 2001A & 2001C <sup>1</sup>	2007	\$ 33,050	\$ 2,330	5.19%
1998B <sup>1</sup>	2008	2,440	365	3.32%
1999B & 2000B <sup>1</sup>	2009	8,140	990	4.95%
2001B & 2001D <sup>1</sup>	2010	9,640	1,150	8.94%
GO 13 <sup>2</sup>	2010	633	214	4.50%
2003A <sup>1</sup>	2011	3,318	369	6.10%
2003A <sup>1</sup>	2012	5,272	293	12.50%
2005A, B & C <sup>1</sup>	2014	60,235	3,011	14.69%
2007A & B <sup>1</sup>	2016	164,340	10,956	25.74%
		\$ 287,068	\$ 19,678	
<b>Average Present Value Savings</b>				9.55%
<b>Total Average Interest Rate Prior to Refundings</b>			5.25%	
<b>Total Average Interest Rate After Refundings</b>			3.31%	
<sup>1</sup> General Airport Revenue Bond Refunding				
<sup>2</sup> General Obligation Revenue Bond Refunding				

### *Recent Debt*

The Commission issued \$885 million in debt in 2016. The first 2016 issue amounted to \$483 million which refunded a 2007 issue. As the previous table shows, the Commission realized an average annual debt service savings of approximately \$20 million per year. The second issue amounted to \$402 million which is a new money issue. The projects identified with this bond issue are the construction of a new, 11-level parking structure adjacent to the existing parking facilities at MSP's Terminal 1-Lindbergh. The garage will provide public parking on levels 6-11, with rental car parking facilities on levels 2-5. In connection with the parking facility, roadway, parking management building and parking exit plaza relocation are part of the overall project. In addition to the parking structure, some of the bond proceeds were used to retire a portion of the Commission's short-term debt that was used to construct an additional four gates at Terminal 2-Humphrey. The four gates at Terminal 2-Humphrey opened in October 2016.

### *Short-Term Debt*

In 2011, the Commission entered into a Short-Term Borrowing Program which replaced a Commercial Paper Program that was terminated in 2010. The Commission looked at many financing alternatives and selected a \$75 million revolving line of credit. During 2017, the Commission increased its line of credit to \$150 million. The increase in the line of credit will enable the MAC to interim fund a number of terminal building projects. The amounts utilized from the line of credit will be paid off with future PFC applications and bond issues. At December 31, 2018, the Commission had approximately \$71 million outstanding in its line of credit. The Commission estimates that by December 31, 2019 the Commission will have approximately \$61 million outstanding in its line of credit. This Short-Term Borrowing Program also allows the Commission some flexibility in financing unanticipated or unforeseen capital improvements.

### **Air Service**

Maintaining and adding air service is very important to the Commission. The Air Service Business Development Department is responsible for three primary areas: 1) developing air service by marketing MSP for new international passenger, cargo and low-fare domestic passenger flights; 2) promoting the facilities and services of MSP and the MAC's system of airports both domestically and internationally; and 3) building community relations by establishing partnerships with public and private sectors to increase their awareness of the importance of air service in the region, and to solicit their support for such services.

As of December 2018:

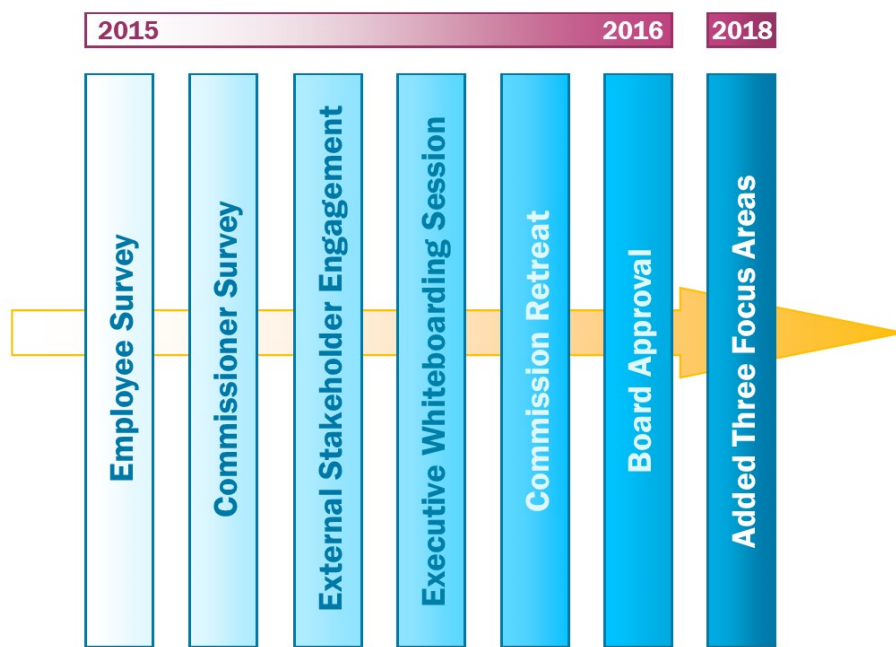
- MSP provides service to 137 domestic destinations and 29 international destinations, 166 in total.
- MSP has competitive service (at least two airlines providing service) to 56 destinations (42 domestic and 14 international).
- All of the top 20 domestic destinations are competitive destinations.
- Low-cost carriers (Frontier, Southwest, Spirit, and Sun Country) serve 43 domestic destinations and 14 international destinations nonstop.



***Aerial View of Activity on MSP Runways***

**Organizational Strategic Plan**

In 2016, the MAC Board of Commissioners approved a new, multi-year strategic plan for the organization. The 2017-2022 plan is an evolution from key initiatives to strategic goals and objectives. The plan's structure is streamlined, increasing cross-departmental collaboration and creating stronger connections between its components and department plans.

**Development of the MAC 2017-2022 Strategic Plan**

To develop the 2017-2022 Strategic Plan, MAC Staff and the Board of Commissioners:

- Identified strategic priorities for the MAC over the course of the plan
- Determined challenges to these priorities and designed potential solutions to achieving them
- Interviewed representatives from key stakeholder groups
- Reviewed survey results, aligned priorities and set strategic plan framework
- Developed strategic plan mission, vision, goals and objectives
- Approved strategic plan mission, vision, goals and objective
- Recommitted to strategic plan and added three focus areas

**Strategic Plan Goals**

In 2017, the MAC implemented the Strategic Plan, which contains seven goals and corresponding objectives:

Goal	Corresponding Objective
Safety, Security, Preparedness	Keep our airports safe and secure
Customer Experience	Delight our passengers
Talent	Be a model employer
Engagement	Grow and enhance the narrative
Air Service	Grow and enhance air service
Economic	Maintain our competitive cost structure while maximizing our airports' economic benefit
Innovation	Innovate through opportunities in technology and sustainability

In 2018, the board summarized the goals and objectives into the following focus areas:

- Develop new strategies to enhance financial strength
- Grow stakeholder and community engagement
- Deliver a seamless “one journey” experience for MSP passengers

## OUR MISSION

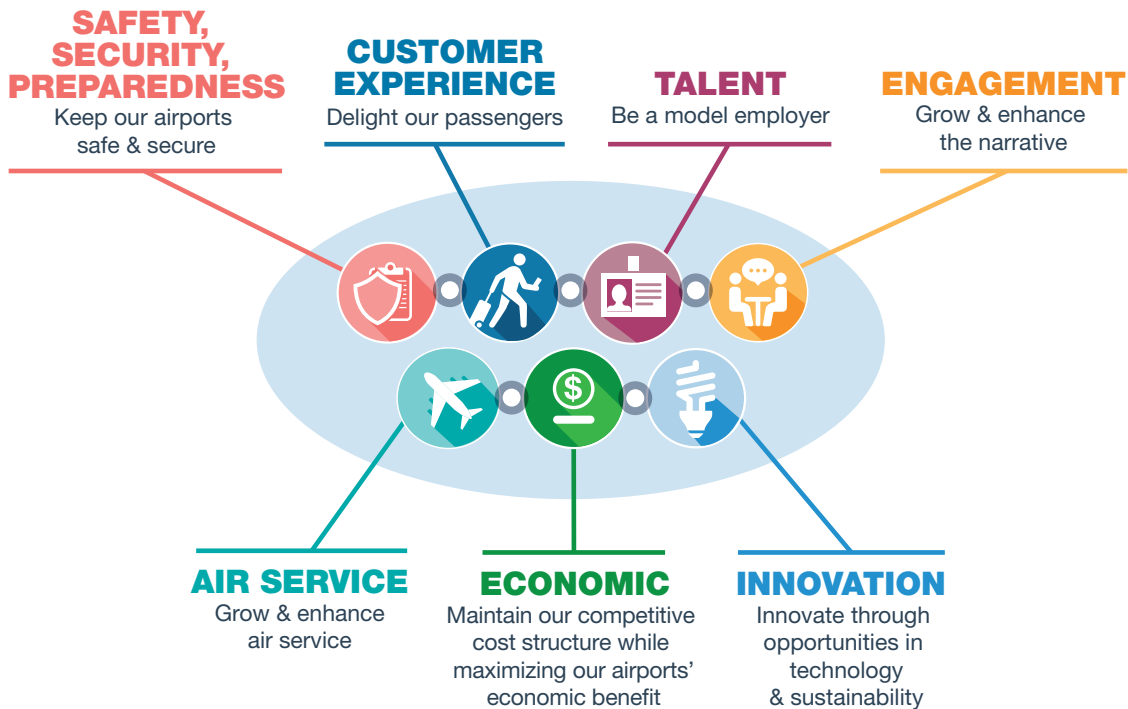
Connecting you to your world



## OUR VISION

Providing your best airport experience

# STRATEGIC PLAN GOALS



## FOCUS AREAS

Develop new strategies to enhance  
**FINANCIAL STRENGTH**

Grow stakeholder & community  
**ENGAGEMENT**

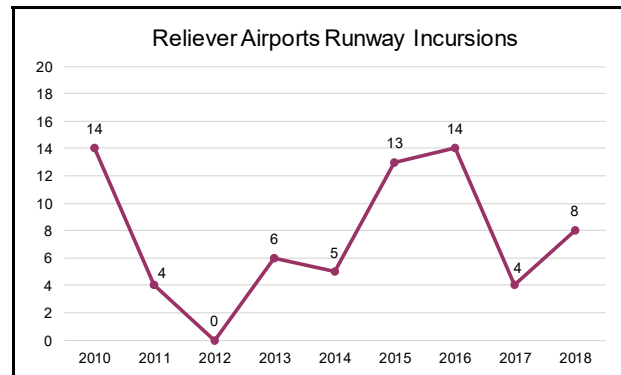
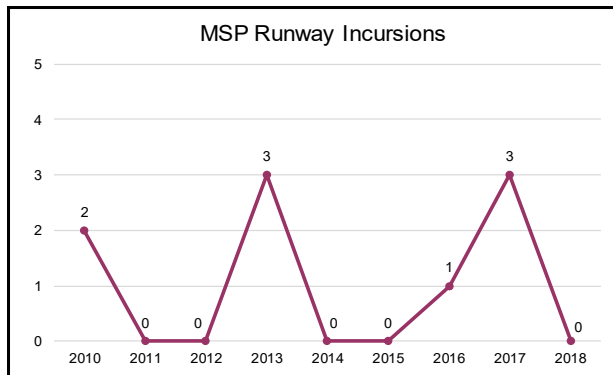
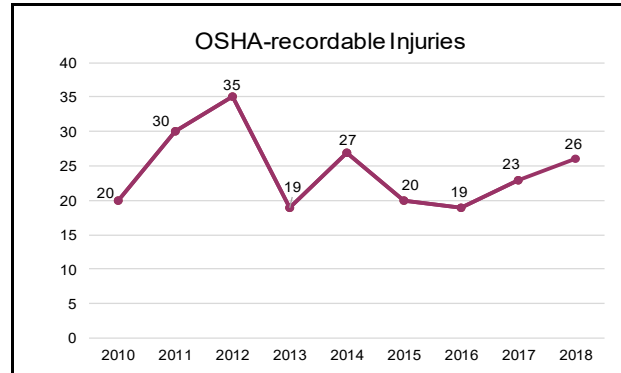
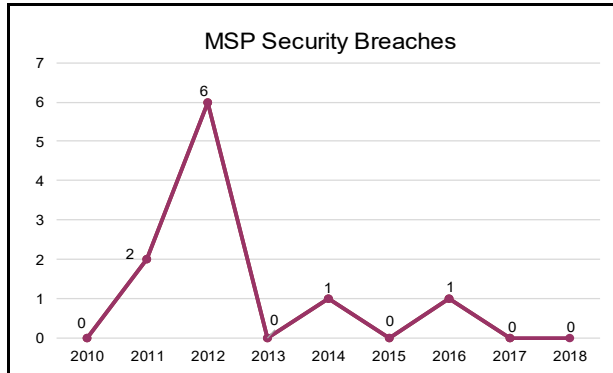
Deliver a seamless  
**"ONE JOURNEY" EXPERIENCE**  
for MSP Passengers

The seven goals from our strategic plan represent the foundational pillars for successfully running a large airport system. Our three focus areas build upon the strategic plan and reflect current industry, social, economic and regional trends. They guide us in achieving new capabilities and outcomes that will take us to a new level of excellence. By attaining both our strategic plan goals and focus areas, we will realize our mission and vision. And by doing that, we will ensure our extraordinary airport system—and region—thrive.

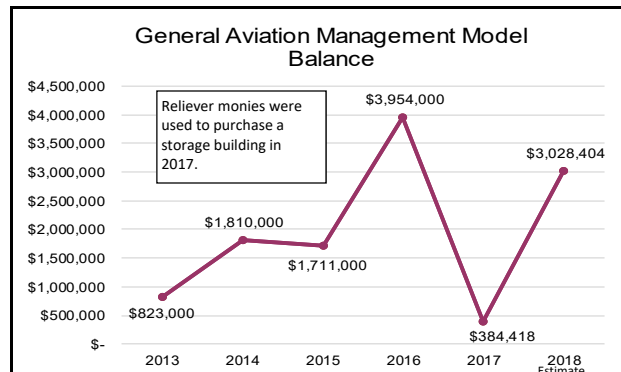
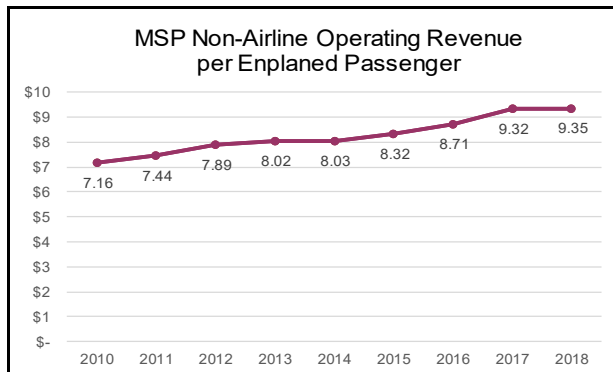
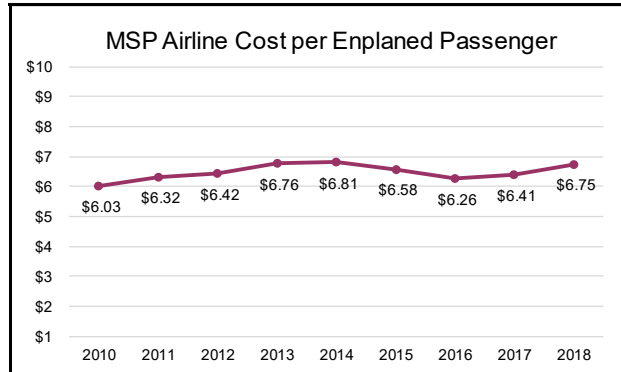
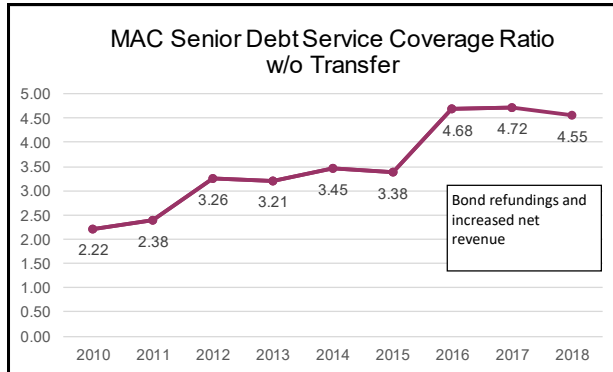
*The strategic plan covers the years 2017-2022.*

## Performance Measures

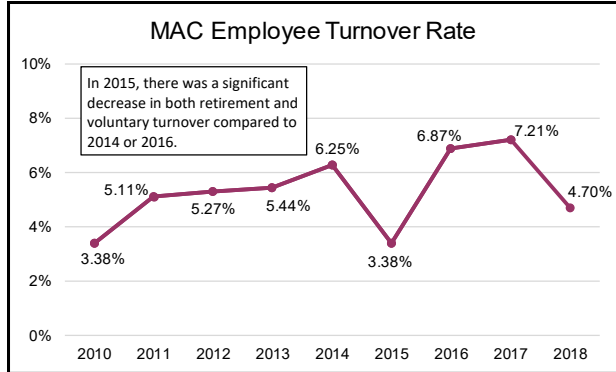
### Safety and Security



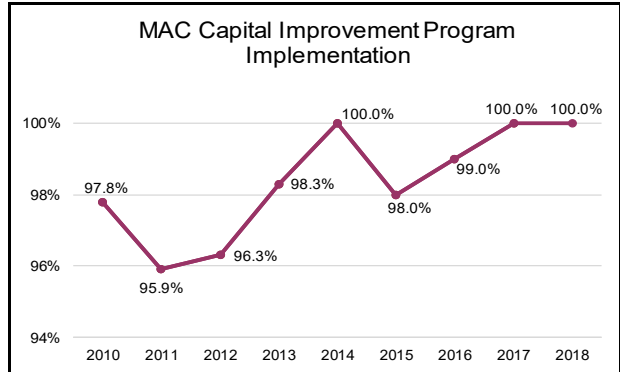
### Financial



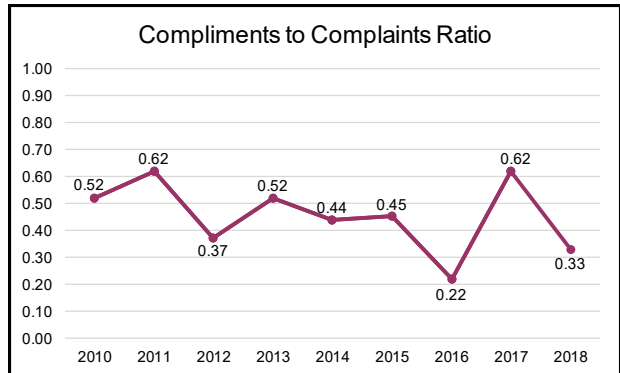
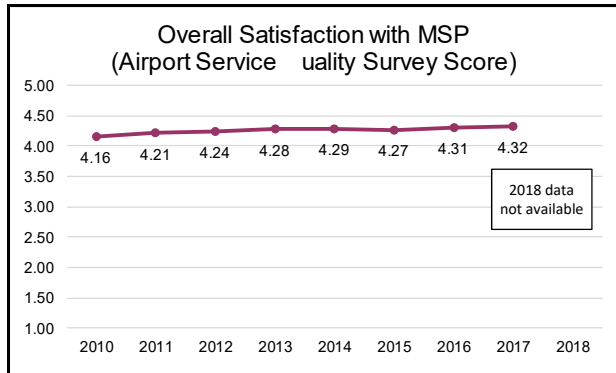
## Employee Engagement



## Development



## Customer Experience



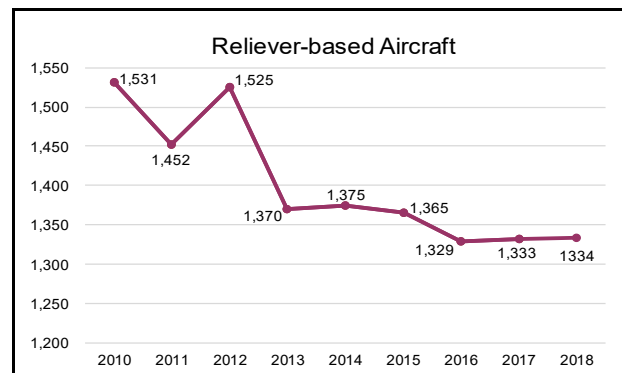
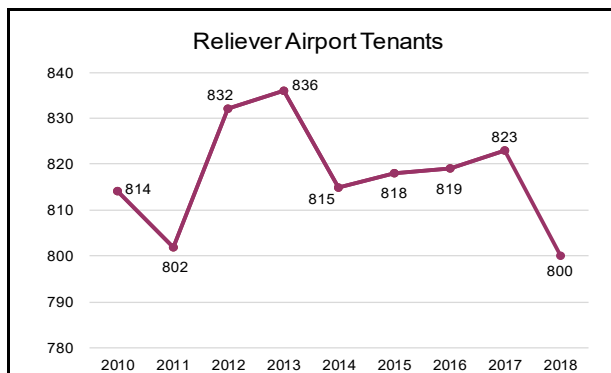
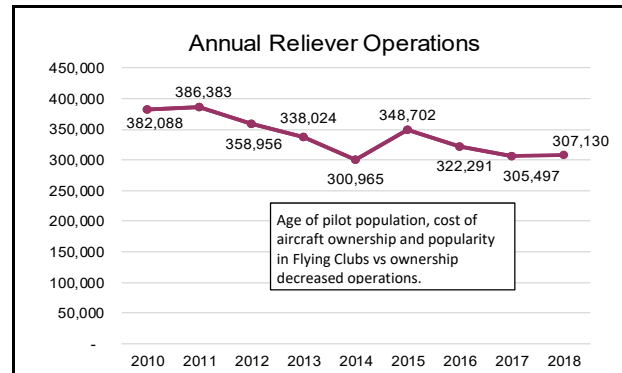
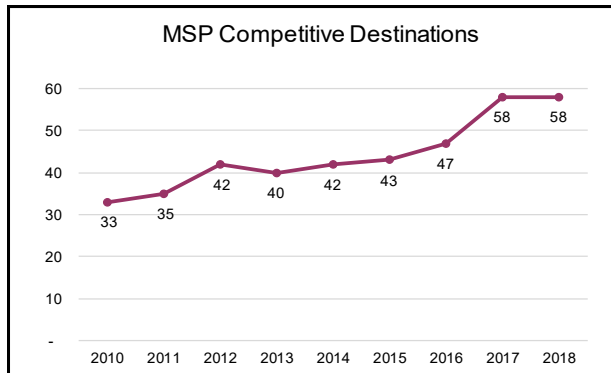
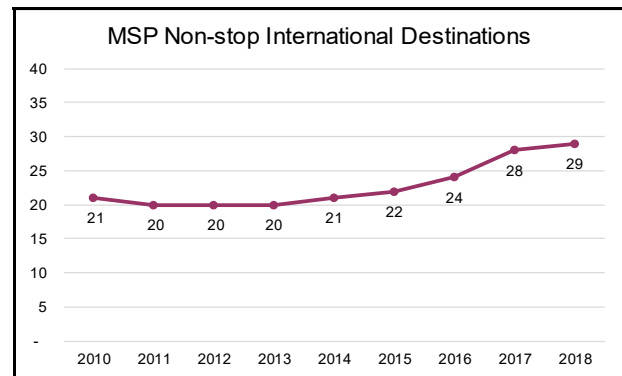
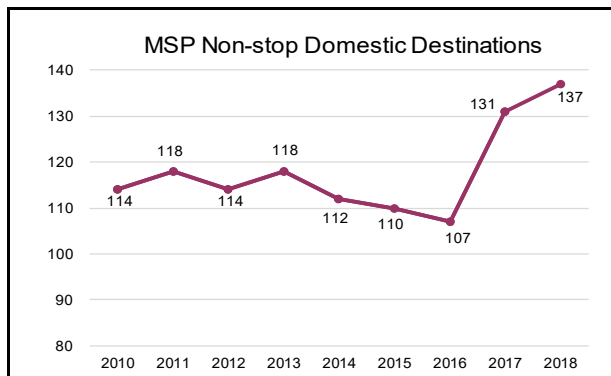
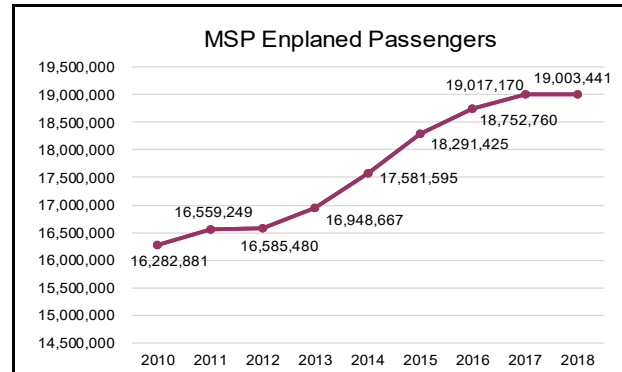
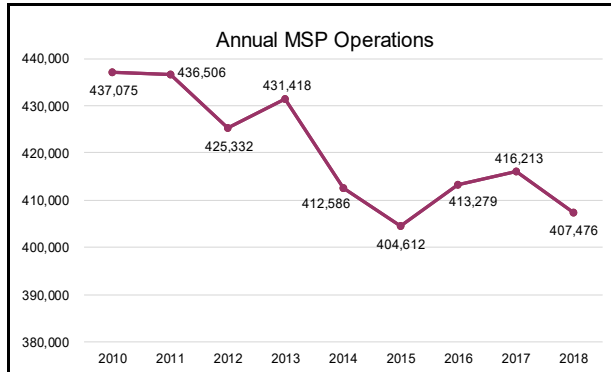
**MAC Celebrated Its  
75th Anniversary in 2018**



**Tree Planting and New Public Seating  
at the General Offices Marked the Occasion**

The following Performance Measures are common benchmark measures; however, the MAC has limited ability to impact these numbers directly.

## Operations



**GFOA Budget Award**

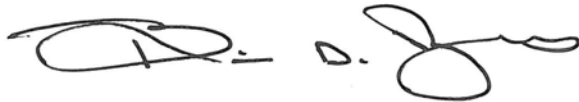
The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Metropolitan Airports Commission for its annual budget for the fiscal year beginning January 1, 2018. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

This 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 the 2019 award.


**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 and Administration Committee. A very special thanks goes out to Strategy & Stakeholder Engagement and to all MAC staff who worked especially hard to develop the final 2019 Budget. Through this hard work and effort, we hope that the MAC will continue to be one of the most safe, efficient and cost-effective airport operators in the nation. It is significant to note that the Distinguished Budget Presentation Award has been presented to the Commission annually by the GFOA since 1985.

Respectfully submitted,



Brian Ryks  
Executive Director/CEO



Stephen L. Busch  
Chief Financial Officer



Robert Schauer  
Director – Finance



**2018 Budget Award**

## **Awards Received by MAC During 2018**



*Best Airport in North America -  
Airports Council International*

**Airport Project of the Year, Terminal 1 Landside Expansion Project – Minnesota Council of Airports**

**Airport with the Best Management Team – Airport Revenue News**

**Best Airport in North America, 25-40 million passengers per year, second consecutive year – Airports Council International**

**Best Hospitality Development Award  
InterContinental MSP Airport – Minnesota Real Estate Journal**

**Best New Local Concept, Angel Food Bakery & Donut Bar – Airports Council International-North America Airport Concessions Awards**

**Best New Specialty Retail Concept, Lolli and Pops – Airport Revenue News**

**Best Retail Development Award, MSP Reimagined – Minnesota Real Estate Journal**

**Commercial Services Airport Project of the Year, Terminal 1 Landside Expansion Project – Minnesota Council of Airports**



*Airport Project of the Year, Terminal 1 Landside Expansion Project - Minnesota Council of Airports*

**Disabilities Access Professional – Open Doors Organization**

**Distinguished Budget Presentation Award, 33 consecutive years – Government Finance Officers Association**



*Best Management Team -  
Airport Revenue News*

**Excellence in Airport Marketing, Communications, and Customer Service Awards – Airports Council International-North America**

**Food Hall of the Year, Americas Region, Food Truck Alley – Airport Food and Beverage Conference and Awards, The Moodie Davitt Report & The Foodie Report**

**Grand Award for the Terminal 1 Landside Expansion Project – American Council of Engineering Companies Minnesota Chapter**

**Highly Commended, Airport Bar of the Year, LoLo American Kitchen & Craft Bar – Airport Food and Beverage Conference and Awards, The Moodie Davitt Report & The Foodie Report**



Disabilities Access Professional -  
Open Doors Organization

**Highly Commended, Food and Beverage Team Member of the Year, Lilly Olson, HMSHost/Starbucks – Airport Food and Beverage Conference and Awards, The Moodie Davitt Report & The Foodie Report**

**Honor Award, St. Paul Downtown Airport Runway 14-32 / 13-31 Intersection – American Council of Engineering Companies Minnesota Chapter**

**Honorable Mention, Balchen/Post Award for Excellence in the Performance of Airport Snow and Ice Control – International Aviation Snow Symposium**

**Outstanding Performance Merit Award for the Northwest Drive Project at MSP – Minnesota Department of Transportation/Concrete Paving Association**

**Quality in Construction Award, St. Paul Downtown Airport Runway 14-32 / 13-21 Intersection Project – National Asphalt Paving Association**

**Terminal 1 Landside Expansion Project – American Council of Engineering Companies National Recognition Award**

**Top North American Airport Efficiency Excellence Award, second consecutive year – Air Transport Research Society**



Airport Food & Beverage  
Conference Awards



2018 Employee Art Fair Awards

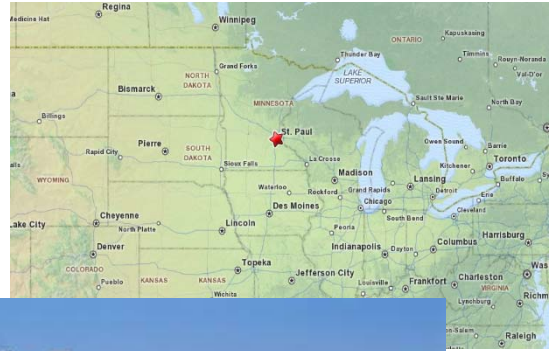
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## The Organization



**Overlooking Downtown St Paul**



**Overlooking Downtown Minneapolis**

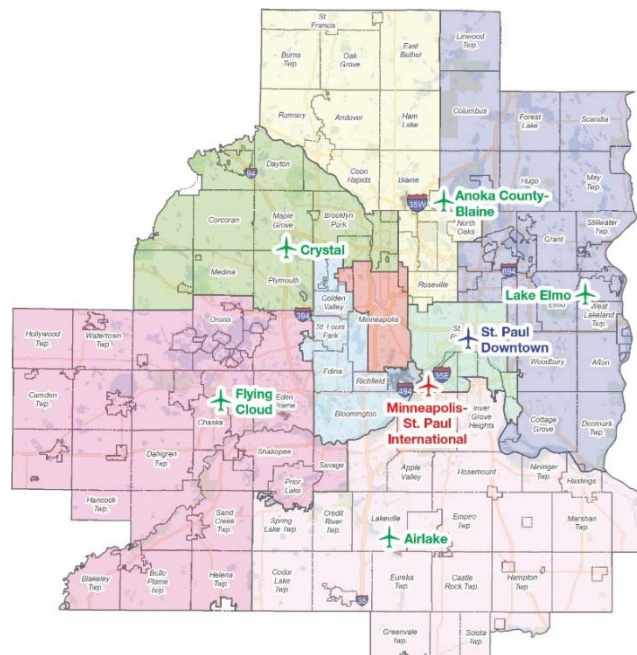
## The Commission

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. The purpose of the Commission is to:

- Promote air navigation and transportation (international, national and local) in and through the State of Minnesota.
- Promote the efficient, safe and economic handling of air commerce and to assure the inclusion of the State in national and international programs of air transportation. To those ends, develop the full potentialities of the metropolitan area as an aviation center.
- Assure minimum environmental impact from air navigation and transportation for residents of the metropolitan area, promote the overall goals of the State's environmental policies and minimize the public's exposure to noise and safety hazards around the airports.

## Commission Jurisdiction 35 Mile Radius

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 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. Scheduled air carriers are served by the Minneapolis-St. Paul International Airport. Six Reliever Airports serve business and general aviation.



The Chair and fourteen Commissioners govern the Metropolitan Airports Commission. The Governor of the State of Minnesota appoints the Chair and twelve Commissioners. Of these twelve Commissioners, eight are from designated districts within the Metropolitan Area and four are from outside of the Metropolitan Area. The Mayors of St. Paul and Minneapolis also have seats on the Commission, with the option to appoint a surrogate to serve in their place. While the Commissioners' terms are four years, the Chair serves at the pleasure of the Governor.



Dan Boivin  
Commission Chairman



Brian Ryks  
Executive Director/CEO



Carl Crimmins  
District A



Rick King  
District B



Katie Clark Sieben  
District C



Steve Cramer  
District D



James Deal  
District E



Michael Madigan  
District F



Richard Ginsberg  
District G



Ibrahim Mohamed  
District H



Leili Fatehi  
City of Minneapolis



Ikram Aboliso  
City of St Paul

#### Representing the Greater Minnesota Area



Patti Gartland



Donald Monaco



Dixie Hoard



Randy Schubring

The Commission established three committees. Each of the committees (Planning, Development & Environment, Finance & Administration and Management & Operations) meets on a monthly basis. The committees are responsible for all aspects of business which fall under their respective jurisdiction. Recommendations on all action items are made by the committees to the Full Commission. The Full Commission also meets monthly. All of the committee meetings, as well as the Full Commission meeting, take place in MSP's Terminal 1-Lindbergh. Meetings are also livestreamed on the MAC's website, and video archives of meetings are available. Occasionally, the Full Commission meets outside the terminal to provide easier access for the general public.

Regular meeting times are as follows:

- Finance & Administration Committee: 9:30 a.m., first Monday of the month
- Planning, Development & Environment Committee: 10:30 a.m., first Monday of the month
- Management & Operations Committee: 1:00 p.m., first Monday of the month
- Full Commission: 1:00 p.m., third Monday of the month

All financial information is reported to and acted upon at the Finance & Administration Committee (F&A) meeting and reported to the Full Commission. The following information summarizes the general financial areas that the F&A Committee dealt with in 2018:

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>➤ Audits               <ul style="list-style-type: none"> <li>• Annual Internal Audit Plan</li> <li>• Financial Audits</li> <li>• Internal Policy/Procedure Audits</li> </ul> </li> <li>➤ Operating Budget               <ul style="list-style-type: none"> <li>• Monthly Reports</li> <li>• Ratification of 2017 Expenditures</li> <li>• Distribution of 2017 Net Revenues/Unrestricted Cash</li> <li>• 2019 Budget Targets</li> <li>• 2019 Preliminary and Final Budgets</li> </ul> </li> <li>➤ Financial Policies               <ul style="list-style-type: none"> <li>• Purchasing Policy Updates</li> <li>• Investment Policy Adoption</li> <li>• Consultant Policy Updates</li> <li>• OPEB Trust Establishment</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>➤ Bonds, Debt &amp; Capital Funding               <ul style="list-style-type: none"> <li>• Passenger Facility Charge Application</li> <li>• Short-Term Borrowing Program</li> </ul> </li> <li>➤ Human Resources and Affirmative Action               <ul style="list-style-type: none"> <li>• Human Resources and Affirmative Action Policies and Procedures</li> <li>• Employee Benefits and Compensation</li> <li>• Ratification of Labor Agreements</li> </ul> </li> <li>➤ Leases &amp; Agreements               <ul style="list-style-type: none"> <li>• In-Terminal Lease Actions</li> <li>• Property Leases and Agreements</li> <li>• Equipment Leases</li> <li>• Professional Services Agreement</li> <li>• RFPs/RFPs</li> <li>• Parking Rate Adjustments</li> </ul> </li> </ul> |
|--|--|

## Divisions

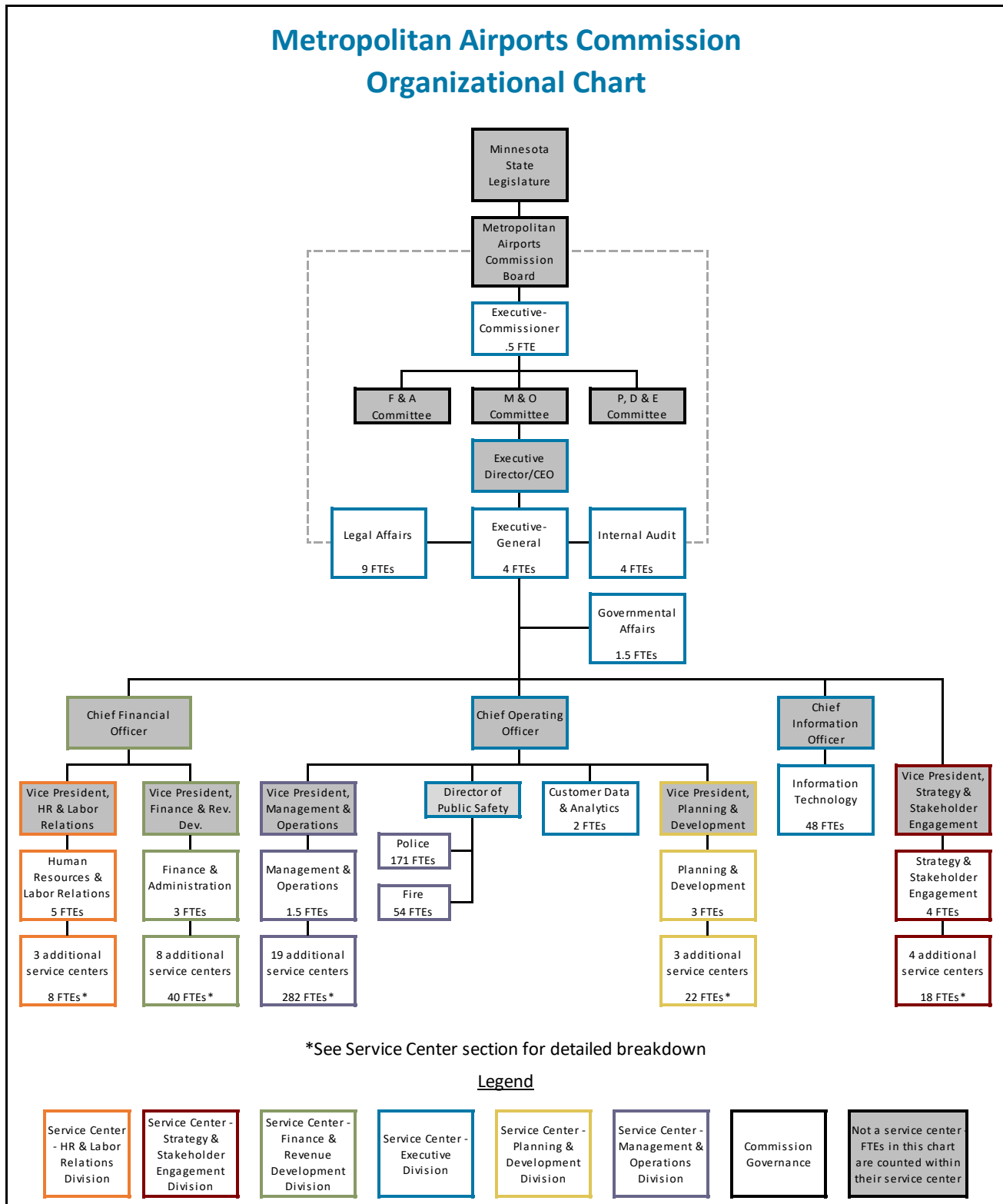
Under the direction of the Commission, the MAC's organizational structure is made up of six divisions within the Operating Fund. The six divisions are:

- Executive
- Finance & Revenue Development
- Planning & Development
- Management & Operations
- Human Resources & Labor Relations
- Strategy & Stakeholder Engagement

The organization made the following changes in 2018 to reflect more appropriately the service center responsibilities and reporting structure:

- The creation of the Customer Data & Analytics service center initiated data-driven improvements throughout the organization. Two FTEs transferred from the Management & Operations service center for this change.
- The Chief of Police took on the newly created Director of Public Safety title and responsibilities to enhance further coordination, planning and emergency response capabilities; strengthen safety and security; and enable the MAC to resume airport operations as quickly as possible following an incident. The Chief of Police/Director of Public Safety remains in the Police service center, overseeing both the Police and Fire service centers. For practical purposes, the two service centers remain at equal levels within the Management & Operations Division. However, the Chief of Police/Director of Public Safety reports directly to the Chief Operating Officer within the Executive Division.
- The Strategy & Stakeholder Engagement Division began a reorganization of division personnel into responsibilities and structure that fit additional goals and organizational priorities for which the division is responsible. The alignment of strategic goals, personnel and budgeting are still in progress.
- Additional changes are expected in 2019.

The Executive Division oversees all MAC business and is directly responsible to the MAC's Board of Commissioners. The chart below identifies the organizational structure by division.



Note: The Commission's organizational structure is in a period of transition. There will continue to be adjustments to this organizational chart in upcoming budget documents.

**Service Centers**

Service centers are the lowest budget levels in the organization. A combination of service centers is sometimes referred to as a department. These service centers are responsible for specific functions that relate to one another. The department format provides department heads with an opportunity to review functions they manage as one (example: Finance includes Purchasing). The table below shows a listing of service centers and the divisions in which they reside.

**Organizational Structure by Division and Service Center**

Division	Service Center	
	Number	Name
<b>Executive</b>	75100	Executive-Commissioner
	75000	Executive-General
	76500	Customer Data & Analytics
	78300	Internal Audit
	79000	Information Technology
	79500	Governmental Affairs
	81000	Legal Affairs
<b>Strategy &amp; Stakeholder Engagement</b>	76200	Strategy & Stakeholder Engagement
	76000	Public Affairs & Marketing
	76100	Air Service Business Development
	85000	Environment-General
	85300	Aviation Noise Program
<b>Finance &amp; Revenue Development</b>	75600	Finance & Administration
	76700	Live Well, Stay Well
	76800	Insurance/Risk Management
	78000	Finance
	78100	MAC General
	78200	Purchasing
	80000	Commercial Management & Airline Affairs
	80100	Concessions & Business Development
<b>Human Resources &amp; Labor Relations</b>	82050	MSP Airport Conference Center
	75700	Human Resources & Labor Relations
	76600	Employee Development & Engagement
	80600	Diversity
<b>Planning &amp; Development</b>	81500	Employee Relations
	75500	Planning & Development
	77000	Airport Development
	77100	Building Official
<b>Management &amp; Operations</b>	85100	Environmental Affairs
	75800	Management & Operations
	82000	Customer Experience
	83400	Landside-Administration
	85500	Facilities-Terminal 2
	86100	Facilities-Terminal 1
	86300	Facilities-Energy Management Center
	88400	Trades-Administration
	88000	Trades-Electricians
	88100	Trades-Painters
	88200	Trades-Carpenters
	88300	Trades-Plumbers
	89000	Field Maintenance
	82600	Airside Operations
	90000	Relievers-Administration
	90200	Relievers-St. Paul
	90300	Relievers-Lake Elmo
	90400	Relievers-Airlake
	90500	Relievers-Flying Cloud
	90600	Relievers-Crystal
	90700	Relievers-Anoka County-Blaine
	83600	Fire
	84200	Police

**Full-Time Equivalent Positions (FTEs)**

The overall 2019 budgeted FTEs are 680.5, which is an increase of 35 FTEs over 2018. The additional positions are allocated between the service centers based on needs of the organization. The increased FTE count in 2019 is necessary to address increasing technology needs, airport security, reduce overtime costs within the Fire Department, bolster airside operations staff and address increased airport planning needs. Twenty-seven of the added FTEs were provisional traffic control agents who became full-time employees.

The eighteen additional 2018 FTEs addressed enterprise technology needs, airport safety and security, succession planning for the Fire Department and provided flexibility in organization staffing needs. This brought the total approved FTEs in 2018 to 645.5.

In 2017, eight FTEs were added to meet growing technology and airport safety needs. Total approved FTEs in 2017 were 627.5.

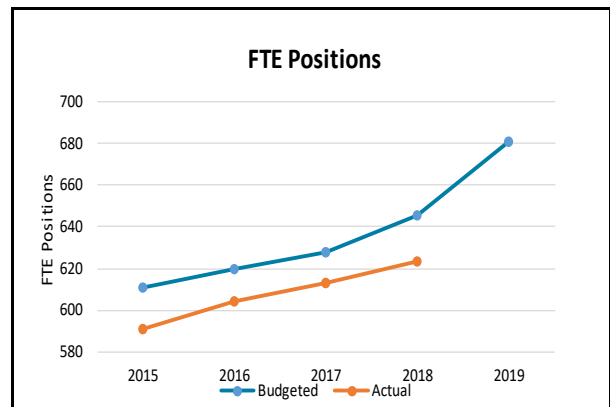
Nine FTEs were added in 2016 to meet legal mandates and regulatory requirements to ensure a safe and secure airport system and to stay current with information technology and systems. This created a total of 619.5 approved FTEs.

Ten new positions in 2015 filled in departments that required extra support. Trades service centers assumed significant additional responsibilities when taking over operational control of the G Concourse from Delta. Also, 9.5 part-time and provisional PSA staff became full-time to reflect the actual hours worked by these employees. Total budgeted FTEs in 2015 were 610.5.

The following table and graph compares budgeted and actual FTEs. Although budgeted FTEs are authorized to meet legal mandates and regulatory requirements, the actual position counts are lower than budget each year because the MAC re-evaluates each vacated position to determine if it is needed, if it should be changed or if the duties can be merged into another position. This process is necessary to keep down costs. Also, a number of retirements occur each year as many staff members are reaching retirement age.

The graph shows an overall increase in positions across the years as passenger counts increase and the MAC adds positions to cover areas in need of additional staffing.

<b>FTE Positions</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Budgeted	610.5	619.5	627.5	645.5	680.5
Actual	591	604.5	613	623	TBD



**MAC Staff at the 2018 Polar Plunge  
Fundraiser for Special Olympics Minnesota**



**MAC Staff at the Fire Department  
Hot Dog Lunch**

Regular Status Full-Time Equivalent Position Count by Service Center within each Division						
Service Center	2015 Actual As of 12/28/15	2016 Actual As of 12/19/16	2017 Actual As of 12/18/17	2018 Actual 12/31/18	2018 Budget	2019 Budget
<b>Executive</b>						
75000 Executive-General	3	3	3	3	3	4 <sup>1</sup>
75100 Executive-Commissioner	0.5	0.5	0.5	0.5	0.5	0.5
76500 Customer Data & Analytics	0	0	0	0	0	2 <sup>15</sup>
78300 Internal Audit	4	4	4	4	4	4
79000 Information Technology	28	32	37	40	45	48 <sup>2, 3, 4</sup>
79500 Governmental Affairs	1.5	1.5	1.5	1.5	1.5	1.5
81000 Legal Affairs	8.5	8.5	8	9	9	9
<b>Total Executive</b>	<b>45.5</b>	<b>49.5</b>	<b>54</b>	<b>58</b>	<b>63</b>	<b>69</b>
<b>BUDGET</b>	<b>44</b>	<b>53</b>	<b>56</b>	<b>63</b>	<b>63</b>	<b>69</b>
<b>Strategy &amp; Stakeholder Engagement</b>						
76000 Public Affairs & Marketing	8	10	10	9	10	11 <sup>5</sup>
76100 Air Service Business Development	0	0	0	0	1	1
76200 Strategy & Stakeholder Engagement	0	2	1	1	3	4 <sup>6</sup>
85000 Environment-General	5	3	3	2	4	1 <sup>2, 6, 16</sup>
85300 Aviation Noise Program	5	5	5	4	5	5 <sup>3, 16</sup>
<b>Total Strategy &amp; Stakeholder Engagement</b>	<b>18</b>	<b>20</b>	<b>19</b>	<b>16</b>	<b>23</b>	<b>22</b>
<b>BUDGET</b>	<b>19</b>	<b>21</b>	<b>22</b>	<b>23</b>	<b>23</b>	<b>22</b>
<b>Finance &amp; Revenue Development</b>						
75600 Finance & Administration	2	2	3	3	3	3
76800 Insurance/Risk Management	6	6	6	6	6	6
78000 Finance	15	15	15	15	15	15
78100 MAC General	0	0	0	0	2.5	0 <sup>1, 7, 8</sup>
78200 Purchasing	7.5	6	6	6	6	6
80000 Commercial Mgmt & Airline Affairs	5	5	5	4	5	5
80100 Concessions & Business Development	5	5	4	5	5	5
82050 MSP Airport Conference Center	3	2	3	3	3	3
<b>Total Finance &amp; Revenue Development</b>	<b>43.5</b>	<b>41</b>	<b>42</b>	<b>42</b>	<b>45.5</b>	<b>43</b>
<b>BUDGET</b>	<b>47</b>	<b>42.5</b>	<b>42.5</b>	<b>45.5</b>	<b>45.5</b>	<b>43</b>
<b>Human Resources &amp; Labor Relations</b>						
75700 Human Resources & Labor Relations	5	5	5	5	5	5
76600 Employee Development & Engagement	2	3	3	1	1	1
80600 Diversity	2	2	2	2	2	2
81500 Employee Relations	3	3	3	5	5	5
<b>Total Human Resources &amp; Labor Relations</b>	<b>12</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>
<b>BUDGET</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>13</b>
<b>Planning &amp; Development</b>						
75500 Planning & Development	2	2	2	2	2	3 <sup>9</sup>
77000 Airport Development	14	16	15	14	16	16 <sup>7, 9</sup>
77100 Building Official	2	2	1	2	2	2
85100 Environmental Affairs	3	3	3	3	4	4
<b>Total Planning &amp; Development</b>	<b>21</b>	<b>23</b>	<b>21</b>	<b>21</b>	<b>24</b>	<b>25</b>
<b>BUDGET</b>	<b>23</b>	<b>23</b>	<b>23</b>	<b>24</b>	<b>24</b>	<b>25</b>



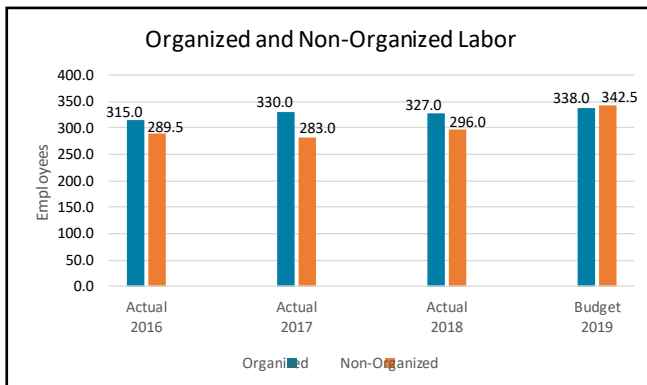
**MAC Employees Participate in the Triennial CrashEx Emergency Response Training**



**2018 Employee Appreciation Celebration**

Regular Status Full-Time Equivalent Position Count by Service Center within each Division							
Service Center	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2018 Budget	2019 Budget	
<b>Management &amp; Operations</b>	As of 12/28/15	As of 12/19/16	As of 12/18/17	As of 12/31/2018			
75800 Management & Operations	3.5	3.5	3.5	3.5	3.5	1.5	<sup>15</sup>
82000 Customer Experience	3	3	3	3	3	2	<sup>10</sup>
82600 Airside Operations	16	16	15	15	15	16	<sup>11</sup>
83400 Landside-Administration	31.5	34.5	36.5	36.5	37.5	38	<sup>8</sup>
83600 Fire	46	46	50	51	51	54	<sup>12</sup>
84200 Police	128	129	132	139	141	171	<sup>10, 13, 14</sup>
85500 Facilities-Terminal 2	9	9	9	9	9	9	
86100 Facilities-Terminal 1	9	9	7	9	9	9	
86300 Facilities-Energy Management Center	21	23	22	22	22	22	
88000 Trades-Electricians	19	19	19	19	19	19	
88100 Trades-Painters	8	10	10	10	9	9	
88200 Trades-Carpenters	10	10	10	10	10	10	
88300 Trades-Plumbers	10	10	10	10	9	9	
88400 Trades-Administration	2	2	2	2	2	2	
89000 Field Maintenance	108	108	109	106	110	110	
90000 Relievers-Administration	8	7	7	8	8	8	
90200 Relievers-St. Paul	7	7	7	7	7	7	
90300 Relievers-Lake Elmo	1	1	1	1	1	1	
90400 Relievers-Airlake	1	1	1	1	1	1	
90500 Relievers-Flying Cloud	3	4	4	5	4	4	
90600 Relievers-Crystal	3	3	3	3	3	3	
90700 Relievers-Anoka	4	3	3	3	3	3	
<b>Total Management &amp; Operations</b>	451	458	464	473	477	508.5	
<b>BUDGET</b>	<b>464.5</b>	<b>467</b>	<b>471</b>	<b>477</b>	<b>477</b>	<b>508.5</b>	
<b>TOTAL ACTUAL FTEs</b>	<b>591</b>	<b>604.5</b>	<b>613</b>	<b>623</b>	<b>NA</b>	<b>NA</b>	
<b>TOTAL BUDGET FTEs</b>	<b>610.5</b>	<b>619.5</b>	<b>627.5</b>	<b>645.5</b>	<b>645.5</b>	<b>680.5</b>	
<b>FTEs differ between the 2018 and 2019 budgets for the following reasons:</b>							
<sup>1</sup> To further the MAC's commitment to safety, the position of Manager, Airport Safety Management System was added in 2019. To fill this position, one unallocated FTE from 78100 was transferred to 75000.							
<sup>2</sup> The Solutions Architect-one FTE moved from 85000 to 79000 to better align its reporting structure and service center.							
<sup>3</sup> The GIS Coordinator-one FTE moved from 85300 to 79000 to better align its reporting structure and service center.							
<sup>4</sup> IT continues to be an area of prioritized organizational growth. One unspecified FTE has been added to 79000 and will be used as needed to meet organization needs.							
<sup>5</sup> Internal and external stakeholder engagement is an organizational priority. One FTE has been added to 76000 in support of this goal.							
<sup>6</sup> One FTE was transferred from 85000 to 76200. This open position will be filled in 2019. Reclassifying the position more accurately reflects organizational priorities and needs.							
<sup>7</sup> To support MAC's increased planning and development needs, one unallocated FTE was transferred from 78100 to 77000.							
<sup>8</sup> A .5 unallocated FTE was transferred from 78100 to 83400. This enables a part-time position in 83400 to become a full-time position.							
<sup>9</sup> One FTE was transferred from 77000 to 75500. Reclassifying the position more accurately reflects organizational priorities and needs.							
<sup>10</sup> The Manager of Emergency Programs-one FTE moved from 82000 to 84200 to better align its reporting structure and service center.							
<sup>11</sup> One FTE was added to 82600 to meet increasing operational needs.							
<sup>12</sup> Three Firefighters were added to 83600 to decrease overtime hours worked.							
<sup>13</sup> To further the MAC's commitment to safety, two new FTEs were added to 84200, to be utilized at the discretion of the Airport Police Department.							
<sup>14</sup> Provisional Traffic Control Agents became full-time, benefit earning employees on 1/1/19. This increased 84200 by 27 FTEs.							
<sup>15</sup> Two FTEs were transferred from 75800 to 76500 to create a new service center. The new service center will enable work related to customer experience goals.							
<sup>16</sup> One FTE was transferred from 85000 to 85300. This open position will be filled in 2019. Reclassifying the position more accurately reflects organizational priorities and needs.							

Regular Status Full-Time Equivalent Position Count by Job Classification				
	2016	2017	2018	2019
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>
<b>Organized</b>				
70 - Operating Engineers	19	22	22	22
49 - Equipment Maintenance	18	20	20	20
320 - MSP Int'l - Field	75	76	72	76
320 - MSP Int'l - Facilities	1	0	0	0
320 - Reliever Airports	19	22	22	22
386 - Painters	10	10	10	10
CAR - Carpenters	10	10	10	10
034 - Plumbers	10	10	10	10
292 - Electricians	19	19	19	19
Emergency Communications Specialists	12	12	12	12
307 - Police Lieutenants/Sergeants	18	19	19	19
302 - Police Officers	62	65	66	69
S6 - Firefighters	33	36	36	40
S6 - Fire Captains	9	9	9	9
<b>Total Organized</b>	<b>315</b>	<b>330</b>	<b>327</b>	<b>338</b>
<b>Non-Organized</b>				
Chairperson/Executive Director-CEO	1.5	1.5	1.5	1.5
Vice Presidents/Directors/Assistant Directors	27.5	30	29	33
Managers/Assistant Managers/Supervisors	92	68	69	76
Police Chief/Fire Chief	2	2	2	2
Community Service Officers	7	4	5	30
Passenger Service Assistants	21.5	22.5	22.5	23
Fire Marshall/Training Coordinator	2	2	2	2
Police Commander/Deputy Chief/Training Coordinator	3	3	3	3
Administrative/Professional/Technical Support	133	150	162	172
<b>Total Non-Organized</b>	<b>289.5</b>	<b>283</b>	<b>296</b>	<b>342.5</b>
<b>Total MAC</b>	<b>604.5</b>	<b>613.0</b>	<b>623.0</b>	<b>680.5</b>



The above chart shows staff by job classification. "Organized" refers to those work areas or employees which are represented by a labor union contract. All unions represented have specific contracts which dictate wages, benefits and work rules. Currently, the MAC has 14 represented labor groups. "Non-Organized" refers to all other employees outside the labor unions. The graph to the left shows Non-Organized FTE positions are greater than Organized FTE positions, a change from prior years.



**Police Host the Annual Plane Pull Fundraiser for Special Olympics Minnesota**

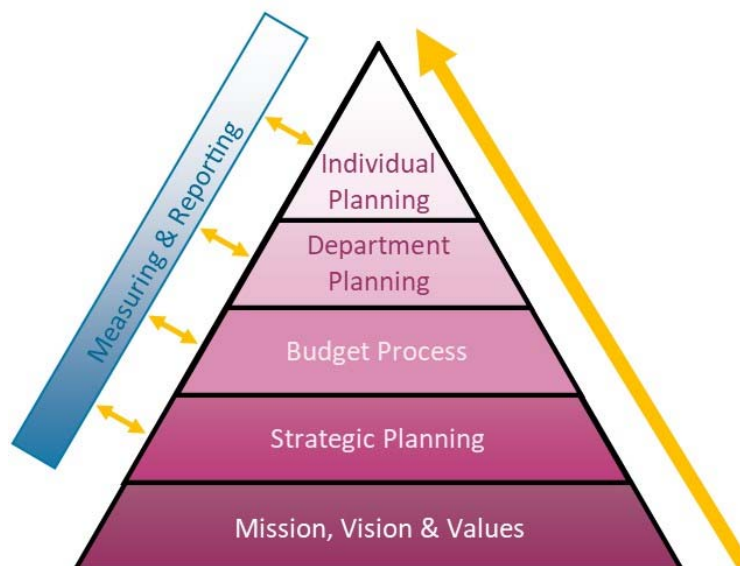


**MAC Staff at the Semi-Annual Adopt-a-Highway Volunteer Event**

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## Budget Process & Financial Policies

### Budget Process



The MAC's Mission, Vision, and Values drive the Strategic Planning process which is updated annually to establish organizational priorities. The budget process is the third step in the MAC's annual planning process.

Input is received from the Commissioners, Senior Staff and various levels of management through planning sessions that identify critical issues, strategic goals and organizational objectives.

The draft Strategic Plan is presented to the Commission in conjunction with the proposed annual budget targets. The targets for the 2019 budget are presented in the Executive Summary section.

Following Commission approval, the Strategic Plan is communicated to the service centers along with guidelines and the budget targets. The service centers link their objectives to the Organizational Strategic Goals and Objectives.

The next step is to develop the budget requests for resources based on organizational priorities. Position requests and other costs are evaluated using the following criteria:

#### **Full-Time Equivalent (FTE) Requests**

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	Embedded cost increases such as scheduled increases in contracts, salary adjustments for organized labor, utility rate increases, etc.
Third priority	Costs to maintain facilities

### **Controllable Expenses**

The 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. In addition to the account number, expenses are also budgeted using the appropriate subledger, which is part of the account code. Expenses are budgeted to the appropriate subledger through either direct cost or allocation. Expenses of the organization are key factors in revenue calculations. Rates and charges revenue collected from the airlines are governed by the Airline Use Agreement and corresponding amendments. Other revenue collections are dictated by either lease or ordinance. The summarized costs from the subledgers determine the calculation of various rates and charges. The Subledger Report is in the Operating Budget Expense section.



## Budget Schedule

The MAC's fiscal year is January through December. Preparation for the next year begins in January with discussions on the Capital Improvement Program (CIP) and strategic planning. The budget process begins in March. Each department assigns a budget specialist to coordinate budget information for their respective service centers and inputs the budgets into the database. The database includes history, which includes the prior year actual data.

In April, the Finance & Administration Committee provides direction to staff with regard to growth and allocation of funds and budget targets. The direction provided by the Finance & Administration Committee is communicated to staff at various informational meetings and is included in the budget documents. The Commission approves the targets in June after a 30-day public comment period.

The budget database is available to service center staff to input their data in June. Staff has four weeks to complete their budget. Finance reviews and summarizes information.

The staffing matrix is the first item reviewed by Senior Staff.

August is spent compiling summary reports and completing the revenue budget, with the exception of airline rates and charges. The expense budget must be complete in order to determine airline rates and charges. Once these rates are calculated and final revenue figures are available, total revenue and expense is completed. Non-operating revenue and expenses are also taken into consideration and become part of the budget documents. Staff revisions are made as required to ensure the targets as established are met.

During September, presentations and supporting documents are prepared for the Finance & Administration Committee, Senior Staff and airlines. In addition, a draft budget is sent to the Minnesota State Legislature. The airlines receive a formal budget presentation in October. Also, the month of October is reserved for a first draft presentation to the Finance & Administration Committee. Further revisions are made prior to requesting final approval.

The Finance & Administration Committee receives a budget update by staff in November. Notifications of rate changes are sent at the beginning of December based upon assumed approval from the Full Commission. The recommendation from the Finance & Administration Committee for final approval is requested at the December Commission meeting. Changes, if necessary, are communicated upon final approval. Final approval of the 2019 Operating Budget was given at the December 17 Commission meeting.

## Capital Improvement Program – Schedule

Initial discussions of the Capital Improvement Plan (CIP) begin in January. All requests for projects, along with data related to the proposed projects, are submitted. Airport Development analyzes the project scope, costs and priorities with a preliminary draft developed in June and July.

In September, approval of the preliminary CIP plan is requested from the Planning, Development & Environment Committee for environmental review. At this time, mailings are sent to the affected communities and municipalities. In October, a 30-day notice of public hearing is published. A public hearing is held in November.

Recommendation for approval of the CIP from the Planning, Development & Environment Committee is requested at the December Commission meeting.

Distribution of the approved CIP is made to MAC departments, Metropolitan Council, State Historical Society and affected communities in December.

## Calendar

The following schedule provides additional details for the budget cycle, which begins in January. The Metropolitan Airports Commission fiscal year also begins in January.

<b>JANUARY</b>	<b>Task</b> <ul style="list-style-type: none"> <li>• Discuss initial CIP</li> <li>• Discuss initial strategic planning</li> </ul>	<b>Responsibility</b> Airport Development Full Commission
<b>APRIL</b>	<b>Task</b> <ul style="list-style-type: none"> <li>• Provide direction to staff regarding growth and allocation of funds and budget targets</li> <li>• Prepare service center historical information and update databases</li> <li>• Approve Strategic Plan</li> </ul>	<b>Responsibility</b> F&A Committee Finance Full Commission
<b>MAY</b>	<b>Task</b> <ul style="list-style-type: none"> <li>• Provide direction to budget specialists</li> <li>• Provide information regarding inflation factors, wage and contract adjustments to the departments</li> <li>• Adopt budget targets after 30-day public comment period</li> </ul>	<b>Responsibility</b> Finance Finance Finance
<b>JUNE</b>	<b>Task</b> <ul style="list-style-type: none"> <li>• Input budget information into budget</li> <li>• Present preliminary budget to F&amp;A Committee, a requirement to comply with State Statutes – taxing purposes</li> <li>• Develop draft preliminary CIP</li> </ul>	<b>Responsibility</b> Finance Finance Airport Development
<b>JULY</b>	<b>Task</b> <ul style="list-style-type: none"> <li>• Compile positions and headcount requests summary</li> <li>• Compile summary of capital assets requests</li> <li>• Present budget requests to Executive Director/CEO</li> <li>• Initiate budget revisions as needed</li> </ul>	<b>Responsibility</b> Finance & HR Finance & MAC Staff Finance Finance
<b>AUGUST</b>	<b>Task</b> <ul style="list-style-type: none"> <li>• Approve preliminary position and headcount requests</li> <li>• Approve preliminary summary of capital assets requests</li> <li>• Prepare summary of controllable expense requests and supporting schedules</li> <li>• Compile revenue analysis and projections</li> <li>• Complete revenue forecast</li> </ul>	<b>Responsibility</b> Executive Staff/ HR Executive Director/CEO Finance Finance Finance
<b>SEPTEMBER</b>	<b>Task</b> <ul style="list-style-type: none"> <li>• Compile budget presentation information</li> <li>• Distribute budget packages to airlines, State Legislature and the F&amp;A Committee</li> <li>• Present draft budget to MAC staff, F&amp;A Committee and the airlines</li> <li>• Implement budget revisions to projected expenses</li> <li>• Present preliminary CIP to PD&amp;E Committee</li> <li>• Approve preliminary CIP for environmental purposes</li> <li>• Mail CIP to affected communities</li> </ul>	<b>Responsibility</b> Finance MAC Staff, Finance & Senior Staff Finance Finance Airport Development PD&E Committee Airport Development

**OCTOBER**

<b>Task</b>	<b>Responsibility</b>
<ul style="list-style-type: none"> <li>• Present draft budget to the F&amp;A Committee</li> <li>• Revise budget as required</li> <li>• Present budget to airlines</li> <li>• Publish notice of CIP public hearing</li> </ul>	Finance & Senior Staff Finance Finance Airport Development

**NOVEMBER**

<b>Task</b>	<b>Responsibility</b>
<ul style="list-style-type: none"> <li>• Present budget update to F&amp;A Committee</li> <li>• Revise budget as required</li> <li>• Hold public hearing regarding CIP</li> </ul>	Finance Finance Airport Development

**DECEMBER**

<b>Task</b>	<b>Responsibility</b>
<ul style="list-style-type: none"> <li>• Present preliminary notice of rate changes to all tenants</li> <li>• Approve budget for recommendation to Full Commission</li> <li>• Approve budget</li> <li>• Approve final CIP</li> <li>• Distribute CIP to MAC departments, Metropolitan Council, State Historical Society and affected communities</li> </ul>	Finance F&A Committee Full Commission PD&E Committee Airport Development

**MARCH**

<b>Task</b>	<b>Responsibility</b>
<ul style="list-style-type: none"> <li>• Complete Budget Document</li> </ul>	Finance

**Amendment 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 category and/or upward or downward revision of that budget in the course of the corporation's fiscal year shall constitute prior approval for each type of expenditure. Authorization by vote of the Commission is required for transfer of budgeted amounts between or among categories or to appropriate additional funds for each category. The Executive Director/Chief Executive Officer 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 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/Chief Executive Officer 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/Chief Executive Officer's authority to secure these items shall be subject to the Commission's purchasing procedures and be subject to the category budget constraints of the annual budget.

During the fiscal year the Commission shall be provided periodic updates of expenditures by category. At any time during the fiscal year, the Executive Director/Chief Executive Officer may recommend to the full Commission that all or any unencumbered appropriation balances of individual categories be transferred to those categories that require additional budgeted funds. In addition, the Executive Director/Chief Executive Officer may recommend to the full Commission the appropriation of additional funds above and beyond those approved at the time of budget adoption. After the fiscal year has concluded, a final accounting of expenditures by category shall be presented to the Commission for approval of the final expenditure amounts by category."

The individual line-items will include the following:

**Personnel**

Salaries & Wages  
Benefits  
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

**Other**

General Insurance  
Other  
Minor Equipment  
Total Other

**Non-Operating Expenses**

Debt Service  
Equipment Purchases  
Other  
Total Non-Operating Expenses



*The New Coffee Shop at Terminal 1-Lindbergh Has a Unique Layout*

*As Part of the Phase 2  
Concessions Rebid, 30  
Restaurants Will Open at MSP*



*The Phase 2 Rebid Includes National Chains  
that Travelers Recognize*

*Phase 2 Also Introduces Travelers to Local,  
Unique and Sustainable Brands*

**Approved Summary of Operating and Non-Operating Revenue and Expense**

The Commission approved the 2019 budget in December 2018. The following tables summarize revenue and expense, including non-operating revenue and expense, and compare the 2019 budget to the 2018 year-end estimate.

<b>Metropolitan Airports Commission Operating &amp; Non-Operating Summary 2019 Budget</b>						
					<b>2019 Budget vs 2018 Estimate</b>	
	<b>2017 Actual</b>	<b>2018 Budget</b>	<b>2018 Estimate</b>	<b>2019 Budget</b>	<b>Dollar Change</b>	<b>% Change</b>
<b>OPERATING REVENUE</b>						
<b>Airline Rates &amp; Charges</b>						
Airline Agreement						
Landing Fees	\$ 61,577,235	\$ 67,137,865	\$ 68,873,000	\$ 70,201,016	\$ 1,328,016	1.9%
Ramp Fees	7,136,821	7,489,093	7,729,000	6,568,203	(1,160,797)	-15.0%
Airline R&R	4,579,160	4,673,574	4,674,000	4,814,528	140,528	3.0%
T1 Rentals	37,294,053	39,567,165	39,500,000	39,645,504	145,504	0.4%
T1 Other	6,660,321	6,131,467	6,431,000	8,506,376	2,075,376	32.3%
Concessions Rebate	(17,194,881)	(17,367,105)	(17,400,000)	(16,181,148)	1,218,852	-7.0%
Total Airline Agreement	100,052,709	107,632,059	109,807,000	113,554,479	3,747,479	3.4%
T2 Lobby	9,881,067	10,358,269	10,810,000	10,992,739	182,739	1.7%
T2 Other /Passenger	3,121,925	3,320,267	3,320,000	3,235,128	(84,872)	-2.6%
<b>Total Airline Rates &amp; Charges</b>	<b>\$ 113,055,701</b>	<b>\$ 121,310,595</b>	<b>\$ 123,937,000</b>	<b>\$ 127,782,346</b>	<b>\$ 3,845,346</b>	<b>3.1%</b>
<b>Concessions</b>						
Terminal						
Food & Beverage	\$ 23,136,949	\$ 24,022,753	\$ 23,830,000	\$ 23,448,615	\$ (381,385)	-1.6%
News	4,721,640	4,878,547	4,750,000	4,750,000	0	0.0%
Retail Stores	5,448,759	5,407,208	5,790,000	5,600,000	(190,000)	-3.3%
Passenger Services	6,684,137	6,431,423	6,950,000	6,986,539	36,539	0.5%
Total Terminal	39,991,485	40,739,931	41,320,000	40,785,154	(534,846)	-1.3%
Parking/Ground Transport						
Parking	99,332,698	101,627,630	97,000,000	104,348,000	7,348,000	7.6%
Ground Transportation	11,497,031	11,477,183	13,000,000	13,950,000	950,000	7.3%
Auto Rental - On Airport	19,410,189	19,490,000	19,400,000	19,645,744	245,744	1.3%
Total Parking/Ground Transport	130,239,918	132,594,813	129,400,000	137,943,744	8,543,744	6.6%
Other Concessions	2,245,095	2,160,482	2,230,000	2,329,366	99,366	4.5%
<b>Total All Concessions</b>	<b>\$ 172,476,498</b>	<b>\$ 175,495,226</b>	<b>\$ 172,950,000</b>	<b>\$ 181,058,264</b>	<b>\$ 8,108,264</b>	<b>4.7%</b>
<b>Rentals &amp; Fees</b>						
Buildings & Facilities	\$ 9,703,729	\$ 11,071,914	\$ 10,972,000	\$ 11,718,149	\$ 746,149	6.8%
Auto Rental CFC	21,524,498	21,850,000	22,000,000	22,000,000	0	0.0%
Ground Rentals	10,866,646	10,868,813	10,700,000	10,626,037	(73,963)	-0.7%
Reliever Airports	7,874,820	8,034,970	8,200,000	8,409,968	209,968	2.6%
<b>Total Rentals &amp; Fees</b>	<b>\$ 49,969,693</b>	<b>\$ 51,825,697</b>	<b>\$ 51,872,000</b>	<b>\$ 52,754,154</b>	<b>\$ 882,154</b>	<b>1.7%</b>
<b>Utilities &amp; Other Revenues</b>						
Utilities	\$ 5,350,158	\$ 4,866,563	\$ 4,800,000	\$ 5,622,603	\$ 822,603	17.1%
General Aviation/Airside Fees	4,224,803	4,228,978	4,350,000	4,444,055	94,055	2.2%
Maintenance, Cleaning & Distribution Fees	3,858,264	4,121,886	4,100,000	4,100,775	775	0.0%
Other Revenues	2,359,977	1,823,936	1,700,000	2,023,806	323,806	19.0%
Reimbursed Expense	2,648,413	2,172,715	2,573,000	2,931,000	358,000	13.9%
<b>Total Utilities &amp; Other Revenue</b>	<b>\$ 18,441,615</b>	<b>\$ 17,214,078</b>	<b>\$ 17,523,000</b>	<b>\$ 19,122,239</b>	<b>\$ 1,599,239</b>	<b>9.1%</b>
<b>Total Operating Revenue</b>	<b>\$ 353,943,507</b>	<b>\$ 365,845,596</b>	<b>\$ 366,282,000</b>	<b>\$ 380,717,003</b>	<b>\$ 14,435,003</b>	<b>3.9%</b>

Metropolitan Airports Commission Operating & Non-Operating Summary 2019 Budget						
					2019 Budget vs 2018 Estimate	
	2017 Actual	2018 Budget	2018 Estimate	2019 Budget	Dollar Change	% Change
Total Operating Revenue	\$ 353,943,507	\$ 365,845,596	\$ 366,282,000	\$ 380,717,003	\$ 14,435,003	3.9%
<b>OPERATING EXPENSE</b>						
Personnel	\$ 81,313,419	\$ 88,221,586	\$ 88,300,000	\$ 93,150,755	\$ 4,850,755	5.5%
Administrative Expenses	1,992,909	2,065,974	2,150,000	2,133,058	(16,942)	-0.8%
Professional Services	6,151,244	7,050,439	6,400,000	7,989,865	1,589,865	24.8%
Utilities	19,618,800	19,696,338	19,500,000	19,583,666	83,666	0.4%
Operating Services/Expenses	26,073,369	28,955,363	29,000,000	30,494,252	1,494,252	5.2%
Maintenance	36,292,999	38,513,805	41,350,000	40,927,006	(422,994)	-1.0%
Other	5,609,456	4,493,548	4,300,000	4,154,784	(145,216)	-3.4%
<b>Total Operating Expense</b>	<b>\$ 177,052,196</b>	<b>\$ 188,997,053</b>	<b>\$ 191,000,000</b>	<b>\$ 198,433,386</b>	<b>\$ 7,433,386</b>	<b>3.9%</b>
<i>(Excludes Depreciation and Noise Amortization)</i>						
<b>Net Operating Revenue</b>	<b>\$ 176,891,311</b>	<b>\$ 176,848,543</b>	<b>\$ 175,282,000</b>	<b>\$ 182,283,617</b>	<b>\$ 7,001,617</b>	<b>4.0%</b>
					2019 Budget vs 2018 Estimate	
	2017 Actual	2018 Budget	2018 Estimate	2019 Budget	Dollar Change	% Change
<b>NON-OPERATING REVENUE (EXPENSE)</b>						
<b>Other Non-Operating Revenue</b>						
Interest Income	\$ 4,669,000	\$ 6,436,000	\$ 4,700,000	\$ 4,094,000	\$ (606,000)	-12.9%
Self-Liquidating Income	4,654,000	4,902,000	24,532,000	2,601,000	(21,931,000)	-89.4%
	\$ 9,323,000	\$ 11,338,000	\$ 29,232,000	\$ 6,695,000	\$ (22,537,000)	-77.1%
<b>Debt Service</b>						
Short-Term Financing	\$ (2,211,000)	\$ (2,426,000)	\$ (10,980,000)	\$ (4,159,063)	\$ 6,820,937	-62.1%
Bond Principal/Int-Operating Fund Transfer	(90,722,000)	(103,100,000)	(101,796,000)	(108,311,000)	(6,515,000)	6.4%
Equip Financing Principal/Int Pymts	(4,994,000)	(4,382,000)	(4,047,000)	(4,411,994)	(364,994)	9.0%
	\$ (97,927,000)	\$ (109,908,000)	\$ (116,823,000)	\$ (116,882,057)	\$ (59,057)	0.1%
<b>Equipment</b>						
Capital Expenditures	\$ (982,000)	\$ (1,112,000)	\$ (958,000)	\$ (1,132,000)	\$ (174,000)	18.2%
Equipment Purchases	(9,895,000)	(10,087,980)	(10,087,980)	(8,895,500)	1,192,480	-11.8%
Baggage Handling System	-	-	-	-	-	-
Passenger Facility Charge Revenue	-	-	-	-	-	-
Equipment Financing	3,784,000	3,465,000	3,465,000	1,800,000	(1,665,000)	-48.1%
	\$ (7,093,000)	\$ (7,734,980)	\$ (7,580,980)	\$ (8,227,500)	\$ (646,520)	8.5%
<b>Other</b>						
Six Month Reserve Transfer	\$ (3,522,000)	\$ (4,112,543)	\$ (4,112,543)	\$ (4,718,167)	(605,624)	14.7%
Interstate Settlement/Medicare D	121,000	130,000	140,000	150,000	10,000	7.1%
TSA Reimbursement	-	-	(5,543,000)	-	5,543,000	-
Easement Receipt	-	-	-	-	-	-
Gain (Loss) on Equipment & Other	(1,862,000)	-	-	-	-	-
	\$ (5,263,000)	\$ (3,982,543)	\$ (9,515,543)	\$ (4,568,167)	\$ 4,947,377	-52.0%
<b>Total Non-Operating Revenue (Expense)</b>	<b>\$ (100,960,000)</b>	<b>\$ (110,287,523)</b>	<b>\$ (104,687,523)</b>	<b>\$ (122,982,724)</b>	<b>\$ (18,295,201)</b>	<b>17.5%</b>
<b>Net Revenue Available for Designation</b>	<b>\$ 75,931,311</b>	<b>\$ 66,561,020</b>	<b>\$ 70,594,477</b>	<b>\$ 59,300,894</b>	<b>\$ (11,293,584)</b>	<b>-16.0%</b>

**Summary of Operating Revenue and Expense (GAAP)**

The following table is shown below for Generally Accepted Accounting Principles of the United States of America (GAAP) purposes. The financial statements are issued in conformance with GAAP. The "Basis of Budgeting" in this section explains the differences in the approved budget and the GAAP statement.

<b>Metropolitan Airports Commission</b> <b>Operating &amp; Non-Operating Summary</b> <b>GAAP Presentation Summary</b> <b>2019 Budget</b> <b>(\$ in 000)</b>						
					<b>2019 Budget vs 2018 Estimate</b>	
<b>OPERATING REVENUE</b>	<b>2017 Actual</b>	<b>2018 Budget</b>	<b>2018 Estimate</b>	<b>2019 Budget</b>	<b>Dollar Change</b>	<b>% Change</b>
Airline Rates & Charges	\$ 113,056	\$ 121,311	\$ 123,937	\$ 127,783	\$ 3,846	3.1%
Concessions	172,476	175,495	172,950	181,058	8,108	4.7%
Rentals/Fees	49,970	51,826	51,872	52,754	882	1.7%
Utilities & Other Revenues	18,442	17,214	17,523	19,122	1,599	9.1%
<b>Total Operating Revenue</b>	<b>\$ 353,944</b>	<b>\$ 365,846</b>	<b>\$ 366,282</b>	<b>\$ 380,717</b>	<b>\$ 14,435</b>	<b>3.9%</b>
<b>OPERATING EXPENSE</b>						
Personnel <sup>1</sup>	\$ 87,993	\$ 93,222	\$ 93,300	\$ 98,151	\$ 4,851	5.2%
Administrative Expenses	1,993	2,066	2,150	2,133	(17)	-0.8%
Professional Services	6,151	7,050	6,400	7,990	1,590	24.8%
Utilities	19,619	19,696	19,500	19,584	84	0.4%
Operating Services/Expenses	26,073	28,955	29,000	30,494	1,494	5.2%
Maintenance	36,293	38,514	41,350	40,927	(423)	-1.0%
Other	5,611	4,494	4,300	4,155	(145)	-3.4%
Depreciation	142,970	150,392	150,500	155,000	4,500	3.0%
<b>Total Operating Expense</b>	<b>\$ 326,703</b>	<b>\$ 344,389</b>	<b>\$ 346,500</b>	<b>\$ 358,434</b>	<b>\$ 11,934</b>	<b>3.4%</b>
<b>Operating Gain (Loss)</b>	<b>\$ 27,241</b>	<b>\$ 21,457</b>	<b>\$ 19,782</b>	<b>\$ 22,283</b>	<b>\$ 2,501</b>	<b>12.6%</b>
<b>NON-OPERATING REVENUE (EXPENSE) &amp; CONTRIBUTIONS</b>						
Interest Income and Other	\$ 6,771	\$ 11,800	\$ 35,000	\$ 18,000	\$ (17,000)	-48.6%
Passenger Facility Charges (PFCs)	\$ 73,390	\$ 74,271	\$ 74,155	\$ 74,700	\$ 545	0.7%
Interest Expense	\$ (48,949)	\$ (62,000)	\$ (63,000)	\$ (62,000)	\$ 1,000	-1.6%
Capital Contributions & Grants	\$ 1,427	\$ 3,025	\$ 6,800	\$ 28,530	\$ 21,730	319.6%
<b>Total Non-Operating Revenue (Expense)</b>	<b>\$ 32,639</b>	<b>\$ 27,096</b>	<b>\$ 52,955</b>	<b>\$ 59,230</b>	<b>\$ 6,275</b>	<b>11.8%</b>
<b>Change in Net Position</b>	<b>\$ 59,880</b>	<b>\$ 48,553</b>	<b>\$ 72,737</b>	<b>\$ 81,513</b>	<b>\$ 8,776</b>	<b>12.1%</b>
<sup>1</sup> Personnel includes GASB 68 Pension Adjustment						

**Financial Policies**

The following Metropolitan Airports Commission Financial Policies are addressed:

- Operating Budget
- Cash Management/Investment
- Capital Projects
- Purchasing
- Debt Service and Reserve Policies

The Commission utilizes these policies to provide structure and to ensure the development of the budget meets the MAC's mission, vision and values:

**Financial Policies – Operating Budget**

The Metropolitan Airports Commission uses the budget process to help plan for the future, ensure customer service and satisfaction, and maintain effective cost management and overall performance. The following represent the basic Operating Budget Policies under which the Operating Budget was prepared:

**A. Operating Budget Policies**

1. The Commission will pay all current expenditures from current revenues.
2. The Budget shall be prepared under the accrual basis of accounting.
3. The Operating Budget will be submitted with operating and non-operating revenue to exceed operating and non-operating expenses with a sufficient margin to provide for replacement of property, plant and equipment.
4. The budget will provide for adequate funding of all retirement systems.
5. The Finance Department will assist service centers in reviewing monthly variance reports comparing actual versus budget revenue and expense on the financial software system.
6. The budget will provide summary information using the Operating Fund, Construction Fund and Debt Service Fund projected for the next three years.
7. Where possible, the Commission will integrate performance measurement and/or efficiency indicators in the budget.
8. Department heads will review monthly reports comparing actual revenues and expenses to budgeted amounts. Any variance in expense (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/Chief Executive Officer.

**B. Budget Targets**

The Commission will adopt budget targets to provide direction to staff in the preparation of the annual Operating Budget for the upcoming year. Budget targets may be established in the areas of non-airline revenue, operating expense (less depreciation), total airline charges and debt service coverage ratios. Targets will be developed taking into account items such as the Capital Improvement Program, the rate of inflation, the state of the airline industry, and existing labor and vendor contracts. To allow for public input into the Operating Budget, the following will occur:

1. When targets are presented to the Commission, final adoption will occur no earlier than the following month. Targets will be presented no later than May of the preceding budget year.
2. A draft of the Operating Budget must be presented to the Commission and mailed to the appropriate legislative committees ninety days prior to anticipated budget approval.

**C. Operating Reserve**

The Operating Reserve was established by the Finance & Administration Committee at six months of operating expenses less depreciation. The 2019 operating budget expenses are \$198.4 million with the reserve account reflecting a balance of \$99.2 million or six months of expenses. If the Commission deems it appropriate to reduce the operating reserve for the portion above the formula amount, such reductions shall not exceed 50% of the excess in any one year. In the event of a revenue shortfall in a current budget year, the Executive Director/Chief Executive Officer could freeze new hires, reduce temporary work force, defer cost of living wage increases, reduce discretionary spending, decrease capital and project expenditures and may recommend a transfer from the Commission's operating reserve.

**D. Revenue**

The Commission monitors revenues on a monthly basis to ensure revenue from each source is at the maximum, with deviations from budget identified.

1. One-Time Revenues include, but are not limited to, grants and rebates. Grants are accounted for as contributions while rebates are accounted for as miscellaneous operating revenue. This revenue generated will become available to the Construction Fund, Capital equipment purchases or other one-time expenditures as approved by the Commission.
2. Revenue Diversification is a Commission policy. The Commission maintains a diversified revenue system which is consistently monitored to help protect from possible short-term fluctuations.
3. Although 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, the Commission is not currently levying taxes for these purposes. Rentals, rates and charges and other fees will be sufficient to meet all operational and maintenance expenses.

**Basis of Budgeting**

The annual Operating Budget is prepared based on targets established by the Commission. The MAC uses the accrual basis of accounting for budgeting. The accrual basis of accounting in the operating budget contains certain elements that are not expensed under GAAP such as debt service and reserve requirements. In addition, the budget excludes depreciation, noise amortization and GASB 68 pension expense while these expenses are included on the financial statements.

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 the Capital Improvement Program).

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).

Each year the Finance Department projects revenue for the upcoming budget year with the assistance of Airport Development, Landside-Administration, Reliever Airports, Concessions and Commercial Management Departments.

**Accrual Basis of Accounting**

The budgets for all three Segregated Funds identified above are prepared using the accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP) 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. In addition, the audited fund financial statements are also produced using the same accrual method of accounting. Strictly speaking, the accrual basis of accounting is described as follows:

Accrual accounting attempts to record the financial effects on an enterprise of transactions and other events and circumstances which 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.

**Balanced Budget**

Minnesota Statute 473.661, Subd. 1 refers to the general law regarding expenditure of public funds for public purposes. The appropriate Minnesota Legislative Committee and the public provide input prior to the budget approval. By December of each year, the Commission will adopt an annual balanced budget, defined as all revenues and non-operating revenues exceeding expenses and non-operating expenditures in all funds. Year-end operating surpluses will be used in maintaining reserves and may be available to the Construction Fund for capital projects as approved by the Commission.

**Use of Estimates**

The use of 2018 estimates in the reporting of the 2019 budget financial statements is based upon assumptions and estimates at the time of completion of the final budget draft. Actual results could differ from those estimates.

**Budget Monitoring**

Throughout the year the budget is monitored and compared to actual expenses. Various service centers utilize controls. For example, Purchasing verifies requisitions and budget amounts and Human Resources compares wages and hiring with the budgets along with managers responsible for their service center budgets. Reports are distributed monthly to the Commissioners.

**Financial Policies – Cash Management/Investment**

The Cash Management/Investment Policies are as follows:

**Investment/Cash Management Policies**

1. Cash Management
  - All securities are safekept at one institution.
  - All deposits must be insured or collateralized.
2. Investments
  - All investment purchases require bids to be taken from several different dealers.
  - Investments purchased will be diversified under legal requirements trying to maximize the rate of return.
  - The average rate of return on MAC managed investments will exceed the six-month Treasury Bill.
  - All repurchase agreements are required to be collateralized. The maturity of any investment shall not exceed four years (average portfolio life of no greater than 12 years for post-retirement medical funds).
  - To the extent possible, the MAC will attempt to match its investments with anticipated cash flow requirements.
  - The addition of new accounts shall require the written authorization of the Director of Finance and Executive Director/Chief Executive Officer.
3. Collateral
  - Collateral must always be held by an independent third party with whom the MAC has a custodial agreement.
  - A clear marked evidence of ownership (safekeeping) must be supplied to the entity and retained.
  - 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.

**Financial Policies – Capital Projects**

Each year, the Commission reviews, revises and approves capital projects that will start within the next twelve months and adopts a Capital Improvement Program (CIP), which covers all projects to be started during the second calendar year. Commission approval authorizes staff to proceed with plans and specifications and to obtain bids for contract award by the Commission. In addition, a CIP that covers an additional five years is adopted. These serve as a basis for determining funding requirements and other operational planning decisions. The Commission's policy is to include in the CIP those projects which enable the Commission to maximize federal aid, enhance safety, and those that are customer service oriented. 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 coordinating and planning certain governmental services for the metropolitan area.

**Projects**

Commission policies for Capital Projects:

1. Are safety-and customer service-oriented;
2. Maximize all federal aid;
3. Require Metropolitan Council approval 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. Include project priority categories, in order of importance:
  - Projects which the Commission has made a commitment to complete
  - Projects that enhance or ensure continued safety at each of the airports in the airport system
  - Projects that cannot be accomplished by Commission maintenance crews but are essential for reasons of economics or continued operation
  - Projects that are necessitated by regulatory requirements such as FAA regulations and local, state or federal laws
  - Projects which address various environmental issues ranging from asbestos abatement to wetland mitigation
  - Projects constituting preventative maintenance
  - Projects which improve customer service and/or convenience
  - Projects which have been identified as improving various operational aspects of the airport system, whether applicable to aircraft, tenants, Commission staff or off-airport service providers
  - Estimated useful life of a capital improvement project typically range from 5 to 40 years

**Capital Equipment**

All equipment purchases for 2019 will be accounted for based on the MAC's capital equipment guidelines:

1. The total cost of each piece of equipment is amortized over its useful life through depreciation charges.
2. Snow plowing equipment qualifies for state and federal aid. Total eligible aid is limited.
3. Aid for equipment purchases must compete with eligible construction projects.
4. All equipment purchases must follow the MAC's purchasing policies.
5. All equipment or project costs must be greater than or equal to \$10,000.
6. Estimated useful life for capital equipment ranges from 3 to 15 years.

**Financial Policies – Purchasing**

The Purchasing Department is responsible for the purchase, rental, sale and disposal of equipment, supplies, minor construction, repair or maintenance of real and/or personal property for the MAC. Its primary responsibility is to provide purchases that ensure the following: 1) availability; 2) quality; and 3) price consistency with the needs of the MAC.

The Purchasing objective is to provide a foundation for effective, consistent and complete consideration of all aspects of purchasing including:

1. Ensuring fair and equitable treatment of all suppliers and persons who deal with the MAC's procurement system
2. Fostering public confidence in the procurement procedures followed by the MAC
3. Ensuring compliance with applicable state and federal laws
4. Securing the advantages and economies derived from a centralized and standardized purchasing system
5. Promoting the use of modern, professional and ethical business methods when using public funds to secure supplies, materials, equipment (or the rental thereof) or the minor construction, alteration, repair or maintenance of real or personal property

**Financial Policies – Debt Service and Reserve Policies**

The Debt Service and Reserve Policies are as follows:

**A. Debt**

1. Currently the Commission is able to issue 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. The MAC will maintain the highest rating available from Fitch, Moody's and/or Standard and Poor's Rating Agencies.
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 or Airport Revenue Bonds must show a minimum 3% Net Present Value savings as specified in Minnesota Statute Section 475.67, Subdivision 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 principal 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. The Commission, along with its Financial Advisor and Bond Counsel, refined this policy further in February 2018. The refinements include establishing separate savings criteria and efficiency criteria in dealing with derivative financing products.
10. In February 2018, the Commission approved an updated Administrative Policy 2703 on Debt Issuance and Management. The policy defines the roles and responsibilities, types of debt, debt limits, investment of proceeds, compliance with Federal Tax law and market disclosure obligations, and rating agencies and investor relations.

**B. Reserve** - The Commission is required to have a restricted 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: Revolving Line of Credit, General Airport Revenue Bonds, and General Obligation Revenue Bonds. The GORB instrument has the most straightforward 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 Revolving Line of Credit, the total authorized limit is currently \$75 million. The legal limit for GARBs is based on the Commission's ability to generate sufficient revenues to pass the Additional Bonds Test required under the Master Bond Indenture. As long as there are adequate revenues to pass the test, additional debt can be issued.

**Compliance Statement**

The Metropolitan Airports Commission is in compliance with all of the policies.

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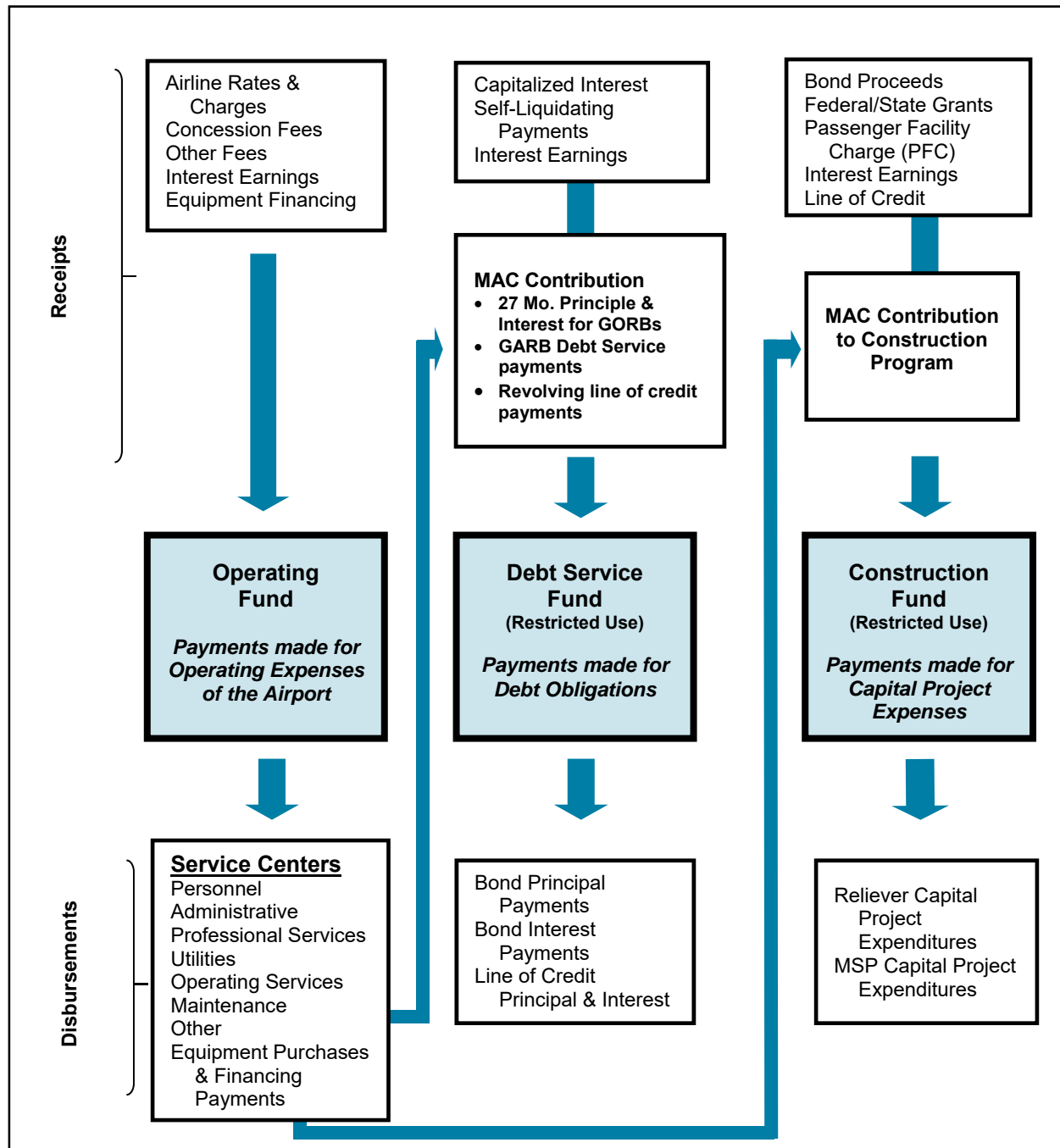
## Fund Structure

The MAC is accounted for as an Enterprise Fund. An Enterprise Fund reports any activity for which a fee is charged to external users for goods or services. Amounts are internally and externally restricted for construction and debt redemption. For internal purposes, the MAC maintains three funds corresponding to three major functions: Operating Fund, Construction Fund and Debt Service Fund. The budgets for all three Segregated Funds identified here are prepared using the accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP) and is the same method used for MAC accounting.

Service center expenses are within the Operating Fund as shown in the chart below.

## Fund Relationship

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



**Fund Balance Summary**

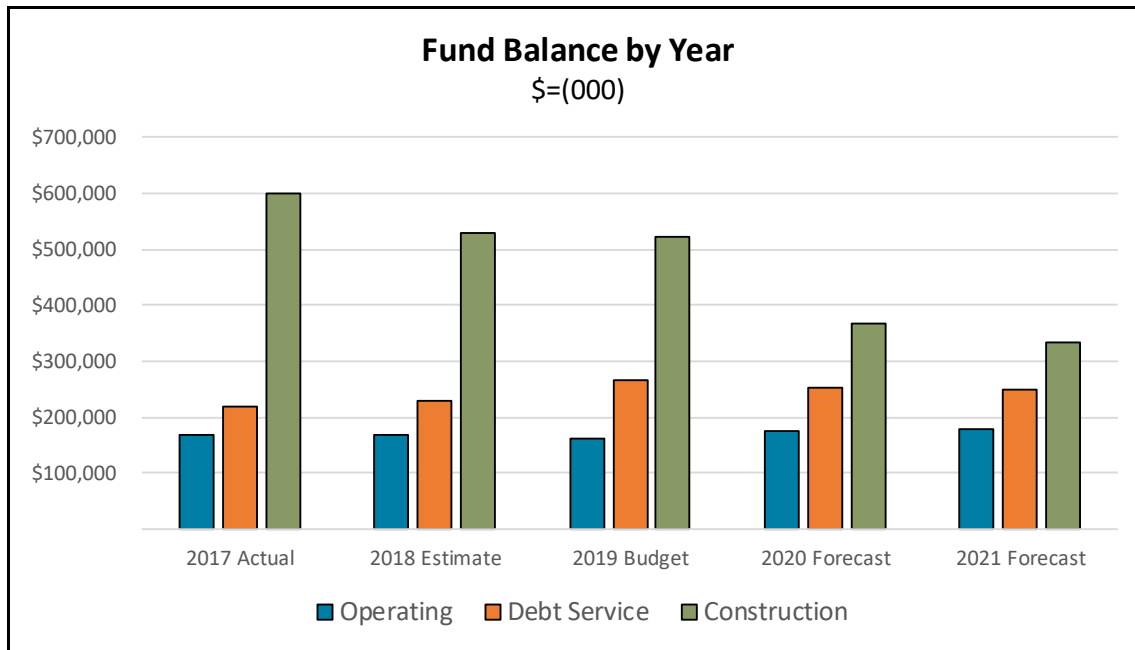
The table below is presented to show the general overview of the flow of funds and the amount of dollars moving through each fund on an annual basis. The details for each fund are shown in their respective sections of the budget.

<b>FUND BALANCE SUMMARY - 2019 BUDGET</b> <b>(\$ = 000)</b>						
	<b>2017 Actual</b>	<b>2018 Budget</b>	<b>2018 Estimate</b>	<b>2019 Budget</b>	<b>2020 Projection</b>	<b>2021 Projection</b>
<b>OPERATING FUND</b>						
1/1 Balance	\$ 156,055	\$ 165,476	\$ 169,841	\$ 168,617	\$ 162,485	\$ 175,520
Total Sources of Funds	367,173	380,649	399,119	389,211	403,699	416,060
Total Uses of Funds	(353,387)	(385,697)	(400,343)	(395,343)	(390,664)	(411,721)
Transfers	-	-	-	-	-	-
Ending Balance	\$ 169,841	\$ 160,428	\$ 168,617	\$ 162,485	\$ 175,520	\$ 179,859
<b>CONSTRUCTION FUND</b>						
1/1 Balance	\$ 680,530	\$ 642,353	\$ 599,050	\$ 530,399	\$ 524,248	\$ 366,839
Total Sources of Funds	184,075	196,647	204,601	393,480	186,973	163,085
Total Uses of Funds	(265,555)	(317,773)	(273,252)	(399,631)	(344,383)	(197,078)
Ending Balance	\$ 599,050	\$ 521,227	\$ 530,399	\$ 524,248	\$ 366,839	\$ 332,846
<b>DEBT SERVICE FUND</b>						
1/1 Balance	\$ 196,054	\$ 219,629	\$ 219,776	\$ 227,933	\$ 264,542	\$ 252,746
Total Sources of Funds	120,605	129,625	131,057	170,692	129,916	134,208
Total Uses of Funds	(96,883)	(122,900)	(122,900)	(134,083)	(141,712)	(138,692)
Ending Balance	\$ 219,776	\$ 226,354	\$ 227,933	\$ 264,542	\$ 252,746	\$ 248,262
<b>TOTAL ALL FUNDS</b>						
1/1 Balance	\$ 1,032,639	\$ 1,027,458	\$ 988,667	\$ 926,949	\$ 951,275	\$ 795,104
Total Sources of Funds	671,853	706,921	734,777	953,383	720,588	713,353
Total Uses of Funds	(715,825)	(826,370)	(796,495)	(929,057)	(876,759)	(747,491)
Transfers	-	-	-	-	-	-
Ending Balance	\$ 988,667	\$ 908,009	\$ 926,949	\$ 951,275	\$ 795,104	\$ 760,966
Funds are described in detail and show all sources/uses of funds in their respective sections of the document.						

The overall change in the Operating Fund balance from estimated 2018 (\$169 million) to projected 2021 (\$180 million) increases by \$11 million. Increases in operating revenues, primarily concessions, are keeping up with increases in operating expenses as well as additional debt service requirements associated with the new debt issue in 2019.

A change occurs in the Construction Fund from a high of \$599 million in 2017 to a low of \$333 million in 2021. In order to implement a \$706 million Capital Improvement Program (CIP) from 2019-2021, the Commission anticipates selling approximately \$194 million bonds in 2019. The remainder of the CIP will be financed with PFCs, Federal grants, State grants, utilizing the Commission's short-term borrowing program and funds generated from operations.

The Debt Service Fund is expected to increase from a low of \$220 million in 2017 to a high of \$265 million in 2019. The increases from 2017 to 2018 estimate are a result of a new debt issue in 2016 partially offset by the savings associated with the 2016 bond refunding issue. The increase in fund balance in 2019 is a result of the new 2019 bond issue. For new money bond issues, the Commission typically borrows the capitalized interest portion of that bond issue to cover the interest payments due on the debt during the period of construction. The Commission will collect the debt service requirements from the users of MSP upon completion of the associated project.



### **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% in each year upon the net tax capacity of all taxable 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 recent values, the maximum amount available for maintenance and operations of the Commission would have been approximately \$25.0 million.

### ***MAC Continues to Develop Innovative Revenue Sources***



***Rendering of the Hotel at MSP***



***The New Restaurant at the Saint Paul Downtown Airport is Open to the Public***

**Sources and Uses of Funds**

In this section, revenues and expenses from operating the facilities are combined with non-operating revenues and expenses. The summary on the following page illustrates how dollars are received and disbursed.

<b>OPERATING FUND (\$ = 000)</b>	<b>2017</b>	<b>2018</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<u>Actual</u>	<u>Budget</u>	<u>Estimate</u>	<u>Budget</u>	<u>Projection</u>	<u>Projection</u>
<b>Sources</b>						
1/1 Balance	\$ 156,055	\$ 165,476	\$ 169,841	\$ 168,617	\$ 162,485	\$ 175,520
Operating Revenues						
Airline Rates & Charges	113,056	121,311	123,937	127,782	131,615	135,563
Concessions	172,477	175,495	172,950	181,058	187,070	193,617
Other Operating Revenues	68,412	69,040	69,395	71,876	73,314	74,780
Subtotal Operating Revenues	\$ 353,945	\$ 365,846	\$ 366,282	\$ 380,716	\$ 391,999	\$ 403,960
Other/Non Operating Revenues						
Interest Earnings <sup>1</sup>	4,669	6,436	4,700	4,094	4,500	4,700
Self-Liquidating Revenue	4,775	4,902	24,672	2,601	3,200	3,400
Transfer from Construction Fund	-	-	-	-	-	-
Gain (Loss) on Assets and Other	(1,862)	-	(5,543)	-	-	-
Subtotal Other/Non Operating Revenue	7,582	11,338	23,829	6,695	7,700	8,100
Total Sources	\$ 361,527	\$ 377,184	\$ 390,111	\$ 387,411	\$ 399,699	\$ 412,060
<b>Uses</b>						
Operating Expenses						
Personnel	\$ 81,314	\$ 88,222	\$ 88,300	\$ 93,151	\$ 97,950	\$ 102,848
Administrative Expenses	1,993	2,066	2,150	2,133	2,200	2,250
Professional Services	6,151	7,050	6,400	7,990	8,300	8,477
Utilities	19,619	19,696	19,500	19,584	20,269	20,978
Operating Services	26,073	28,955	29,000	30,494	31,866	32,822
Maintenance	36,293	38,514	41,350	40,927	42,359	43,630
Other	5,609	4,494	4,300	4,155	4,225	4,290
Subtotal Operating Expenses	\$ 177,052	\$ 188,997	\$ 191,000	\$ 198,434	\$ 207,169	\$ 215,295
Non Operating Expenses						
Equipment						
Equipment Purchases/Capital Expenditures	(10,877)	(11,200)	(11,046)	(10,027)	(12,050)	(12,100)
Equipment Financing	3,784	3,465	3,465	1,800	4,000	4,000
Principal/Interest-Equip. Financing	(4,994)	(4,382)	(4,047)	(4,412)	(4,500)	(4,525)
Subtotal Equipment	\$ (12,087)	\$ (12,117)	\$ (11,628)	\$ (12,639)	\$ (12,550)	\$ (12,625)
Debt Service						
Transfer Out - Debt Service	(92,933)	(105,526)	(112,776)	(112,470)	(107,644)	(107,767)
Subtotal Debt Service	(92,933)	(105,526)	(112,776)	(112,470)	(107,644)	(107,767)
Total Uses	\$ (282,072)	\$ (306,640)	\$ (315,404)	\$ (323,543)	\$ (327,363)	\$ (335,687)
Unrestricted Net Transfer Out-Construction	(65,669)	(75,592)	(75,931)	(70,000)	(59,301)	(72,034)
Operating Fund Balance	\$ 169,841	\$ 160,428	\$ 168,617	\$ 162,485	\$ 175,520	\$ 179,859

<sup>1</sup> Interest Rate Assumed 1.5-2% for 2019 - 2021

**Sources of Funds**

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

1. The 1/1 Balance reflects the Operating Reserve established by the Commission plus the amount to be transferred to the Construction Fund in the following year. In 2006, the Commission established a six-month reserve of operating expenses. The operating reserve figure for 2019 is \$99.2 million.
2. Operating Revenues consist of Airline Rates and Charges, Concessions, Rentals/Fees, Utilities and Other Revenues. The changes in each of these areas are explained in detail in the Operating Budget Revenue Section. In general, Airline Rates and Charges will increase in 2019 as a result of inflation as well as increases in headcount and debt service. Concessions rose in almost all areas resulting from increases in passenger activity, parking rates, opening of new concession concepts in 2020 and the opening of a new parking facility in mid-2020. Utilities and Other Revenues increases can be attributed to a hotel facility charge starting in 2018-2019, as well as an increase in rental rates for space leased to non-airline tenants. Operating Revenues total \$380.7 million for 2019.

3. Other Non-Operating Revenues consist of Interest Earnings, Self-Liquidating Revenue and Gain/Loss on Disposal of Assets and Other Sources. Interest Earnings is assumed to be 1.5-2.0% for the period 2019-2021. Interest is earned on the balance in the Operating Fund which includes self-liquidating leases. Interest earnings are increasing slightly due to a small increase in interest rates and larger cash balances. Self-liquidating leases are those facilities built by the MAC and then leased to tenants.



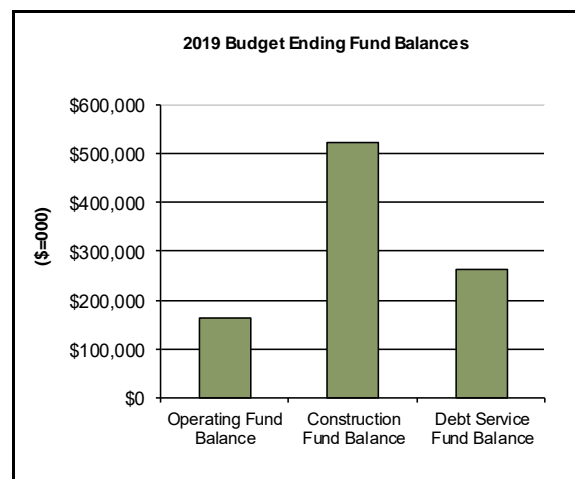
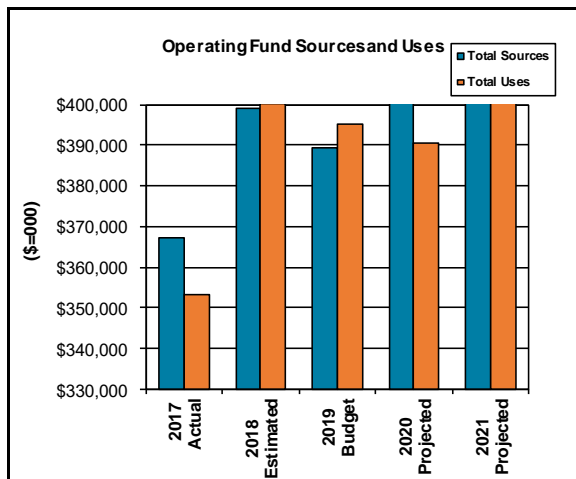
MSP's Terminal 1-Lindbergh Retail Shops

### Uses of Funds

In general, there are three uses of operating revenues.

1. Operating expenses consist of Personnel, Administrative Expenses, Professional Services, Utilities, Operating Services/Expenses, Maintenance and Other. Details of changes for each of these areas are identified in the Operating Budget Expense section. The total expense for 2019 is \$198.4 million.
2. Non-Operating Expenses is comprised of an Equipment section and Debt Service section.
  - A. Equipment includes capital equipment (cost greater than \$10,000) to be purchased based on Commission approval. The anticipated amount for 2019 is \$10.0 million and includes other capital expenditures. A portion of this equipment will be leased. The offset to the equipment is shown as Equipment Financing of \$1.8 million. Finally, the actual lease financing cost and miscellaneous other capital expenditures are shown.
  - B. Debt Service – Transfers are required to cover all debt service. In June and December, the Commission must transfer the required amount for the General Airport Revenue Bond (GARB) reserve. The debt service portion also includes payments on the Commission revolving line of credit. The total payments for the GARB's and the revolving line of credit are expected to be approximately \$112.5 million in 2019.
3. Unrestricted Net Transfer Out - Construction 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 six months of Operating Expenses. \$70.0 million is anticipated for 2019 based on 2018 estimates and \$59.3 million anticipated for 2020 based on 2019 budgeted amounts.

The graphs below illustrate the sources and uses of revenue and the three 2019 budgeted fund balances.



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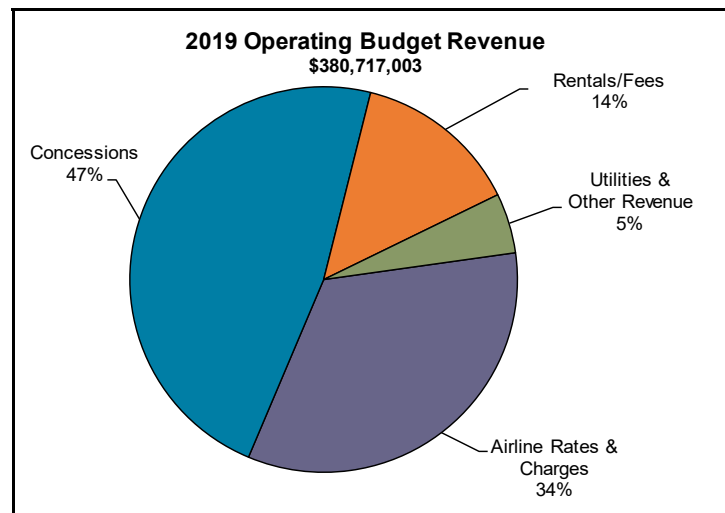
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## Operating Budget Revenue

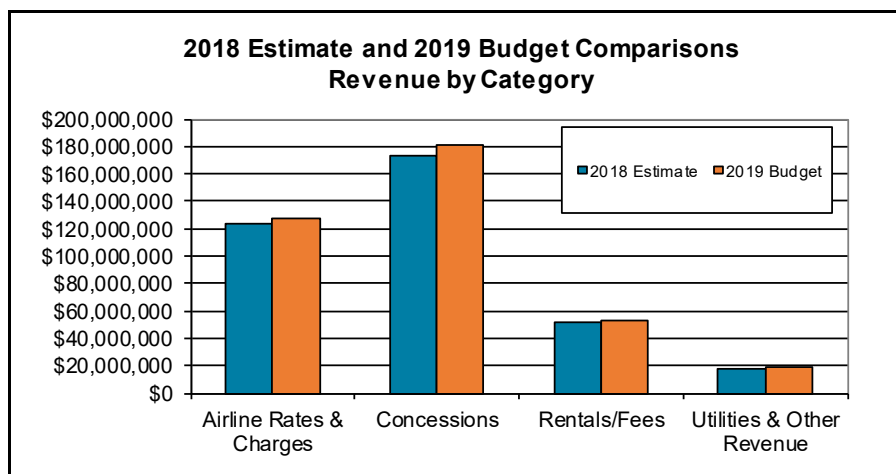
Total Operating Budget Revenue for 2019 is \$380.7 million, which is a \$14.4 million or 3.9% increase compared to 2018 estimates. The detailed explanations for Airline Rates & Charges, along with other major changes in revenue, are included in this section.

Operating budget revenue is divided into four categories: Airline Rates & Charges, Concessions, Rentals/Fees and Utilities & Other Revenue.

Revenue Summary (\$=000)	2019 Budget vs 2018 Estimate					
	2017 Actual	2018 Budget	2018 Estimate	2019 Budget	Dollar Change	% Change
<b>REVENUE</b>						
Airline Rates & Charges	\$113,056	\$121,311	\$123,937	\$127,783	\$3,846	3.1%
Concessions	172,476	175,495	172,950	181,058	8,108	4.7%
Rentals/Fees	49,970	51,826	51,872	52,754	882	1.7%
Utilities & Other Revenue	18,442	17,214	17,523	19,122	1,599	9.1%
<b>Total Operating Revenue</b>	<b>\$353,944</b>	<b>\$365,846</b>	<b>\$366,282</b>	<b>\$380,717</b>	<b>\$14,436</b>	<b>3.9%</b>



The following chart compares 2018 estimate and 2019 budget revenue by category:



## Operating Budget Revenue

## 2019 Operating Revenue

## 2019 Budget vs 2018 Estimate

	2017 Actual	2018 Budget	2018 Estimate	2019 Budget	Dollar Change	% Change
<b>Airline Rates &amp; Charges</b>						
Airline Agreement						
Landing Fees	61,577,235	67,137,865	68,873,000	70,201,016	1,328,016	1.9%
Ramp Fees	7,136,821	7,489,093	7,729,000	6,568,203	(1,160,797)	-15.0%
Airline R&R	4,579,160	4,673,574	4,674,000	4,814,528	140,528	3.0%
T1 Rentals	37,294,053	39,567,165	39,500,000	39,645,504	145,504	0.4%
T1 Other	6,660,321	6,131,467	6,431,000	8,506,376	2,075,376	32.3%
Concessions Rebate	(17,194,881)	(17,367,105)	(17,400,000)	(16,181,148)	1,218,852	0.0%
<i>Total Airline Agreement</i>	100,052,709	107,632,059	109,807,000	113,554,479	3,747,479	3.4%
Terminal 2 Fees						
T2 Lobby	9,881,067	10,358,269	10,810,000	10,992,739	182,739	1.7%
T2 Other/Passenger	3,121,925	3,320,267	3,320,000	3,235,128	(84,872)	-2.6%
<b>Total Airline Rates &amp; Charges</b>	113,055,701	121,310,595	123,937,000	127,782,346	3,845,346	3.1%
<b>Concessions</b>						
Terminal						
Food & Beverage	23,136,949	24,022,753	23,830,000	23,448,615	(381,385)	-1.6%
News	4,721,640	4,878,547	4,750,000	4,750,000	0	0.0%
Retail Stores	5,448,759	5,407,208	5,790,000	5,600,000	(190,000)	-3.3%
Passenger Services	6,684,137	6,431,423	6,950,000	6,986,539	36,539	0.5%
<i>Total Terminal</i>	39,991,486	40,739,931	41,320,000	40,785,154	(534,846)	-1.3%
Parking/Grnd Transport						
Parking	95,231,435	97,469,494	97,000,000	104,348,000	7,348,000	7.6%
Ground Transportation	11,497,031	11,477,183	13,000,000	13,950,000	950,000	7.3%
MSP Employee Parking	4,101,263	4,158,136	0	0	0	0.0%
Auto Rental - On Airport	19,410,189	19,490,000	19,400,000	19,645,744	245,744	1.3%
<i>Total Parking/Grnd Transport</i>	130,239,918	132,594,813	129,400,000	137,943,744	8,543,744	6.6%
Other						
Other Concessions	2,245,095	2,160,482	2,230,000	2,329,366	99,366	4.5%
<b>Total Concessions</b>	172,476,498	175,495,226	172,950,000	181,058,264	8,108,264	4.7%
<b>Rentals/Fees</b>						
Buildings & Facilities	9,703,729	11,071,914	10,972,000	11,718,149	746,149	6.8%
Auto Rental CFC	21,524,498	21,850,000	22,000,000	22,000,000	0	0.0%
Ground Rentals	10,866,646	10,868,813	10,700,000	10,626,037	(73,963)	-0.7%
Reliever Airports	7,874,820	8,034,970	8,200,000	8,409,968	209,968	2.6%
<b>Total Rentals/Fees</b>	49,969,692	51,825,697	51,872,000	52,754,154	882,154	1.7%
<b>Utilities &amp; Other Revenue</b>						
Utilities	5,350,158	4,866,563	4,800,000	5,622,603	822,603	17.1%
GA/Airside Fees	4,224,803	4,228,978	4,350,000	4,444,055	94,055	2.2%
MCD Fees	3,858,264	4,121,886	4,100,000	4,100,775	775	0.0%
Other Revenues	2,359,977	1,823,936	1,700,000	2,023,806	323,806	19.0%
Reimbursed Expense	2,648,413	2,172,715	2,573,000	2,931,000	358,000	13.9%
<b>Total Utilities &amp; Other Revenue</b>	18,441,614	17,214,078	17,523,000	19,122,239	1,599,239	9.1%
<b>Total Operating Revenue</b>	<b>353,943,505</b>	<b>365,845,596</b>	<b>366,282,000</b>	<b>380,717,003</b>	<b>14,435,003</b>	<b>3.9%</b>

**Revenue Assumptions and Guidelines**

The revenue projections for 2019 are based on the following assumptions and guidelines:

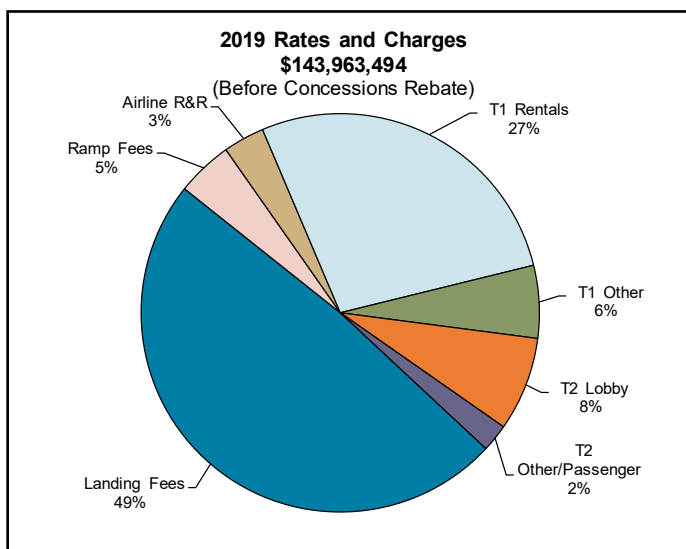
- Revenue will be prepared on an accrual basis. This basis of accounting attempts to record financial transactions in the period in which they occur, rather than recording them in the period in which they are received. The Commission uses this method for both accounting and budgeting.
- The revenue projections 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 Airline Rates and Charges
  - Historical trends
  - MAC Ordinances
- Airline Rates and Charges are based on the Airline Use Agreement.

The explanations for revenue assumptions are based on a comparison of the 2019 budget to the 2018 estimates.

**Airline Rates and Charges**

The Airline Rates and Charges category, which is approximately \$127.8 million or 34% of the MAC's \$380.7 million in revenues, is generated from rates charged to the airlines. This category is projected to increase \$3.8 million or 3.1% from the 2018 estimate. The formulas for the rates are established in the Airline Use Agreement and are composed of landing fees, ramp fees, airline Terminal 1-Lindbergh rental rates and the Terminal 1 International Arrivals Facility (IAF) use fees. This agreement incorporates debt service in the calculation of rates and charges, instead of depreciation and interest, for the recovery of capital improvements. In accordance with this Agreement, expenses from Police, Fire, Maintenance Labor, Maintenance Equipment and Administration service centers are allocated to the Field & Runway, Ramp, Terminal Building and International Arrivals Facility service centers, as detailed in the Operating Budget Expense section. In 2019, the Commission changed the allocation percentages for Police, Fire, Maintenance Labor and Maintenance Equipment which resulted in overall higher airline rates and charges. Total costs plus allocations are then used to determine Airline Rates and Charges. Fluctuations in allocated costs can cause a change in the airline rates. For 2019, rates for landing fees, ramp fees and airline Terminal 1 rental rates are calculated as per the Airline Use Agreement. Rates for Terminal 2 are set by ordinance, which is primarily based on the recovery of budgeted operating and maintenance costs. The Concessions Rebate of \$16.2 million represents the revenue sharing found in the Airline Use Agreement.

2019 Airline Rates and Charges (\$=000)				2019 Budget vs 2018 Estimate		
	2017 Actual	2018 Budget	2018 Estimate	2019 Budget	Dollar Change	% Change
<b>Airline Rates &amp; Charges</b>						
Landing Fees	\$61,577	\$67,138	\$68,873	\$70,201	\$1,328	1.9%
Ramp Fees	7,137	7,489	7,729	6,568	(1,161)	-15.0%
Airline R&R	4,579	4,674	4,674	4,815	141	3.0%
T1 Rentals	37,294	39,567	39,500	39,646	146	0.4%
T1 Other	6,660	6,131	6,431	8,506	2,075	32.3%
Concessions Rebate	(17,195)	(17,367)	(17,400)	(16,181)	1,219	-7.0%
T2 Lobby	9,881	10,358	10,810	10,993	183	1.7%
T2 Other/Passenger	3,122	3,320	3,320	3,235	(85)	-2.6%
<b>Total Airline Rates &amp; Charges</b>	<b>\$113,056</b>	<b>\$121,311</b>	<b>\$123,937</b>	<b>\$127,783</b>	<b>\$3,845</b>	<b>3.1%</b>



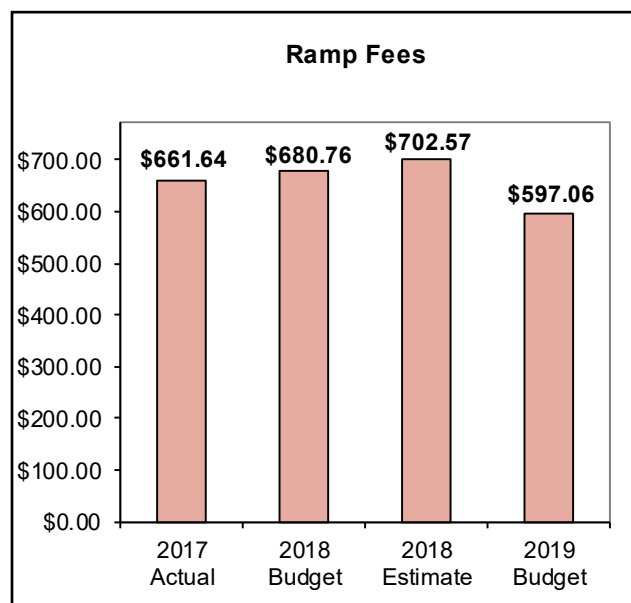
The pie chart to the left indicates the percentage of each revenue source in Airline Rates & Charges and compares it to the total Airline Rates & Charges revenue, excluding the Concessions Rebate.

### 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. This is a residual (breakeven) calculation. At year-end, an adjustment will be made for any overage or shortage.

The landing fee is expected to increase \$0.02 in 2019 from 2018 estimates. Higher labor, benefits, security, snow removal material costs and debt service contributed to the higher landing fee.

<b><u>Landing Fee</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>
	<b><u>Actual</u></b>	<b><u>Budget</u></b>	<b><u>Estimate</u></b>	<b><u>Budget</u></b>
Landing Fee	\$2.73	\$2.90	\$3.01	\$3.03
Landed Weight (000)	22,556	23,151	22,881	23,169
Revenue (000)	\$61,577	\$67,138	\$68,873	\$70,201



### Ramp Fees

Aircraft parking ramp fees are calculated in the same manner as landing fees. Ramp fees are determined by dividing the total Terminal 1 ramp expenses by total lineal feet of ramp available. The ramp fee rate calculation is also residual (breakeven). At year-end, an adjustment will be made for any overage or shortage.

Ramp fees are decreasing \$105.51 from 2018 estimate to 2019 budget. During 2018, the Commission updated its allocation percentages of Police, Fire, Maintenance Equipment and Maintenance Labor costs based on where these departments allocated their resources. For 2019, based on the new allocations, the equipment allocation for 2019 was smaller than the 2018 allocation, which resulted in the lower ramp fee.

<b><u>Ramp Fee</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>
	<b><u>Actual</u></b>	<b><u>Budget</u></b>	<b><u>Estimate</u></b>	<b><u>Budget</u></b>
Ramp Fee (Per Lineal Ft.)	\$661.64	\$680.76	\$702.57	\$597.06
Ramp Footage	11,001	11,001	11,001	11,001
Revenue (000)	\$7,137	\$7,489	\$7,729	\$6,568

**Airline Repair and Replacement Surcharge**

Per the Airline Lease Amendment, there is an additional Repair and Replacement surcharge (R&R) for the airlines leasing space at Terminal 1. This surcharge increases annually at a rate of 3%. The rate for 2019 is \$7.63 per square foot.

**Terminal 1 Rentals**

Airline Terminal 1 rental rates are calculated by allocating Terminal 1 building expense over the total rentable square footage in Terminal 1. Airlines are charged for the space they occupy. Unlike landing fees and ramp fees, which are residual calculations, airline Terminal 1 building rates are a compensatory calculation. Under this calculation method, costs are recovered from the airlines in proportion to the rentable space they occupy in the terminal building. The Terminal 1 building rate does not include the R&R surcharge.

The Terminal 1 rental rate is decreasing from \$62.88 to \$62.55 per square foot. The primary reasons for the decrease in the Exclusive rates of \$0.33 between the 2018 estimate and the 2019 budget is due to a reclassification of certain revenues from Terminal 1 Rentals to Terminal 1 Other Revenues.

<b><u>Terminal 1-Lindbergh Rental Rates</u></b>	<b>2017</b>	<b>2018</b>	<b>2018</b>	<b>2019</b>
	<b><u>Actual</u></b>	<b><u>Budget</u></b>	<b><u>Estimate</u></b>	<b><u>Budget</u></b>
Exclusive (Per Sq. Ft.)	\$59.10	\$62.04	\$62.88	\$62.55
Exclusive Janitored (Per Sq. Ft.)	\$67.25	\$72.08	\$71.83	\$71.55
Total Revenue (000)	\$37,294	\$39,567	\$39,500	\$39,646

**Terminal 1 Other**

Revenue from Terminal 1 Other is expected to increase \$2.1 million or 32.3%. Revenues in this area are generated by the International Arrivals Facility (IAF), porter service fees, baggage claim maintenance fees, queue line management fees, employee screening fees, flight information displays maintenance, public address system maintenance and conveyors and carousels. The primary reason for the increases in revenues are a reclassification of revenues from Terminal 1 Rentals to Terminal 1 Other. The reclassified items include flight information display and public address system costs as well as a portion of employee screening costs.

The agreement for the International Arrival Facility (IAF) includes a fee calculation *similar* to the residual calculation for ramp and landing fees. Users of the facility will be charged a passenger use fee based upon projected expenses. At year-end, an adjustment will be made for any overage or shortage. The following table shows the IAF fees for actual 2017, budgeted 2018, estimated 2018 and budgeted 2019.

<b><u>International Arrival Fee</u></b>	<b>2017</b>	<b>2018</b>	<b>2018</b>	<b>2019</b>
<b><u>(\$=000)</u></b>	<b><u>Actual</u></b>	<b><u>Budget</u></b>	<b><u>Estimate</u></b>	<b><u>Budget</u></b>
Total Cost	\$3,363	\$3,535	\$3,483	\$3,965
Passengers	785,748	803,409	810,000	819,215
Fee Per Passenger	\$4.28	\$4.40	\$4.30	\$4.84

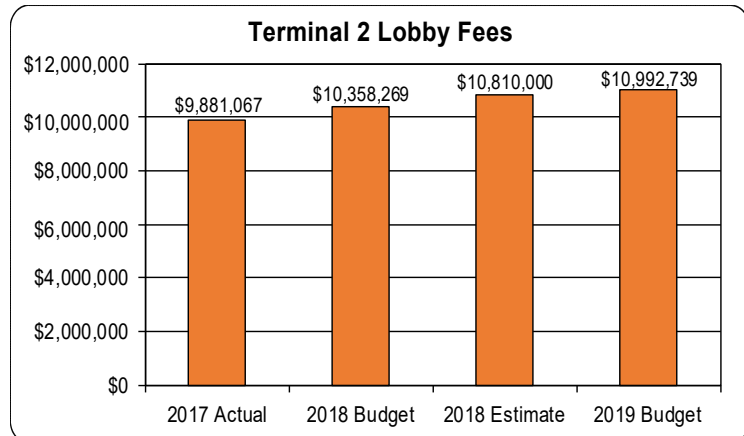
The \$0.54 increase in the IAF fee is due to increases in maintenance costs, service agreements and reclassified revenues from Terminal 1 Rentals offset partially by an increase in passengers.

**Concessions Rebate**

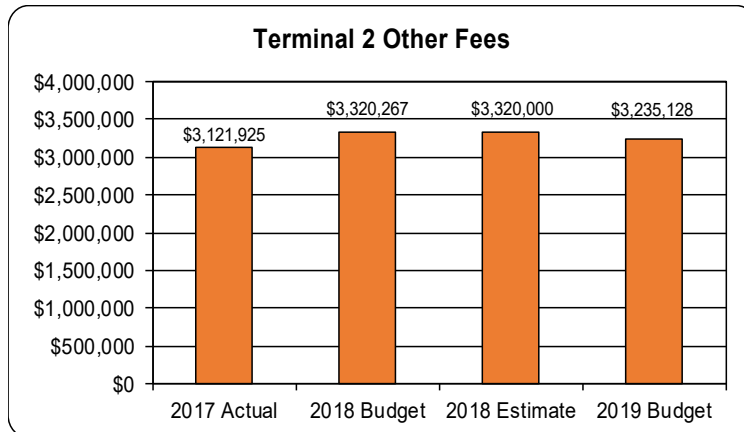
As part of the Airline Use Agreement, the airlines share selected concessions revenue from food & beverage, news, retail and on-airport auto rental revenues. The amount of concessions revenue shared is based upon a fixed percentage: 31% of selected revenues for 2019. The airlines are also entitled to share additional revenue based on passenger growth that exceeds 1%. For the 2019 budget, the concessions rebate is projected to be \$16.2 million. Passenger growth is estimated at 1%, so no additional revenue share is expected. The decrease of \$1.2 million is due to a decrease in food and beverage revenues and a change in the calculation based upon changes in the airline agreement.

**Terminal 2 Lobby Fees**

Terminal 2 Lobby Fees are expected to increase \$183,000 or 1.7%. Lobby fees are set by a MAC Ordinance that sets rates on a budgetary basis with no true-up based on actual expenses or year-end operational activity. Each gate at Terminal 2 has a revenue cap (for 2019 the gate cap is \$763,537) by airline associated with it based upon the number of aircraft operations. The Commission opened four additional gates in October 2016 for a total of 14 gates at Terminal 2. The MAC assumes that 10 of these gates will reach the revenue cap and four will not. The MAC estimates the revenue from the non-capped gates based upon operational data obtained from historical sources and from the airlines. The 2019 budget increase in revenue from the 2018 estimate is due to an increase in operational activity by a new carrier.



In order to keep both Terminal 1 and Terminal 2 rates competitive for the respective airlines, the Terminal 2 rate calculation limits the increase/decrease in certain elements of the rates charged in Terminal 2 to the percentage increase or decrease in rates in Terminal 1. The Terminal 1 rates increased by 0.8%, on a budget to budget basis, and correspondingly the Terminal 2 rates increased accordingly.

**Terminal 2 Other/Passenger Fees**

Terminal 2 Other/Passenger fee revenue is budgeted to decrease \$85,000 or 2.6%. This category includes Federal Inspection Service (FIS) charges for international passengers, Terminal 2 building rentals and non-signatory landing fees. As with Lobby Fees mentioned previously, the FIS charges are based on budgetary data with no year-end true up of actual expenses. For 2019, one carrier that was paying the non-signatory landing fee in early 2018, became a signatory carrier which caused a transfer of revenue to landing fees.



***New Air Service Arrived at Terminal 2 in 2018***

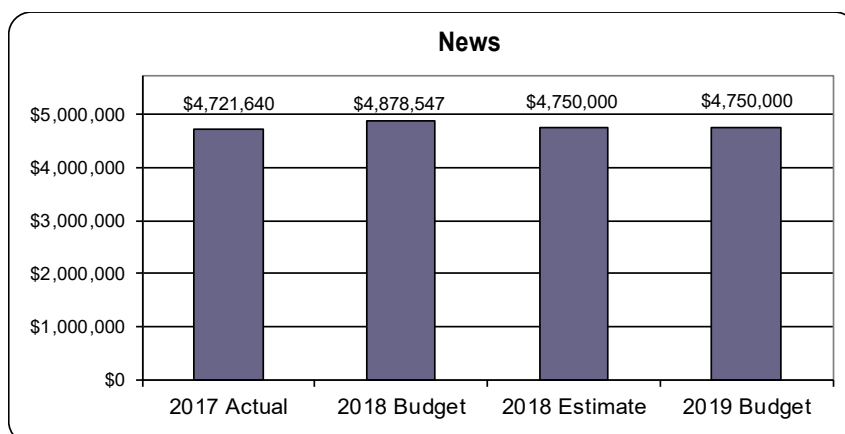
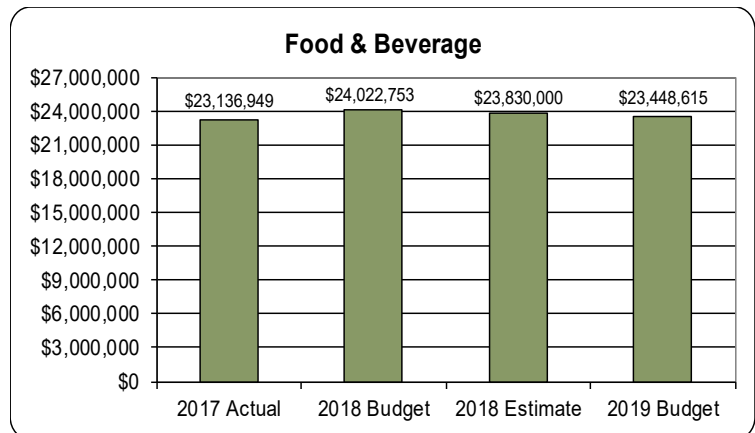
**Concessions**

The Concessions category is \$181.1 million or 47% of total operating revenue for 2019. The rates charged for parking are approved by the Commission, while ground transportation fees are authorized according to MAC Ordinances. The revenues from auto rental, food & beverage, news, retail and passenger services are based on various lease agreements which allow the concessionaires to operate in MAC facilities. Concessions are projected to increase \$8.1 million or 4.7% from estimated 2018 levels.

2019 Concessions (\$=000)	2019 Budget vs 2018 Estimate					
	2017 Actual	2018 Budget	2018 Estimate	2019 Budget	Dollar Change	% Change
<b>Concessions</b>						
Food & Beverage	\$23,137	\$24,023	\$23,830	\$23,449	(\$381)	-1.6%
News	4,722	4,879	4,750	4,750	0	0.0%
Retail Stores	5,449	5,407	5,790	5,600	(190)	-3.3%
Passenger Services	6,684	6,431	6,950	6,986	36	0.5%
Parking	99,333	101,628	97,000	104,348	7,348	7.6%
Ground Transportation	11,497	11,477	13,000	13,950	950	7.3%
Auto Rental - On Airport	19,410	19,490	19,400	19,646	246	1.3%
Other Concessions	2,245	2,160	2,230	2,329	99	4.5%
<b>Total All Concessions</b>	<b>\$172,476</b>	<b>\$175,495</b>	<b>\$172,950</b>	<b>\$181,058</b>	<b>\$8,108</b>	<b>4.7%</b>

**Food & Beverage**

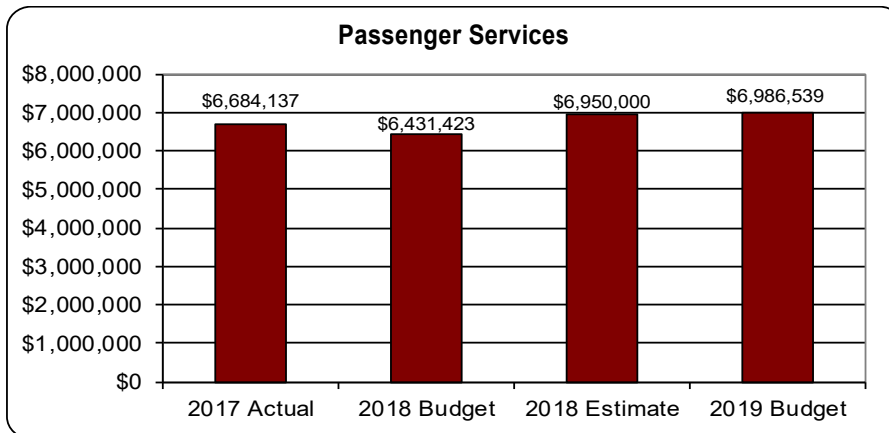
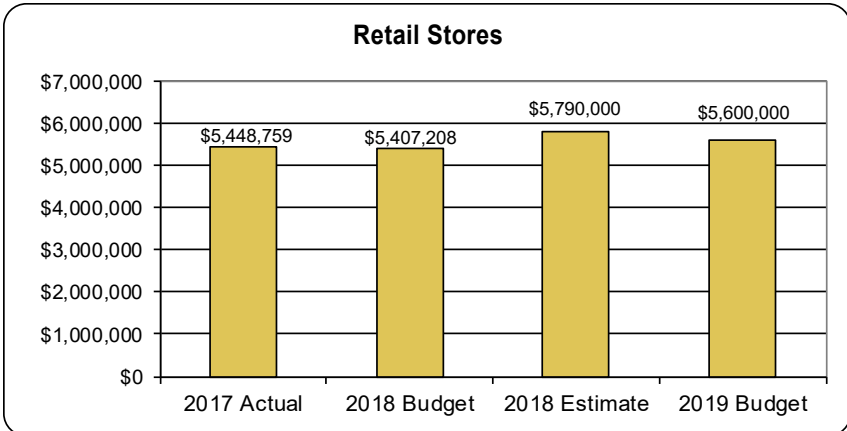
Food & Beverage is projected to decrease by \$381,000 or 1.6% from the 2018 estimate due to a one-time supplemental rent income in 2018. The remodeling of the food court as well as new construction of new food/beverage units during 2019 will limit the growth of revenue in this area.

**News**

News is projected to remain flat in 2019, based upon the latest trends at the time the budget was prepared.

### Retail Stores

Retail is projected to decrease by \$190,000 or 3.3% from the 2018 estimate based on trends at the time the budget was prepared.

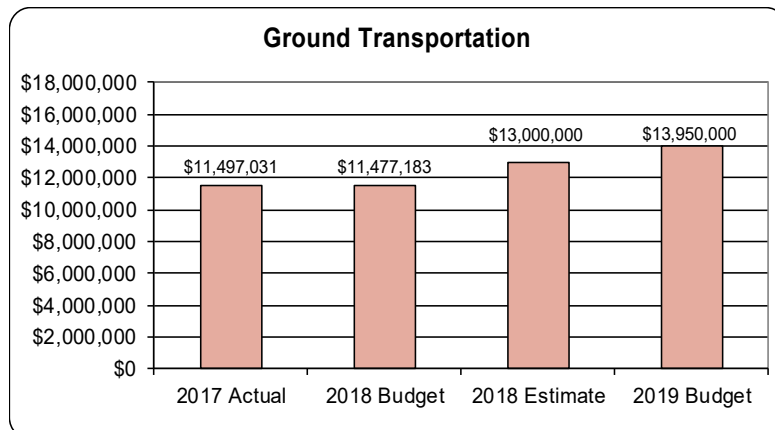
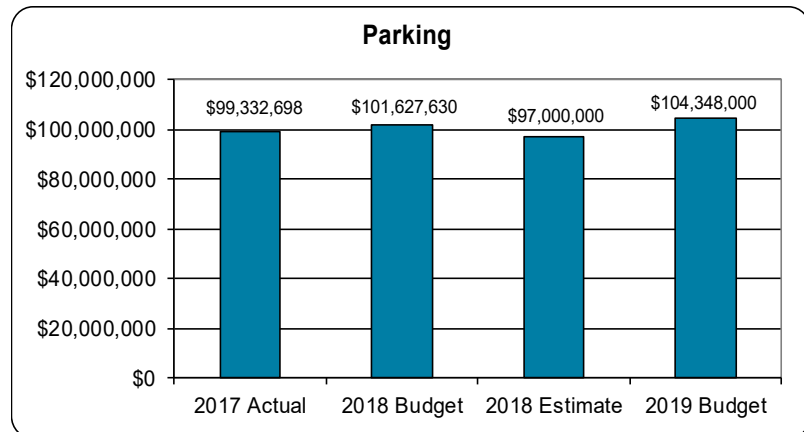


### Passenger Services

Passenger Services are budgeted to increase \$36,000 or 0.5% from the 2018 estimate based on trends at the time the budget was prepared.

### Parking

Parking is expected to increase from the 2018 estimate by \$7,348,000 or 7.6%. The increase in revenue is due to a parking rate structure increase.

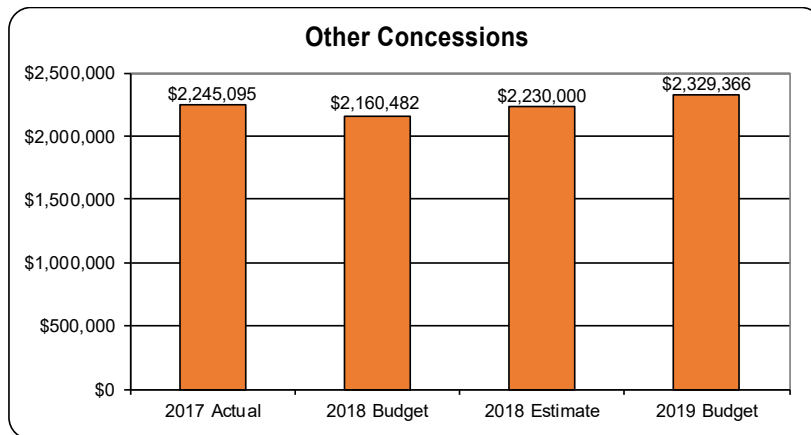
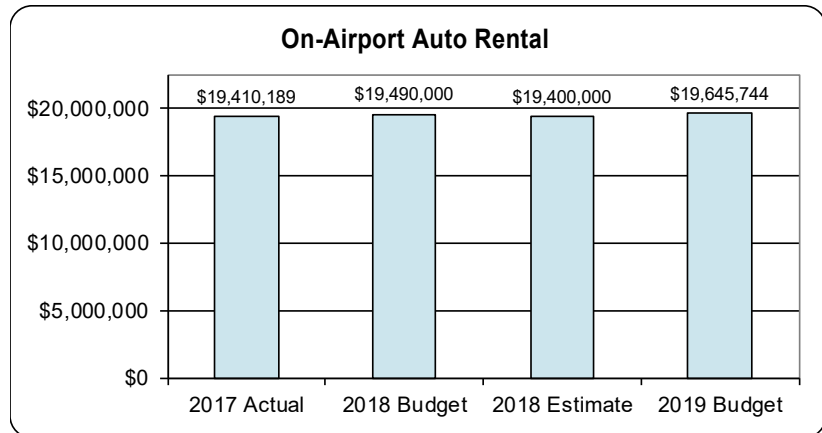


### Ground Transportation Fees

Ground Transportation fees are projected to increase \$950,000 or 7.3%. This is primarily a result of additional revenue from Transportation Network Companies (e.g. Uber and Lyft).

**On-Airport Auto Rental**

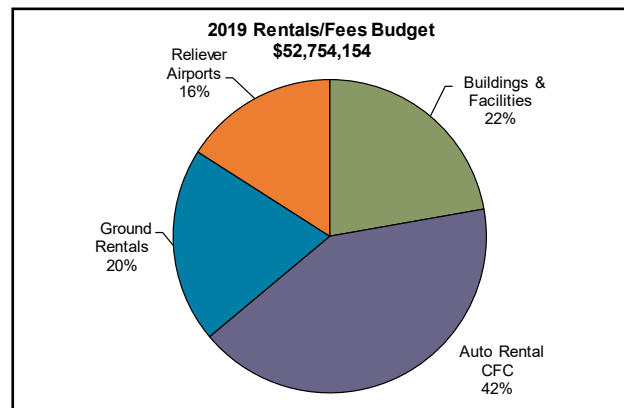
Auto rental revenues are projected to increase slightly by \$246,000 or 1.3% based on a conservative estimate of revenue.

**Other Concessions**

The majority of revenue in the Other Concessions category consists of outdoor advertising, auto services, in-flight catering, a pet boarding facility, and other miscellaneous concessions. Other Concessions are budgeted to increase \$99,000 or 4.5% from 2018 estimated levels based upon trends and activity at the time of budget preparation.

**Rentals/Fees**

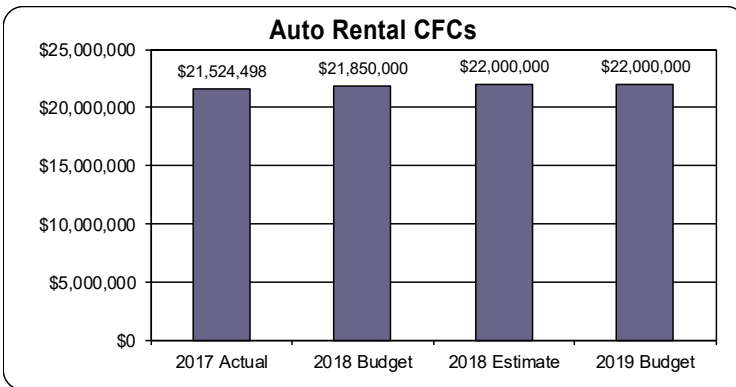
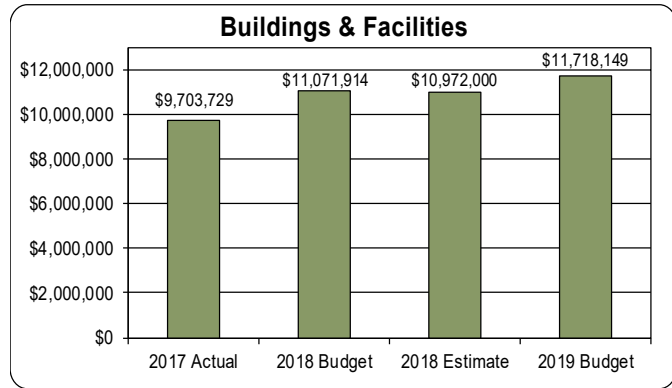
Rentals/Fees are \$52.8 million or 14% of total operating revenue for 2019 and are projected to increase \$882,000 million or 1.7% from 2018 estimated levels. This revenue section consists of the Auto Rental-Customer Facility Charge (CFC), building rentals (non-airline), ground rental space and reliever airport fees. Ground rental space revenues and a portion of reliever airport revenue are based on MAC Ordinances, while the remaining revenue items are based on leases and agreements. The accompanying table and pie chart show the revenue sources.

**2019 Rentals/Fees**  
**(\$=000)**

	2017 Actual	2018 Budget	2018 Estimate	2019 Budget	2019 Budget vs 2018 Estimate	
					Dollar Change	% Change
<b>Rentals/Fees</b>						
Buildings & Facilities	\$9,704	\$11,072	\$10,972	\$11,718	\$746	6.8%
Auto Rental CFC	21,524	21,850	22,000	22,000	0	0.0%
Ground Rentals	10,867	10,869	10,700	10,626	(74)	-0.7%
Reliever Airports	7,875	8,035	8,200	8,410	210	2.6%
<b>Total Rentals/Fees</b>	<b>\$49,970</b>	<b>\$51,826</b>	<b>\$51,872</b>	<b>\$52,754</b>	<b>\$882</b>	<b>1.7%</b>

**Buildings & Facilities**

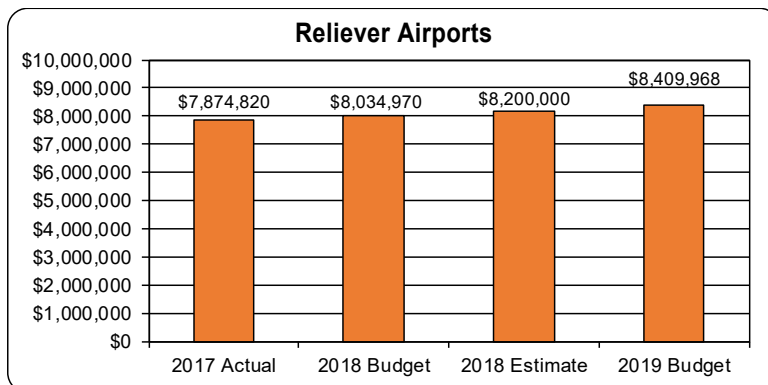
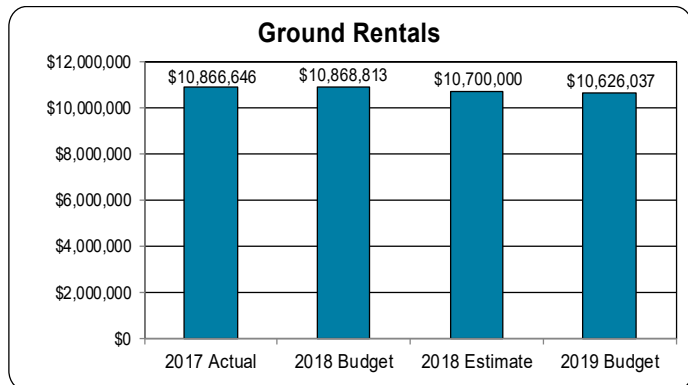
Building and facility rentals are projected to increase \$746,000 or 6.8% over the 2018 estimate primarily for a full year's revenue from a Hotel Facility Charge (HFC). In July 2018, the Commission began collecting a HFC (which is based upon 6.5% of gross receipts from room rentals). The proceeds from the HFC will be used to pay any debt service for the new skyway connector bridge between the hotel and Terminal 1 - Lindbergh, the roadway modifications associated with accessing the hotel, the portion of the Post Office parking facility that will be utilized for the valet parking needs of the hotel, on-going maintenance and operating costs associated with these facilities.

**Auto Rental-Customer Facility Charge (CFC)**

Auto Rental CFC is budgeted to be flat based on auto rental revenue also being flat. The current CFC rate is \$5.90 per rental car transaction per day.

**Ground Rentals**

Ground Rentals are budgeted to decrease by \$74,000 or 0.7% from 2018 estimated levels. Ground rentals are budgeted conservatively and are based on trends when the budget was prepared.

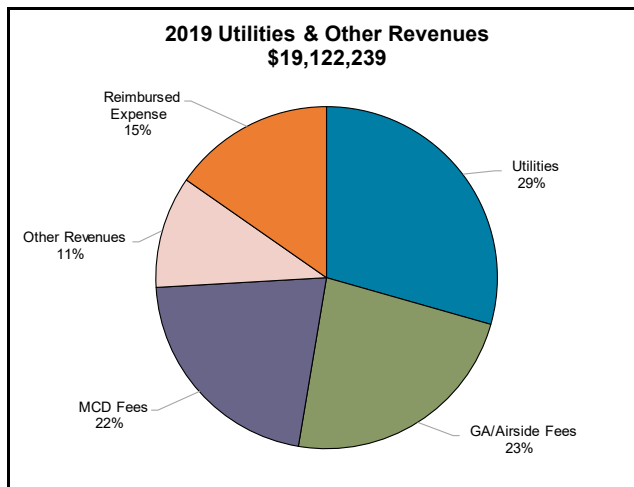
**Reliever Airports**

Reliever Airports revenue is expected to increase \$210,000 or 2.6% from 2018 estimated levels from new leases and from trends based upon activity at the time of the budget completion.

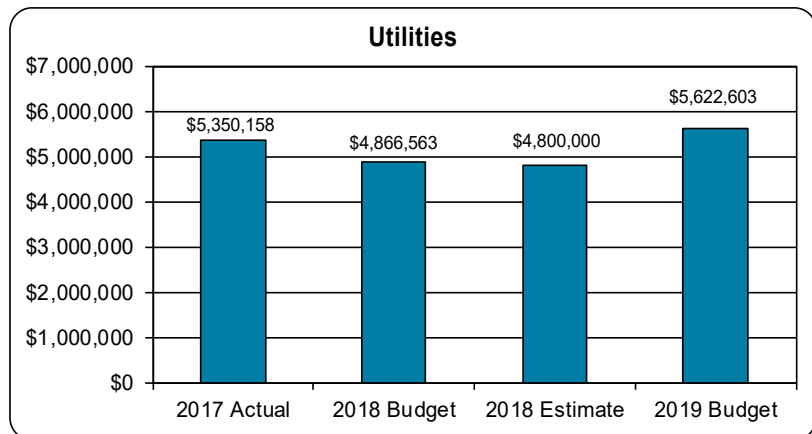
**Utilities & Other Revenues**

Utilities & Other Revenues are \$19.1 million or 5% of total operating revenue for 2019 and are projected to increase \$1,599,000 or 9.1% from 2018 estimated levels. Included in this category are Utilities, General Aviation/Airside Fees, Maintenance, Cleaning and Distribution (MCD) Fees, Other Revenues and Reimbursed Expense.

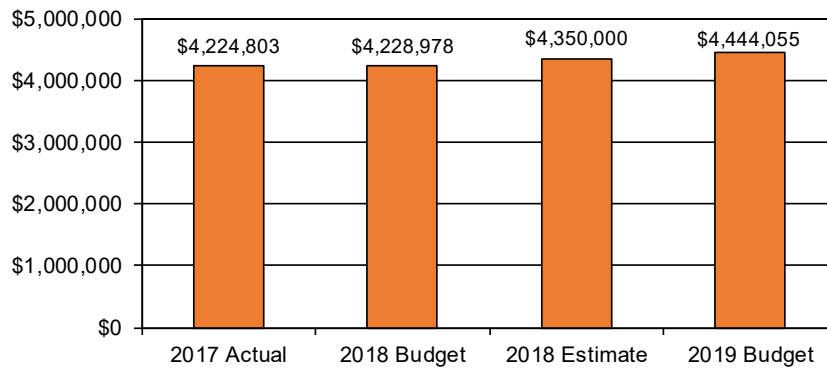
2019 Utilities & Other Revenue (\$=000)	2019 Budget vs 2018 Estimate					
	2017 Actual	2018 Budget	2018 Estimate	2019 Budget	Dollar Change	% Change
<b>Utilities &amp; Other Revenue</b>						
Utilities	\$5,350	\$4,867	\$4,800	\$5,623	\$823	17.1%
General Aviation/Airside Fees	4,225	4,229	4,350	4,444	94	2.2%
MCD Fees	3,858	4,122	4,100	4,101	1	0.0%
Other Revenues	2,360	1,824	1,700	2,024	324	19.0%
Reimbursed Expense	2,648	2,173	2,573	2,931	358	13.9%
<b>Total Utilities &amp; Other Revenue</b>	<b>\$18,442</b>	<b>\$17,214</b>	<b>\$17,523</b>	<b>\$19,122</b>	<b>\$1,599</b>	<b>9.1%</b>

**Utilities**

Included in Utilities are water, sewer, electricity, heating and ground power. The increase of \$823,000 or 17.1% in this category is due to higher consumption and rates for ground power and an increase in utilities paid by concessionaires based upon new lease agreements.



### General Aviation/Airside Fees



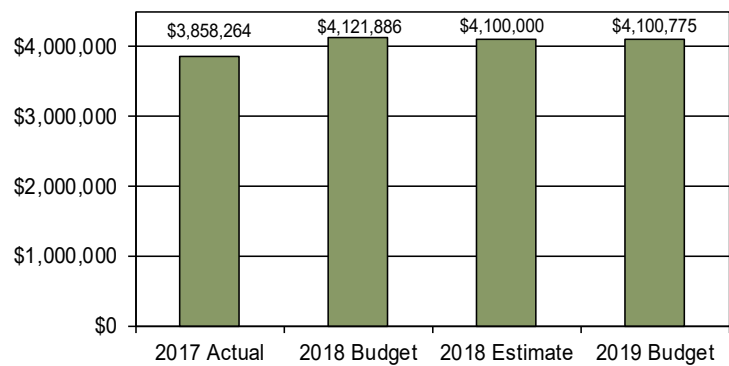
### General Aviation/Airside Fees

This category includes general aviation landing fees, ramp fees, fuel flowage fees and apron services. This category is expected to increase \$94,000 or 2.2% as a result of additional revenue from airside services, including aircraft cleaning, deicing and other services.

### MCD Fees

Maintenance, Cleaning and Distribution (MCD) fees are expected to be flat in 2019. These fees are based on a percent of concession sales.

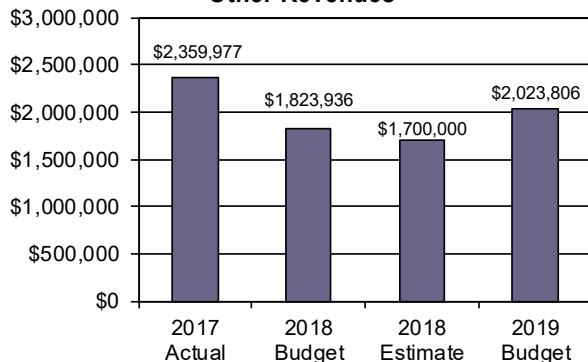
### MCD Fees



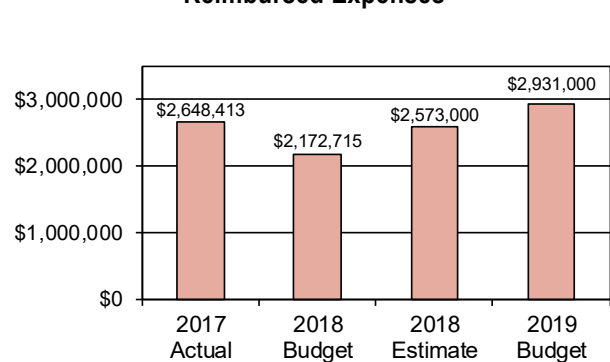
### Other Revenues and Reimbursed Expenses

Included in this category are parking fines, auction revenue, building permits, security badges and miscellaneous revenues and expenses reimbursed by others. These categories combined are expected to increase \$682,000 or 16.0%. Building permits and billing to airlines for security costs account for the majority of the increase.

### Other Revenues



### Reimbursed Expenses

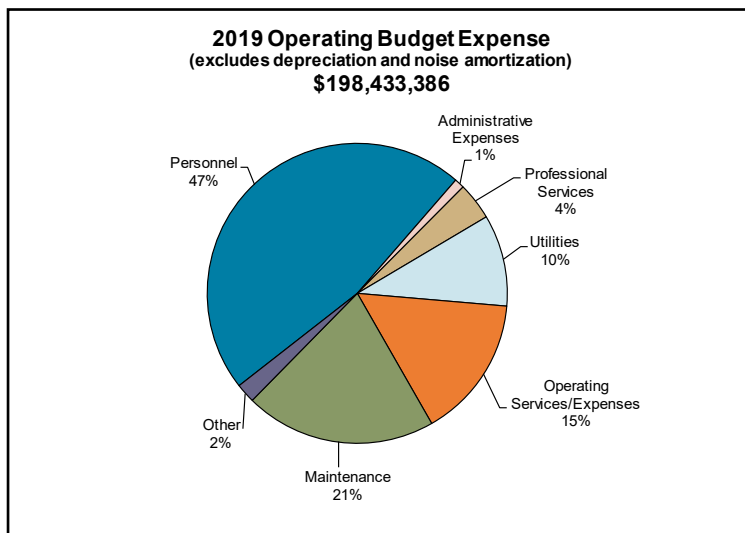


## Operating Budget Expense

Expenses arise from daily operations and are within the Operating Fund. Expenses are also key factors in determining revenue. For example, Rates and Charges revenue collected from the airlines is based on expenses and is governed by the Airline Use Agreement.

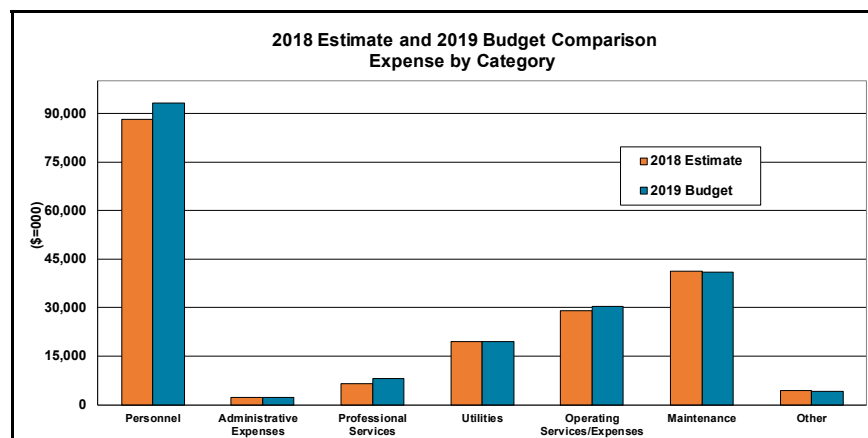
Total Operating Expense for 2019 is \$198.4 million (excluding depreciation and amortization) which is an increase of \$7.4 million or 3.9% over the 2018 estimate. Operating Budget Expense is divided into seven categories: Personnel, Administrative Expenses, Professional Services, Utilities, Operating Services/Expenses, Maintenance and Other.

2019 Expense Summary (\$=000)				2019 Budget vs 2018 Estimate		
EXPENSE	2017 Actual	2018 Budget	2018 Estimate	2019 Budget	Dollar Change	% Change
Personnel	\$81,313	\$88,222	\$88,300	\$93,151	\$4,851	5.5%
Administrative Expenses	1,993	2,066	2,150	2,133	(17)	-0.8%
Professional Services	6,151	7,050	6,400	7,990	1,590	24.8%
Utilities	19,619	19,696	19,500	19,584	84	0.4%
Operating Services/Expenses	26,073	28,955	29,000	30,494	1,494	5.2%
Maintenance	36,293	38,514	41,350	40,927	(423)	-1.0%
Other	5,609	4,494	4,300	4,155	(145)	-3.4%
<b>Total Operating Expense</b>	<b>\$177,052</b>	<b>\$188,997</b>	<b>\$191,000</b>	<b>\$198,433</b>	<b>\$7,433</b>	<b>3.9%</b>



The pie chart to the left shows that Personnel is the largest expense category with 47% of the total. Maintenance and Operating Services/Expenses follow with 21% and 15% respectively.

The bar chart below compares the 2019 budget with the 2018 estimate. Expenses are expected to increase in Personnel, Professional Services, Utilities and Operating Services/Expenses categories with the largest dollar increase in Personnel.



## Operating Budget Expense

## 2019 Operating Expense

## 2019 Budget vs 2018 Estimate

	2017 Actual	2018 Budget	2018 Estimate	2019 Budget	Dollar Change	% Change
<b>Personnel</b>						
Salaries & Wages	56,234,379	60,783,974	60,700,000	63,324,988	2,624,988	4.3%
Benefits	25,079,040	27,437,613	27,600,000	29,825,766	2,225,766	8.1%
<b>Total Personnel</b>	81,313,419	88,221,586	88,300,000	93,150,754	4,850,754	5.5%
<b>Administrative Expenses</b>	1,992,909	2,065,974	2,150,000	2,133,058	(16,942)	-0.8%
<b>Professional Services</b>	6,151,244	7,050,439	6,400,000	7,989,865	1,589,865	24.8%
<b>Utilities</b>						
Electricity	13,191,532	13,691,258	13,310,000	13,669,215	359,215	2.7%
Heating Fuel	3,127,627	2,922,656	3,100,000	2,725,768	(374,232)	-12.1%
Water & Sewer	2,648,468	2,443,334	2,445,000	2,574,999	129,999	5.3%
Telephones	651,174	639,090	645,000	613,684	(31,316)	-4.9%
<b>Total Utilities</b>	19,618,800	19,696,338	19,500,000	19,583,666	83,666	0.4%
<b>Operating Services/Expenses</b>						
Storm Water Monitoring	1,707,900	1,554,000	1,575,000	1,625,000	50,000	3.2%
Shuttle Bus Services	1,795,881	2,115,819	2,130,000	2,342,852	212,852	10.0%
Parking Management	6,313,994	6,872,536	6,750,000	7,033,606	283,606	4.2%
Service Agreements	9,805,659	10,607,032	10,600,000	10,961,228	361,228	3.4%
Operating Services - Other	6,449,936	7,805,976	7,945,000	8,531,566	586,566	7.4%
<b>Total Operating Services/Expenses</b>	26,073,369	28,955,363	29,000,000	30,494,252	1,494,252	5.2%
<b>Maintenance</b>						
Trades	1,872,380	2,260,844	2,250,000	2,041,757	(208,243)	-9.3%
Field	3,890,905	4,310,166	6,560,000	3,991,085	(2,568,915)	-39.2%
Building	13,799,275	14,901,064	15,721,000	16,182,935	461,935	2.9%
Cleaning	14,360,338	14,469,027	14,014,000	15,923,375	1,909,375	13.6%
Equipment	2,370,100	2,572,704	2,805,000	2,787,854	(17,146)	-0.6%
<b>Total Maintenance</b>	36,292,999	38,513,805	41,350,000	40,927,006	(422,994)	-1.0%
<b>Other</b>						
General Insurance	1,854,105	2,147,499	1,950,000	2,144,999	194,999	10.0%
Minor Equipment	1,841,035	1,382,611	1,400,000	1,316,588	(83,412)	-6.0%
Other - Other	1,914,316	963,438	950,000	693,197	(256,803)	-27.0%
<b>Total Other</b>	5,609,456	4,493,548	4,300,000	4,154,784	(145,216)	-3.4%
<b>Total Operating Expense</b>	<b>177,052,196</b>	<b>188,997,053</b>	<b>191,000,000</b>	<b>198,433,385</b>	<b>7,433,385</b>	<b>3.9%</b>

**Expense Assumptions and Guidelines**

The operating expense budget is compiled with information provided by MAC departments, utility companies, vendors and historical analyses. The expense budget projections for 2019 are based on the following assumptions and guidelines:

- The MAC will continue to maintain all facilities at the standards established with its tenants and the traveling public.
- The MAC will provide a safe and secure airport system.
- As positions in the organization become available due to retirement or separation, each vacant position will be reviewed for business need and prioritized based upon organizational requirements.
- The 2018 budget included eight new FTE positions and five additionally approved positions for Information Technology (IT). These additional five IT positions were unfunded and will only be added to the authorized headcount when savings can be achieved in other areas of the service center's budget. Two of these FTEs have been hired and added to the authorized headcount. The 2018 positions were:
  - 4 Police Officers
  - 1 Solutions Architect in Information Technology
  - 1 Firefighter trainee to replace a future vacated position
  - 2 Open undetermined FTEs held for proper placement
- The full year's impact is included in the 2019 budget for the eight positions.
- The 2019 budget includes eight additional FTE positions to meet workload demands and the increasing complexity of issues facing the MAC. The positions include:
  - 2 Badging Specialists in the Police Department
  - 1 Systems Analyst in Information Technology
  - 1 Marketing Specialist in Public Affairs and Marketing
  - 1 Assistant Manager in Airside Operations
  - 3 Fire Fighters in the Fire Department
- The 2019 budget also includes 27 additional FTE positions due to reclassifying provisional Traffic Control Agents to the Commission's authorized headcount.
- The total FTE position count in the 2019 budget is temporarily at 680.5. The Fire Department includes one fire fighter cadet trainee to replace future vacated positions as hiring for this specialized position is difficult. This trainee position is above the approved FTE count.
- Cost increases, such as scheduled contract increases, salary adjustments for existing organized and non-organized workforce, utility rate changes and insurance rate adjustments have been included.
- Discretionary cost increases were considered only if offset by corresponding annual reduction in expenses, an annual increase in revenue or was necessary for the ongoing efficient operation of the MAC's airports.
- Expenses are prepared on an 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. The Commission uses this method for both accounting and budgeting.

- The budget was prepared by thoroughly reviewing each line item to determine its need. Expenses were prioritized and funds were either moved to prioritized areas or were increased or decreased based on primacy. This review resulted in lower expenses in some areas in 2019.

## Personnel

Personnel costs will increase \$4.9 million or 5.5% over the 2018 estimates.

2019 Personnel (\$=000)	2019 Budget vs 2018 Estimate					
	2017 Actual	2018 Budget	2018 Estimate	2019 Budget	Dollar Change	% Change
<b>Personnel</b>						
Salaries & Wages	\$56,234	\$60,784	\$60,700	\$63,325	\$2,625	4.3%
Benefits	25,079	27,438	27,600	29,826	2,226	8.1%
<b>Total Personnel</b>	<b>\$81,313</b>	<b>\$88,222</b>	<b>\$88,300</b>	<b>\$93,151</b>	<b>\$4,851</b>	<b>5.5%</b>

Major differences between the 2019 budget and 2018 estimate are as follows:

### Salaries & Wages – Projected increase of \$2.6 million or 4.3% due to the following:

- Wages – Effective January 2019, a 3.0% cost of living wage increase is included in the budget for non-organized and organized employees. In total, wages will increase approximately \$2.1 million for cost of living and step increases. The 2019 budget includes:
  - Two operating engineer trainees, two police officer trainees and one fire fighter cadet trainee position due to hiring difficulties in these specialized, licensed work areas
  - Other labor contract obligations such as shift differentials, equipment premium pay and Labor Union 320 longevity pay
  - An adjustment in wages to reflect a vacancy factor to account for the time necessary to review and fill open positions
  - Eight new positions for 2019, identified earlier, which added approximately \$484,000 to the budget
  - A full year's impact for positions that were vacant for all or part of 2018 totaling \$715,000. Although a vacancy factor was included, many of the open positions occurred in Police and Information Technology which require a more intensive hiring process, resulting in a lower 2018 estimate. Many of these positions are expected to be filled early in 2019
- Through the detailed review of expense budgeting, other areas such as double-time and temporary employees off-set the increase in salaries and wages.

Full-Time Equivalent Positions					
2015 Actual	2016 Actual	2017 Actual	2018 Budget	2018 Estimate	2019 Budget
591 <sup>+</sup>	604.5 <sup>‡</sup>	613 <sup>^</sup>	645.5 <sup>^*</sup>	621	680.5 <sup>^*∞</sup>
includes 10 new and 9.5 status change positions					
‡ includes 9 additional positions					
includes 8 additional positions					
* includes 1 temporary fire fighter cadet trainee position					
∞ includes 27 status change positions					

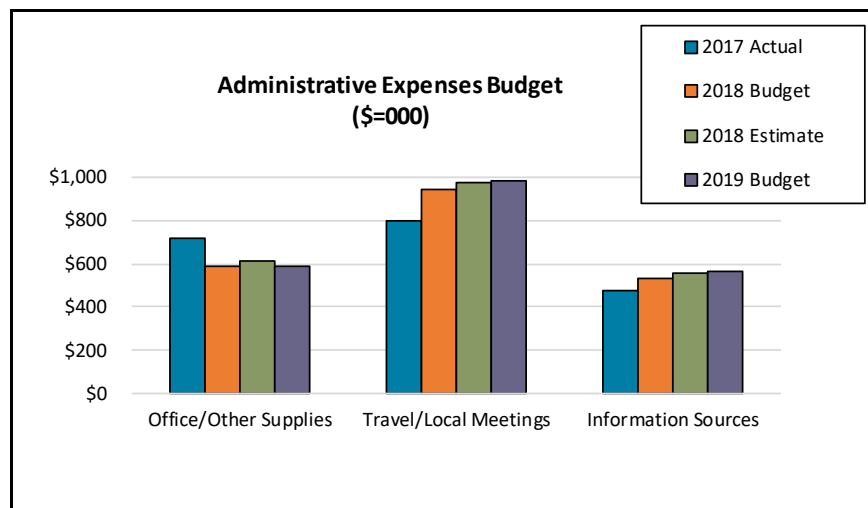
**Benefits** – Included in benefits are employee insurance/post-retirement healthcare, Social Security, Medicare, retirement plans, severance, workers' compensation and other miscellaneous items. An increase of \$2.2 million or 8.1% is projected over 2018 for the following reasons:

- A projected growth of 9.0% over the 2018 estimate for employee insurance due to new hires and medical inflation
- An estimated increase of \$300,000 for retirement plans, Social Security and Medicare contributions due to a growth in wages and headcount
- An increase of \$400,000 in post-retirement medical contributions for a new trust established in 2018
- An additional required contribution of \$600,000 for the Minneapolis Employee Retirement Fund (MERF)

### **Administrative Expenses**

Administrative Expenses are projected to decrease \$17,000 or 0.8% as identified in the table below. No major variances exist in Administrative Expenses; a minor decrease occurred in office and other supplies. As mentioned earlier, expenses were thoroughly reviewed for necessity during the budgeting process which caused the negative variance.

2019 Administrative Expenses (\$=000)	2019 Budget vs 2018 Estimate					
	2017 Actual	2018 Budget	2018 Estimate	2019 Budget	Dollar Change	% Change
Office/Other Supplies	\$716	\$591	\$615	\$586	(\$29)	-4.7%
Travel/Local Meetings	801	940	978	986	8	0.8%
Information Sources	476	535	557	561	4	0.7%
<b>Total Administrative Expenses</b>	<b>\$1,993</b>	<b>\$2,066</b>	<b>\$2,150</b>	<b>\$2,133</b>	<b>(\$17)</b>	<b>-0.8%</b>

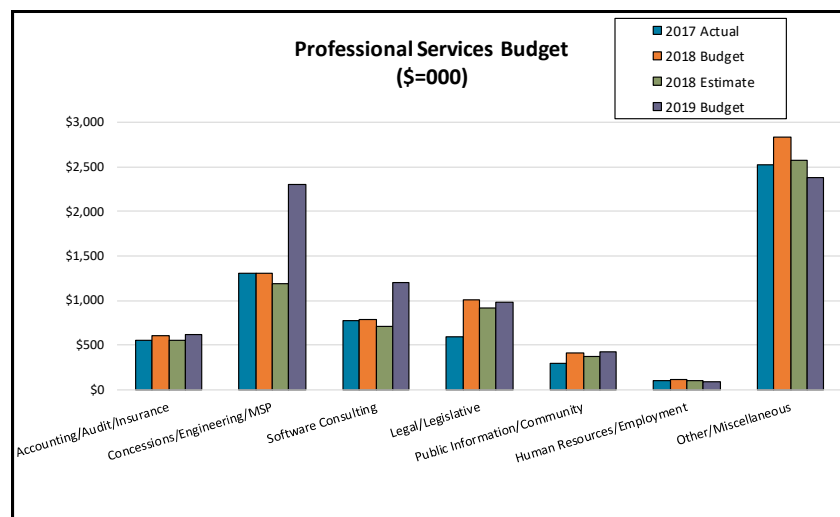


As shown in the above chart, costs for travel and local meetings exceeds supplies and information sources annually.

**Professional Services**

Professional Services are estimated to increase \$1.6 million or 24.8% over 2018 estimates.

2019 Professional Services (\$=000)					2019 Budget vs 2018 Estimate	
	2017 Actual	2018 Budget	2018 Estimate	2019 Budget	Dollar Change	% Change
Accounting/Audit/Insurance	\$553	\$607	\$551	\$622	\$71	12.9%
Concessions/Engineering/MSP	1,310	1,306	1,186	2,301	1,115	94.0%
Software Consulting	777	781	709	1,200	491	69.3%
Legal/Legislative	597	1,006	913	976	63	6.9%
Public Information/Community	298	407	370	428	58	15.7%
Human Resources/Employment	96	112	101	81	(20)	-19.8%
Other/Miscellaneous	2,520	2,831	2,570	2,382	(188)	-7.3%
<b>Total Professional Services</b>	<b>\$6,151</b>	<b>\$7,050</b>	<b>\$6,400</b>	<b>\$7,990</b>	<b>\$1,590</b>	<b>24.8%</b>



The following combination of changes in Professional Services explains the larger variances:

**Concessions/Engineering/MSP** – The budget is increased \$1.1 million dollars for a planned real estate assessment study for MSP International Airport and the six Reliever Airports to determine various options for land use to increase revenue.

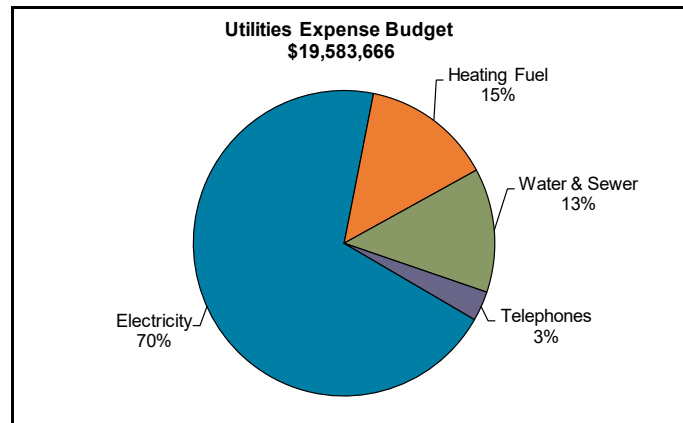
**Software Consulting** – The increase of \$491,000 arises from the consolidation of Enterprise Architecture, Geographic Information System (GIS) and security consulting fees in lieu of miscellaneous fees and includes an estimated increase of \$100,000.

**Other/Miscellaneous** – Other/Miscellaneous contains safety and fire protection, environmental, strategy and mechanical consulting fees. The \$188,000 decrease is due to the transfer of IT-related consulting to the Software Consulting category.

**Utilities**

Total Utilities are budgeted to increase \$84,000 or 0.4% over 2018 estimates and are explained as follows.

2019 Utilities Expense (\$=000)	2019 Budget vs 2018 Estimate					
	2017	2018	2018	2019	Dollar	%
	Actual	Budget	Estimate	Budget	Change	Change
<b>Utilities</b>						
Electricity	\$13,192	\$13,691	\$13,310	\$13,669	\$359	2.7%
Heating Fuel	3,128	2,923	3,100	2,726	(374)	-12.1%
Water & Sewer	2,648	2,443	2,445	2,575	130	5.3%
Telephones	651	639	645	614	(31)	-4.9%
<b>Total Utilities</b>	<b>\$19,619</b>	<b>\$19,696</b>	<b>\$19,500</b>	<b>\$19,584</b>	<b>\$84</b>	<b>0.4%</b>



**Electricity** – The estimated increase in electricity of \$359,000 or 2.7% is based upon the forecast provided by the utility company and an outside consultant.

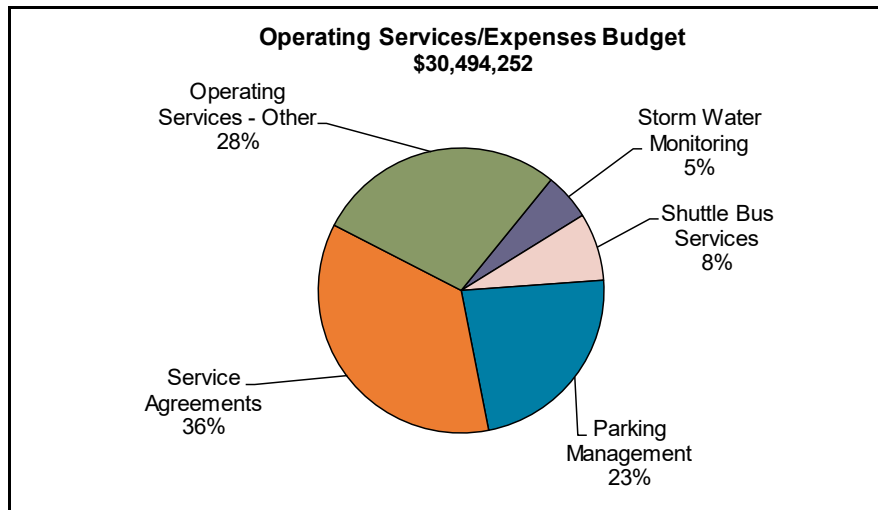
**Heating Fuel** – Last year was a cold winter and more jet fuel was used than budgeted. The decrease in heating fuel of \$374,000 or 12.1% is the result of budgeting an average winter's expense in jet fuel.

**Water & Sewer** – Water & Sewer is based on rates and consumption and is estimated to increase \$130,000 or 5.3%.

**Operating Services/Expenses**

Operating Services/Expenses are projected to increase \$1.5 million or 5.2%. The following chart lists the major components in this category.

2019 Operating Services/Expenses (\$=000)	2019 Budget vs 2018 Estimate					
	2017	2018	2018	2019	Dollar	%
	Actual	Budget	Estimate	Budget	Change	Change
Parking Management	\$6,314	\$6,873	\$6,750	\$7,034	\$284	4.2%
Shuttle Bus Services	1,796	2,116	2,130	2,343	213	10.0%
Service Agreements	9,806	10,607	10,600	10,880	280	2.6%
Storm Water Monitoring	1,708	1,554	1,575	1,625	50	3.2%
Other	6,450	7,806	7,945	8,613	668	8.4%
<b>Total Operating Services/Expense</b>	<b>\$26,073</b>	<b>\$28,955</b>	<b>\$29,000</b>	<b>\$30,494</b>	<b>\$1,494</b>	<b>5.2%</b>



**Parking Management** – Parking management costs are increasing \$284,000 or 4.2%. The 2018 year-end estimate is slightly below budget. The 2019 budget reflects contractual increases within the parking management contract.

**Shuttle Bus Services** – Shuttle Bus Services are expected to increase \$213,000 or 10.0%. Shuttle bus service was added to the budget to transfer hotel employees from the MSP parking ramp to the new airport hotel.

**Service Agreements** – Service Agreements are projected to increase \$280,000 or 2.6%. Additional frontline support services are needed for the ever-changing technology and additional FTEs for \$600,000. This cost is off-set by a number of service agreements that were not renewed or were renegotiated for better rates.

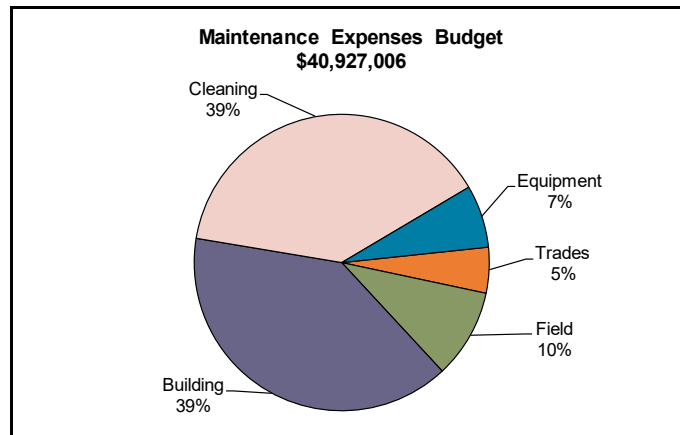
**Other** – Other expenses are estimated to increase \$668,000 or 8.4%. Numerous items affected this line item in 2019. The major items are as follows:

- One-time Super Bowl expenses in 2018 as a deduction of \$1.2 million
- Additional employee screening portals at Terminals 1 and 2 with an additional cost of \$1.2 million
- Advertising for new airline service at a cost of \$200,000
- Final Four expenses budgeted at \$200,000
- Increase in queue line management requested by stakeholders costing \$550,000
- Decreases in various other expenses off-set the increases in this category

## **Maintenance**

The Maintenance category has five components: Trades (Painters, Carpenters, Electricians and Plumbers); Field (Snow Removal, Summer Maintenance and Landscaping); Building (Carousel/Conveyors, Elevators/Escalators, Moving Walks and Automated People Movers); Equipment (Parts, Shop Supplies and Gas); and Cleaning (Janitorial, Windows, Cleaning Supplies and Rubbish Removal). Total maintenance will decrease \$423,000 or 1.0% over 2018 estimates.

2019 Maintenance Expenses (\$=000)					2019 Budget vs 2018 Estimate	
	2017 Actual	2018 Budget	2018 Estimate	2019 Budget	Dollar Change	% Change
Maintenance						
Trades	\$1,872	\$2,261	\$2,250	\$2,042	(\$208)	-9.3%
Field	3,891	4,310	6,560	3,991	(2,569)	-39.2%
Building	13,799	14,901	15,721	16,183	462	2.9%
Equipment	2,370	2,573	2,805	2,788	(17)	-0.6%
Cleaning	14,360	14,469	14,014	15,923	1,909	13.6%
Total Maintenance	\$36,293	\$38,514	\$41,350	\$40,927	(\$423)	-1.0%



**Trades** – Trades is projected to decrease \$208,000 or 9.3%. Expenses for the uninterrupted power supply decreased \$50,000 by using a 3-year average of the contract cost. Other general parts and supplies decreased \$140,000 based on estimated needs for 2019.

**Field** – Field costs include snow removal, summer maintenance and landscaping. Snow removal costs make up the majority of this \$4.0 million budget. A difficult winter with many snow events in the first quarter of 2018 increased the need for additional anti-ice materials and equipment and caused a much higher 2018 estimate. The budget for 2019 uses an average winter and average material and equipment costs to determine snow removal expenses creating a decrease of \$2.6 million or 39.2%.

**Cleaning** – Cleaning expenses are budgeted to increase \$1.9 million or 13.6%. This is a result of a new cleaning service agreement executed in 2017 which has a contractual price increase for Year 2. Additional janitorial services and window cleaning service are needed for the newly constructed areas of MSP.

### Other

The Other expense category is projected to decrease \$145,000 or 3.4%. This category includes General Insurance, Minor Assets (less than \$10,000) and miscellaneous items.

The following table identifies the changes in the three major components.

2019 Other Expenses (\$=000)					2019 Budget vs 2018 Estimate	
	2017 Actual	2018 Budget	2018 Estimate	2019 Budget	Dollar Change	% Change
<b>Other</b>						
General Insurance	\$1,854	\$2,147	\$1,950	\$2,145	\$195	10.0%
Minor Equipment	1,841	1,383	1,400	1,317	(83)	-6.0%
Other	1,914	963	950	693	(257)	-27.0%
<b>Total Other</b>	<u>\$5,609</u>	<u>\$4,494</u>	<u>\$4,300</u>	<u>\$4,155</u>	<u>(\$145)</u>	<u>-3.4%</u>

**General Insurance** – General Insurance is expected to increase \$195,000 or 10.0% over the 2018 estimate. The insurance market is based upon factors worldwide, including losses under the deductible, litigation costs, history of cost and inflationary factors. The property insurance premium and airport liability claims are causing a lower 2018 year-end estimate. The 2019 budget reflects an increase in premiums and a 3-year average in liability claims.

**Other** – The Other category consists of expenses for safety, medical and other equipment; license fees and other miscellaneous expenses. Other is projected to be \$257,000 or 27.0% lower in 2019 compared to the prior year estimate as 2018 included a new airline service incentive.

## 2019 Budget Expenses by Subledger

	Total	Terminal 1	Terminal 1 Int'l Facility	Energy Management Center	Ramp Fees	Field & Runways	Control Tower	Terminal Roads/ Landside	Parking Facilities
<b>Personnel</b>									
Wages	63,324,989	760,443	-	1,831,452	-	1,420,066	-	2,359,124	-
Benefits	29,825,766	432,850	-	910,467	-	163,635	-	1,069,569	-
Total Personnel	93,150,755	1,193,293	-	2,741,919	-	1,583,701	-	3,428,693	-
<b>Administrative Expenses</b>									
Supplies	586,351	3,000	28,750	3,491	-	12,000	-	10,416	-
Travel	609,836	6,850	-	-	-	36,015	-	26,568	-
Other Administrative Expenses	936,871	800	-	-	-	3,050	-	26,456	-
Total Administrative Expenses	2,133,058	10,650	28,750	3,491	-	51,065	-	63,440	-
<b>Professional Services</b>									
Accounting/Audit Fees	222,100	-	-	-	-	-	-	-	-
Appraisals	1,100,000	-	-	-	-	-	-	-	-
RFP/Leases	30,000	-	-	-	-	-	-	-	-
Computer Services	1,200,000	-	-	-	-	-	-	-	-
Engineering Fees	875,000	-	-	48,000	-	490,000	-	-	-
Graphic Design	30,000	-	-	-	-	-	-	-	-
Insurance Consultants	345,000	-	-	-	-	-	-	-	-
Legal Fees	775,000	-	-	-	-	-	-	-	-
Legislative	201,000	-	-	-	-	-	-	-	-
Medical Fees	55,000	-	-	-	-	-	-	-	-
Planning	195,500	-	-	-	-	5,000	-	-	-
Pollution/Environmental Fees	4,600	-	-	-	-	-	-	-	-
Public Information	374,000	-	-	-	-	-	-	-	-
Recruiting Expenses	81,000	-	-	-	-	-	-	-	-
Safety Consultants	36,910	-	-	-	-	-	-	-	-
Communications Consultant	24,000	-	-	-	-	24,000	-	-	-
Miscellaneous Expenses	2,440,755	280,431	-	-	-	21,000	-	45,500	-
Total Professional Services	7,989,865	280,431	-	48,000	-	540,000	-	45,500	-
<b>Utilities</b>									
Electricity	13,669,215	8,670,398	-	-	-	877,108	-	293,152	549,010
Heating Fuel	2,725,768	197,447	-	1,667,000	-	17,432	8,708	86,587	66,754
Sewer	1,224,999	202,541	-	60,365	-	93,620	-	4,258	9,148
Water	1,350,000	338,957	-	116,690	-	20,727	-	10,664	6,854
Telephone	613,684	7,500	-	7,531	-	6,250	-	8,000	-
Total Utilities	19,583,666	9,416,843	-	1,851,586	-	1,015,137	8,708	402,661	631,766

**2019 Budget Expenses by Subledger**

	Cargo Area	Terminal 2	Public Area/ Roads	Hangars & Other Bldgs	Maintenance Employees	Equipment Maintenance	Inventory/ Trades
<b><u>Personnel</u></b>							
Wages	-	679,414	-	-	14,824,386	-	-
Benefits	-	256,195	-	-	7,476,825	-	3,450
<b>Total Personnel</b>	-	935,609	-	-	22,301,211	-	3,450
<b><u>Administrative Expenses</u></b>							
Supplies	-	29,125	-	-	13,500	2,500	7,350
Travel	-	7,159	-	-	4,100	-	3,502
Other Administrative Expenses	-	1,550	-	-	-	10,000	1,938
<b>Total Administrative Expenses</b>	-	37,834	-	-	17,600	12,500	12,790
<b><u>Professional Services</u></b>							
Accounting/Audit Fees	-	-	-	-	-	-	-
Appraisals	-	-	-	-	-	-	-
RFP/Leases	-	-	-	-	-	-	-
Computer Services	-	-	-	-	-	-	-
Engineering Fees	-	-	-	-	-	-	-
Graphic Design	-	-	-	-	-	-	-
Insurance Consultants	-	-	-	-	-	-	-
Legal Fees	-	-	-	-	-	-	-
Legislative	-	-	-	-	-	-	-
Medical Fees	-	-	-	-	-	-	-
Planning	-	-	-	-	-	-	-
Pollution/Environmental Fees	-	-	-	-	-	-	-
Public Information	-	-	-	-	-	-	-
Recruiting Expenses	-	-	-	-	-	-	-
Safety Consultants	-	-	-	-	-	-	-
Communications Consultant	-	-	-	-	-	-	-
Miscellaneous Expenses	-	41,612	-	-	-	-	282,600
<b>Total Professional Services</b>	-	41,612	-	-	-	-	282,600
<b><u>Utilities</u></b>							
Electricity	193,573	1,372,727	306,809	360,834	-	-	337,878
Heating Fuel	124,776	251,603	813	64,763	-	-	142,154
Sewer	4,250	-	808,436	970	-	-	7,754
Water	3,045	99,224	725,474	1,683	-	-	13,832
Telephone	-	1,800	-	-	13,100	-	36,786
<b>Total Utilities</b>	325,644	1,725,354	1,841,532	428,250	13,100	-	538,404

## 2019 Budget Expenses by Subledger

	Concourses A-D	Police	Fire	Administration	Building Official	Comm- unication/ Operations	Noise & Environment	Total Reliever Airports
<b><u>Personnel</u></b>								
Wages	-	12,690,632	5,310,252	15,439,369	976,429	3,124,333	1,044,786	2,864,303
Benefits	-	5,869,074	3,246,907	6,895,433	350,950	1,175,343	375,879	1,599,188
<b>Total Personnel</b>	-	18,559,706	8,557,158	22,334,802	1,327,379	4,299,676	1,420,665	4,463,491
<b><u>Administrative Expenses</u></b>								
Supplies	-	149,313	2,000	276,845	3,550	27,394	9,675	7,442
Travel	-	36,526	7,990	374,012	13,800	41,964	30,400	20,950
Other Administrative Expenses	-	25,377	5,650	792,849	4,465	49,581	5,680	9,475
<b>Total Administrative Expenses</b>	-	211,216	15,640	1,443,706	21,815	118,939	45,755	37,867
<b><u>Professional Services</u></b>								
Accounting/Audit Fees	-	-	-	222,100	-	-	-	-
Appraisals	-	-	-	1,100,000	-	-	-	-
RFP/Leases	-	-	-	5,000	25,000	-	-	-
Computer Services	-	-	-	1,200,000	-	-	-	-
Engineering Fees	-	-	-	160,000	-	-	50,000	127,000
Graphic Design	-	-	-	30,000	-	-	-	-
Insurance Consultants	-	-	-	345,000	-	-	-	-
Legal Fees	-	-	-	668,000	-	-	92,000	15,000
Legislative	-	-	-	201,000	-	-	-	-
Medical Fees	-	-	-	55,000	-	-	-	-
Planning	-	-	-	100,500	-	-	-	90,000
Pollution/Environmental Fees	-	-	-	-	-	-	1,600	3,000
Public Information	-	-	-	374,000	-	-	-	-
Recruiting Expenses	-	-	-	81,000	-	-	-	-
Safety Consultants	-	2,910	-	34,000	-	-	-	-
Communications Consultant	-	-	-	-	-	-	-	-
Miscellaneous Expenses	-	95,164	101,860	719,431	-	121,657	557,000	174,500
<b>Total Professional Services</b>	-	98,074	101,860	5,295,031	25,000	121,657	700,600	409,500
<b><u>Utilities</u></b>								
Electricity	-	-	130,306	278,018	-	-	3,250	296,152
Heating Fuel	-	-	26,478	41,564	-	-	-	29,689
Sewer	-	-	1,450	1,950	-	-	-	30,257
Water	-	-	5,818	2,759	-	-	-	4,273
Telephone	-	53,501	17,800	337,458	4,320	27,091	28,700	63,847
<b>Total Utilities</b>	-	53,501	181,852	661,749	4,320	27,091	31,950	424,218

## 2019 Budget Expenses by Subledger

	Total	Terminal 1	Terminal 1 Int'l Facility	Energy Management Center	Ramp Fees	Field & Runways	Control Tower	Terminal Roads/ Landside	Parking Facilities
<b>Operating Services/Expenses</b>									
Advertising	635,312	-	-	-	-	-	-	-	278,712
Environmental Control	233,177	-	-	250	-	1,200	-	-	-
GISW Management	1,625,000	-	-	-	-	1,475,000	-	-	-
Ground Transportation Services	30,000	-	-	-	-	-	-	30,000	-
Shuttle Services	2,342,852	980,152	-	-	-	-	-	1,084,095	-
Parking Lots	7,033,606	-	-	-	-	-	-	-	7,033,606
Met Council Fees	230,000	-	-	-	-	230,000	-	-	-
Employee Programs	188,500	-	-	-	-	-	-	-	-
Conference Center	30,000	-	-	-	-	-	-	-	-
Events & Exercises	326,140	100,000	-	-	-	20,500	-	-	-
Other Charges/Fees	6,858,437	2,603,379	-	-	-	802,054	-	18,765	518,615
Service Agreements	10,961,228	3,228,377	614,148	-	-	184,475	-	456,990	804,490
<b>Total Operating Services/Expenses</b>	<b>30,494,252</b>	<b>6,911,908</b>	<b>614,148</b>	<b>250</b>	<b>-</b>	<b>2,713,229</b>	<b>-</b>	<b>1,589,850</b>	<b>8,635,423</b>
<b>Maintenance</b>									
Trades - Painters	253,460	24,950	-	1,100	-	154,230	-	-	6,600
Trades - Carpenters	227,083	113,743	-	-	-	-	-	-	-
Trades - Plumbers	265,067	130,847	-	4,920	-	3,000	-	1,500	-
Trades - Electricians	1,296,147	387,555	-	11,000	-	318,000	-	5,000	132,577
Maintenance - Field	3,991,085	6,374	-	-	239,860	2,387,696	-	171,500	824,500
Maintenance Building	16,182,935	10,019,031	-	277,250	-	41,506	-	1,553,938	375,534
Maintenance-Cleaning	15,923,375	11,275,484	226,406	-	-	55,000	-	332,476	607,957
Maintenance-Equipment	2,787,854	153,948	2,500	240,988	-	-	-	25,636	237,620
<b>Total Maintenance</b>	<b>40,927,006</b>	<b>22,111,932</b>	<b>228,906</b>	<b>535,258</b>	<b>239,860</b>	<b>2,959,432</b>	<b>-</b>	<b>2,090,050</b>	<b>2,184,788</b>
<b>Other</b>									
General Insurance	2,144,999	572,590	-	55,099	33,784	378,244	-	132,120	300,660
Safety	145,177	-	-	4,747	-	12,500	-	-	-
Medical Information/Supply	17,788	2,400	-	233	-	3,000	-	-	-
Rentals	36,740	-	-	-	-	-	-	1,440	-
Licenses/Permits	18,172	-	-	1,497	-	4,000	-	-	-
Miscellaneous Expenses	475,320	25,545	1,500	-	-	10,000	-	-	-
Capital Assets	1,316,588	5,000	-	-	-	-	-	-	-
<b>Total Other</b>	<b>4,154,784</b>	<b>605,535</b>	<b>1,500</b>	<b>61,576</b>	<b>33,784</b>	<b>407,744</b>	<b>-</b>	<b>133,560</b>	<b>300,660</b>
<b>Grand Total</b>	<b>198,433,386</b>	<b>40,533,092</b>	<b>873,304</b>	<b>5,242,080</b>	<b>273,644</b>	<b>9,270,308</b>	<b>8,708</b>	<b>7,753,754</b>	<b>11,752,637</b>

## 2019 Budget Expenses by Subledger

	Cargo Area	Terminal 2	Public Area/ Roads	Hangars & Other Bldgs	Maintenance Employees	Equipment Maintenance	Inventory/ Trades
<b><u>Operating Services/Expenses</u></b>							
Advertising	-	-	-	-	-	-	-
Environmental Control	-	-	27,000	-	-	25,000	14,950
GISW Management	-	-	-	-	-	-	-
Ground Transportation Services	-	-	-	-	-	-	-
Shuttle Services	-	278,605	-	-	-	-	-
Parking Lots	-	-	-	-	-	-	-
Met Council Fees	-	-	-	-	-	-	-
Employee Programs	-	-	-	-	-	-	-
Conference Center	-	-	-	-	-	-	-
Events & Exercises	-	-	-	-	33,000	-	-
Other Charges/Fees	-	858,674	-	-	-	-	-
Service Agreements	-	625,035	-	-	15,000	34,000	48,927
<b>Total Operating Services/Expenses</b>	-	1,762,314	27,000	-	48,000	59,000	63,877
<b><u>Maintenance</u></b>							
Trades - Painters	-	2,500	-	-	-	-	52,375
Trades - Carpenters	-	23,211	-	-	-	-	61,918
Trades - Plumbers	-	33,500	1,500	12,500	-	6,000	41,700
Trades - Electricians	-	89,039	50,000	24,420	-	-	57,566
Maintenance - Field	55,000	30,000	84,500	-	-	47,500	-
Maintenance Building	134,224	1,915,797	-	58,077	-	5,705	137,154
Maintenance-Cleaning	3,140	2,308,844	-	103,895	-	-	13,626
Maintenance-Equipment	-	53,029	-	8,886	-	1,269,327	88,503
<b>Total Maintenance</b>	192,364	4,455,920	136,000	207,778	-	1,328,532	452,842
<b><u>Other</u></b>							
General Insurance	-	263,039	24,388	44,450	-	42,836	36,924
Safety	-	-	-	-	57,000	-	24,000
Medical Information/Supply	-	-	-	-	-	-	-
Rentals	-	-	-	-	-	-	26,500
Licenses/Permits	-	-	-	-	425	2,350	2,400
Miscellaneous Expenses	-	1,800	-	-	-	28,300	102,000
Capital Assets	-	2,850	-	-	-	42,560	63,598
<b>Total Other</b>	-	267,689	24,388	44,450	57,425	116,046	255,422
<b>Grand Total</b>	518,008	9,223,832	2,028,920	680,478	22,437,336	1,516,078	1,609,385

## 2019 Budget Expenses by Subledger

	Concourses A-D	Police	Fire	Administration	Building Official	Comm- unication/ Operations	Noise & Environment	Total Reliever Airports
<b><u>Operating Services/Expenses</u></b>								
Advertising	-	-	-	139,600	202,000	-	-	15,000
Environmental Control	-	-	5,000	6,000	-	-	1,000	152,777
GISW Management	-	-	-	100,000	-	-	50,000	-
Ground Transportation Services	-	-	-	-	-	-	-	-
Shuttle Services	-	-	-	-	-	-	-	-
Parking Lots	-	-	-	-	-	-	-	-
Met Council Fees	-	-	-	-	-	-	-	-
Employee Programs	-	-	-	188,500	-	-	-	-
Conference Center	-	-	-	-	30,000	-	-	-
Events & Exercises	-	-	-	152,940	-	11,000	-	8,700
Other Charges/Fees	-	63,391	-	633,285	1,343,274	-	3,500	13,500
Service Agreements	-	358,823	47,700	3,937,005	3,800	323,258	260,400	18,800
<b>Total Operating Services/Expenses</b>	-	422,214	52,700	5,157,330	1,579,074	334,258	314,900	208,777
<b><u>Maintenance</u></b>								
Trades - Painters	-	-	750	-	-	-	-	10,955
Trades - Carpenters	-	-	-	1,000	-	-	-	27,211
Trades - Plumbers	-	-	9,500	5,100	-	-	-	15,000
Trades - Electricians	-	16,800	33,124	32,424	-	-	-	138,642
Maintenance - Field	-	-	-	-	-	-	-	144,155
Maintenance Building	-	-	20,784	15,564	1,550,000	-	-	78,371
Maintenance-Cleaning	-	-	72,586	34,979	770,162	19,563	-	99,257
Maintenance-Equipment	-	183,130	84,896	31,212	-	33,911	2,082	372,186
<b>Total Maintenance</b>	-	199,930	221,640	120,279	2,320,162	53,474	2,082	885,777
<b><u>Other</u></b>								
General Insurance	-	36,785	18,328	56,334	-	3,438	1,983	143,997
Safety	-	9,203	-	34,500	-	-	-	3,227
Medical Information/Supply	-	7,355	4,500	-	-	-	-	300
Rentals	-	-	-	8,800	-	-	-	-
Licenses/Permits	-	-	-	-	600	-	2,500	4,400
Miscellaneous Expenses	-	214,682	43,000	18,000	-	25,000	-	5,493
Capital Assets	-	2,980	64,800	1,130,600	-	4,200	-	-
<b>Total Other</b>	-	271,005	130,628	1,248,234	600	32,638	4,483	157,417
<b>Grand Total</b>	-	19,815,646	9,261,478	36,261,131	5,278,350	4,987,733	2,520,435	6,587,047

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## Construction Fund

All capital asset expenditures are within the Construction Fund and are broken down into two categories which are:

- Equipment and Technology Related Expenditures
- Capital Improvement Program Expenditures

Capital asset expenditures relate to the acquisition of assets in which the benefits extend over one or more accounting periods beyond the current period. It is the Commission's policy to amortize the carrying amount of the assets over their estimated useful lives on a straight-line basis by annual depreciation charges to income. Estimated useful lives on depreciable assets are as follows:

Airport improvements and buildings	10 - 40 years
Moveable equipment	3 - 15 years

Costs incurred for major improvements are carried in construction in progress until disposition or completion of the related projects. Costs relating to projects not pursued are expensed, while costs relating to completed projects are capitalized. The capitalization threshold for capital assets is \$10,000.

For Capital Improvement Program expenditures, a monthly report of all final payments, including any change orders, are reviewed and approved by the Commission.

### Equipment and Technology-Related Expenditures

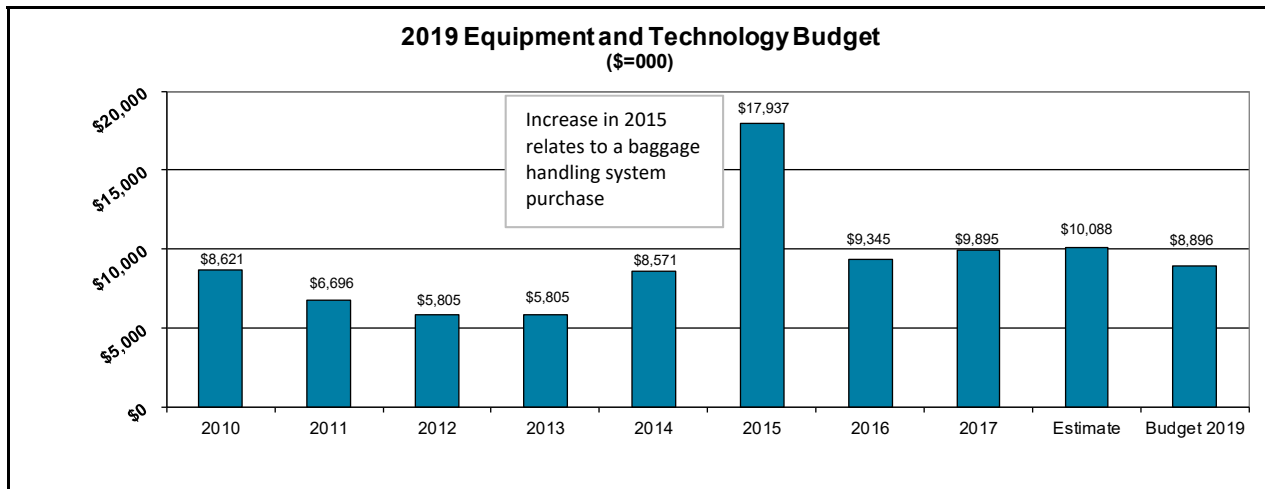
The MAC completes its capital equipment requests for new and replacement equipment annually. All technology related capital equipment was also reviewed by the Information Technology Department. The capital equipment requests in the 2019 budget decreased by \$1,192,480 or 11.8% from the 2018 estimate.

In 2008, the Commission fully incorporated the changes in the Amendment to the Airline Use and Lease Agreement. This change resulted in a significant modification to the way the Commission acquires capital equipment. In the past, internally-generated funds were used to purchase all capital equipment and the resulting depreciation associated with that equipment was charged to the MSP tenants; in particular, the airlines. In the Amendment, this process changed due to elimination of using depreciation and now incorporating the use of various types of debt as a chargeback to the tenants and airlines.

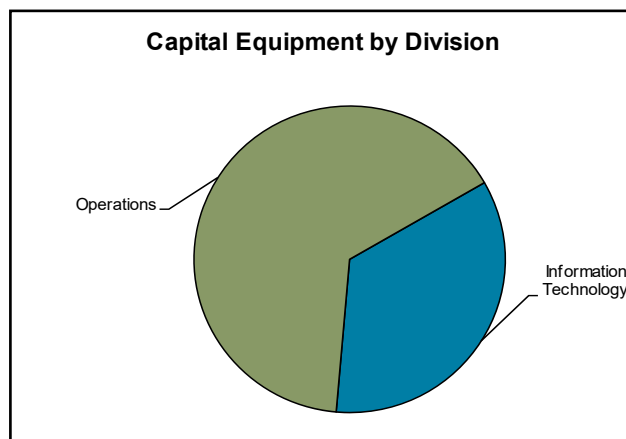
Currently, the \$8.9 million capital equipment budget listed below is funded in two ways. First, those pieces of equipment which are chargeable to the tenants and airlines are now acquired through equipment financing (Notes Payable). The amount of equipment financed for 2019 is approximately \$1.8 million. The term of these financings is 10 years. The principal and interest associated with these equipment financings will be charged back based on the appropriate percentage found in the Airline Use and Lease Agreement resulting in recovery of all or a portion of the total dollars. Lastly, the remaining value of capital equipment (approximately \$7.1 million) will be funded with internally-generated funds.

2019 Equipment and Technology Budget				
	2018 Estimate	2019 Budget	\$ Variance	% Variance
Equipment and Technology	\$ 10,087,980	\$ 8,895,500	\$ (1,192,480)	-11.8%

The following chart compares equipment and technology purchases for the past 10 years. In 2015, the MAC purchased the outbound baggage handling system from Delta for approximately \$8 million.



The chart to the right compares the 2019 capital equipment as requested by Information Technology and other operations.



**Field Maintenance Equipment Used to Clean Runways at MSP**



**Staff Shared MSP's Winter Weather Strategies with Chinese Airport and Airline Leaders at a Conference in Beijing, China**

**Capital Equipment Projects****77100 Building Official****Inspection Vehicle**

<b>Acquisition:</b>	New	This vehicle will be used for on site inspections, attending construction meetings and other job duties as needed. For the past five years our second vehicle needs were met by using old vehicles from other MAC departments, with the understanding that a new vehicle would be purchased in 2019 for use by the Building Official service center.
<b>Individual Cost:</b>	\$30,000	
<b>Trade-in Value:</b>	\$0	
<b>Quantity:</b>	1	
<b>Total:</b>	\$30,000	

**Building Official Total: \$30,000**

**82600 Airside Operations****4x4 Pickup Truck**

<b>Acquisition:</b>	Replacement	Airside Operations uses this vehicle for regulatory compliance work, emergency response and to maintain operational efficiency and reliability for 24/7 operations. Three vehicles in the service center are rotated in the replacement program. Vehicles are replaced when repair costs outweigh repair benefits. The vehicle will also be available for transfer to other areas as general business needs arise
<b>Individual Cost:</b>	\$48,000	
<b>Trade-in Value:</b>	\$1,000	
<b>Quantity:</b>	1	
<b>Total:</b>	\$47,000	

**Airside Operations Total: \$47,000**

**83600 Fire****Staff/Command Vehicle - SUV**

<b>Acquisition:</b>	Replacement	The new SUV will replace an end-of-life vehicle used by the on duty Shift Commander. It is used daily for emergency response and travel to and from meetings. The vehicle is used for initial command functions at incidents and carries a variety of fire and medical equipment. The current vehicle will be kept as spare utility vehicle for fire department fleet.
<b>Individual Cost:</b>	\$65,000	
<b>Trade-in Value:</b>	\$0	
<b>Quantity:</b>	1	
<b>Total:</b>	\$65,000	

**Fire Total: \$65,000**

**84200 Police****Police Vehicle Replacement**

<b>Acquisition:</b>	Replacement	The new vehicle replaces two police vehicles used for patrol purposes. The vehicles to be replaced are at least 13 years old or have greater than 100,000 miles. Replacement of the vehicles is recommended by the Airport Police Department and MAC's equipment superintendent.
<b>Individual Cost:</b>	\$49,000	
<b>Trade-in Value:</b>	\$4,000	
<b>Quantity:</b>	2	
<b>Total:</b>	\$94,000	

**Police Vehicle Replacement**

<b>Acquisition:</b>	Replacement	The Airport Police Department is replacing one K9 police vehicle used for patrol and investigative purposes. The vehicle to be replaced is at least 13 years old or has greater than 95,000 miles. Replacement of the vehicle is recommended by the Airport Police Department and MAC's equipment superintendent. This vehicle is reimbursable through a Transportation Security Administration program.
<b>Individual Cost:</b>	\$53,000	
<b>Trade-in Value:</b>	\$2,000	
<b>Quantity:</b>	1	
<b>Total:</b>	\$51,000	

**Police Vehicle Replacement**

<b>Acquisition:</b>	Replacement	The Airport Police Department is replacing one police vehicle used for investigative purposes. The vehicle to be replaced is at least 13 years old or has greater than 100,000 miles. Replacement of the vehicle is recommended by the Airport Police Department and MAC's equipment superintendent.
<b>Individual Cost:</b>	\$45,000	
<b>Trade-in Value:</b>	\$2,000	
<b>Quantity:</b>	1	
<b>Total:</b>	\$43,000	
<b>Police Total:</b>	<b>\$188,000</b>	

**86100 Facilities - Terminal 1****Blast Mitigation Containers**

<b>Acquisition:</b>	Replacement	Current exterior bomb-proof blast mitigation trash containers are aging. They require extensive welding maintenance, which diminishes their blast integrity. The new 40 gallon containers will replace containers on the exterior of both terminal buildings.
<b>Individual Cost:</b>	\$90,000	
<b>Trade-in Value:</b>	\$0	
<b>Quantity:</b>	1	
<b>Total:</b>	\$90,000	

**Loading Dock Freezers & Coolers**

<b>Acquisition:</b>	Replacement	The freezers and coolers at the primary loading dock at Terminal 1 are very old and are beyond their life expectancy. New freezers and coolers are necessary to manage and maintain the deliveries that occur throughout the airport. The equipment is owned by MAC and managed by its loading dock operations and maintenance contractor.
<b>Individual Cost:</b>	\$575,000	
<b>Trade-in Value:</b>	\$0	
<b>Quantity:</b>	1	
<b>Total:</b>	\$575,000	

**Facilities - Terminal 1 Total: \$665,000**

**86300 Facilities - Energy Management Center****Work Truck**

<b>Acquisition:</b>	Replacement	The Energy Management Center is replacing one work truck. The vehicle to be replaced has been recommended for replacement due to age and condition.
<b>Individual Cost:</b>	\$30,000	
<b>Trade-in Value:</b>	\$1,000	
<b>Quantity:</b>	1	
<b>Total:</b>	\$29,000	

**Facilities - Energy Management Center Total: \$29,000**

**89000 Field Maintenance****One Ton Snow Plow/Sander - Landside**

<b>Acquisition:</b>	Replacement	Field Maintenance is replacing trucks used for landside plowing and sanding. The vehicles to be replaced are corroded and rusty with obsolete electrical and module connections. Also, the new trucks may be utilized by the reliever airports.
<b>Individual Cost:</b>	\$110,000	
<b>Trade-in Value:</b>	\$10,000	
<b>Quantity:</b>	2	
<b>Total:</b>	\$210,000	

**Half-Ton Truck with Crew Cab**

<b>Acquisition:</b>	Replacement	Field Maintenance is replacing an aging truck that is currently
<b>Individual Cost:</b>	\$37,000	used at MSP. The unit to be replaced may be utilized by the
<b>Trade-in Value:</b>	\$6,000	reliever airports.
<b>Quantity:</b>	1	
<b>Total:</b>	\$31,000	

**Multi-Function Snow Removal Vehicle**

<b>Acquisition:</b>	New	An additional snow removal vehicle will accommodate staffing
<b>Individual Cost:</b>	\$950,000	levels for different runway and ramp teams.
<b>Trade-in Value:</b>	\$0	
<b>Quantity:</b>	1	
<b>Total:</b>	\$950,000	

**Pick Up Truck (Foreman)**

<b>Acquisition:</b>	Replacement	Field Maintenance is replacing trucks used 24 hours a day for
<b>Individual Cost:</b>	\$40,000	foreman duties. The vehicles to be replaced have reached the
<b>Trade-in Value:</b>	\$0	end of their useful life, due to accumulated mileage.
<b>Quantity:</b>	4	
<b>Total:</b>	\$160,000	

**Rotary Runway Broom**

<b>Acquisition:</b>	Replacement	Field Maintenance is replacing a rotary runway broom used at
<b>Individual Cost:</b>	\$850,000	MSP. The unit to be replaced will be transferred to one of the
<b>Trade-in Value:</b>	\$0	reliever airports.
<b>Quantity:</b>	1	
<b>Total:</b>	\$850,000	

**Field Maintenance Total: \$2,201,000**

**90200 Relievers - St. Paul****72" Rotary Mower**

<b>Acquisition:</b>	Replacement	This mower will cut and trim grass near airfield lighting, taxiway
<b>Individual Cost:</b>	\$45,000	and runway guidance signs, roadways, boulevards and the lawn
<b>Trade-in Value:</b>	\$0	around the Administration Building. This machine will replace an
<b>Quantity:</b>	1	older rotary mower that will be relocated to augment operations
<b>Total:</b>	\$45,000	at Airlake Airport.

**Batwing Field Mower**

<b>Acquisition:</b>	Replacement	The batwing field mower will be used to manicure airfield grass
<b>Individual Cost:</b>	\$45,000	islands between runways and taxiways, as well as undulating
<b>Trade-in Value:</b>	\$1,000	terrain along the Mississippi River. This will replace two end of
<b>Quantity:</b>	1	life units.
<b>Total:</b>	\$44,000	

**Relievers - St. Paul Total: \$89,000**

**90500 Relievers - Flying Cloud****Camera System**

<b>Acquisition:</b>	New	The new camera system will provide important information when accidents, incidents, theft or damage occur on airport property.
<b>Individual Cost:</b>	\$25,000	Cameras to monitor trash dumpsters and the area near the tower are expected to resolve illegal trash dumping and safety issues.
<b>Trade-in Value:</b>	\$0	Cameras will be installed at the Executive Aviation facility. This will provide a view of the MAC building and the airfield.
<b>Quantity:</b>	1	
<b>Total:</b>	\$25,000	

**Skidsteer Trailer**

<b>Acquisition:</b>	New	The current process for hauling the skidsteer is labor intensive and an inefficient use of staff time. The new trailer will improve efficiency and adaptability for airfield maintenance.
<b>Individual Cost:</b>	\$18,000	
<b>Trade-in Value:</b>	\$0	
<b>Quantity:</b>	1	
<b>Total:</b>	\$18,000	

**Toro 16' wide area mower**

<b>Acquisition:</b>	Replacement	This mower will replace a poorly functioning unit that is beyond warranty and cannot be fixed. A new manufacturer will be selected, as the dealership and manufacturer of the malfunctioning equipment have provided unsatisfactory responses.
<b>Individual Cost:</b>	\$110,000	
<b>Trade-in Value:</b>	\$20,000	
<b>Quantity:</b>	1	
<b>Total:</b>	\$90,000	

**Relievers - Flying Cloud**                      **\$133,000**  
**Total:**

**90700 Relievers - Anoka County-Blaine****Caterpillar 930 Wheel Loader**

<b>Acquisition:</b>	Replacement	The new wheel loader replaces an aging unit that is over 25 years old and has outlived its useful life. The replacement unit will be used heavily during winter operations.
<b>Individual Cost:</b>	\$197,500	
<b>Trade-in Value:</b>	\$7,000	
<b>Quantity:</b>	1	
<b>Total:</b>	\$190,500	

**Equipment Trailer**

<b>Acquisition:</b>	New	This trailer will be used to transport equipment and attachments around the Anoka County-Blaine Airport, as well as between reliever airports.
<b>Individual Cost:</b>	\$18,000	
<b>Trade-in Value:</b>	\$0	
<b>Quantity:</b>	1	
<b>Total:</b>	\$18,000	

**Relievers - Anoka County-Blaine Total:**                      **\$208,500**

**GRAND TOTAL:**                      **\$3,655,500**

**Technology Projects****79000 Information Technology****Cybersecurity**

<b>Acquisition:</b>	New	This project is part of a multi-year program. It will continue
<b>Individual Cost:</b>	\$925,000	critical work in response to MAC's Cybersecurity Framework
<b>Quantity:</b>	1	scorecard from the U.S. Department of Commerce's National
<b>Total:</b>	\$925,000	Institute of Standards and Technology. This project bolsters the
		protection of MAC's most critical Information Technology assets,
		which impact the life, reputation and ability to operate as an
		airport. MAC continues to develop a security program and
		processes to secure data and assets, provide governance and
		respond to incidents. Program funds will be used towards
		cybersecurity resources, vendor management system
		processes, cyber operations metrics, application code security
		scans and a cloud access system broker.

**Enterprise Hardware**

<b>Acquisition:</b>	New	This project will include replacement of end user hardware that
<b>Individual Cost:</b>	\$575,000	has reached the end of its useful life.
<b>Quantity:</b>	1	
<b>Total:</b>	\$575,000	

**Enterprise Resource Planning: Enterprise One**

<b>Acquisition:</b>	New	Enterprise One (E1) is a software product used by MAC to
<b>Individual Cost:</b>	\$500,000	handle a wide range of administrative and financial functions.
<b>Quantity:</b>	1	These functions include accounting general ledger, personnel,
<b>Total:</b>	\$500,000	purchasing and lease management. This project will provide
		necessary enhancements to E1, including automation of
		accounts payable, hardware upgrades, software upgrades and
		other efforts prioritized by the stakeholders.

**Geographic Information System (GIS)**

<b>Acquisition:</b>	New	These funds are part of a three year plan to grow our
<b>Individual Cost:</b>	\$185,000	Geographic Information System (GIS) capabilities. GIS
<b>Quantity:</b>	1	capabilities are key to MAC's ability to provide mapping and
<b>Total:</b>	\$185,000	location services for any software application. Nearly all MAC
		systems have a need for GIS. MAC currently has fragmented
		and disjointed capabilities. The need for GIS is a common theme
		from all departments and impacts the entire organization at all
		levels. It is imperative that the Information Technology service
		center staffs, builds and supports a GIS foundation that all MAC
		can use. These funds are for program management, vendor
		staffing, technical support, data management, GIS application
		development and data acquisition.

**New Systems: Fleet and Remote Noise Monitoring**

<b>Acquisition:</b>	New	New systems are required for two areas: fleet management and
<b>Individual Cost:</b>	\$600,000	remote noise monitoring management. These systems will
<b>Quantity:</b>	1	provide critical functionality, including improved analytics,
<b>Total:</b>	\$600,000	tracking, monitoring and reporting.

**System Enhancements**

<b>Acquisition:</b>	New	In order to meet demand for increased use of technology and
<b>Individual Cost:</b>	\$1,280,000	new technology needs, system enhancements are required for
<b>Quantity: Total:</b>	1	several MAC service centers: Landside, Information Technology,
	\$1,280,000	Public Affairs and Marketing, Planning, Environment and the
		Airport Police Department.

**Web Based Enhancement and Redesign**

<b>Acquisition:</b>	New	MAC hosts multiple website and web-based systems. Several will
<b>Individual Cost:</b>	\$1,175,000	need to be enhanced or redesigned during 2019, including the
<b>Quantity:</b>	1	MAC Noise website, the Metro Airport website and the MAC
<b>Total:</b>	\$1,175,000	Noise and Operations Monitoring System.

**Information Technology Total:** \$5,240,000

**GRAND TOTAL:** **\$5,240,000**

**GRAND TOTAL CAPITAL  
EQUIPMENT AND  
TECHNOLOGY:**

**\$8,895,500**

**Capital Improvement Program Expenditures**

On December 17, 2018, the Commission adopted the 2019-2025 Capital Improvement Program (CIP). The seven-year CIP relating to construction projects on the Commission's airport system consists of the following elements:

1. **2019 Capital Improvement Projects** – These are projects that have been reasonably defined for implementation in the upcoming calendar year, in this case 2019.
2. **2020 Capital Improvement Program** – These are projects that have been identified in the second year of the program which have a need or potential need but require further study in order to properly determine the scope, feasibility and cost of the project.
3. **2021-2025 Capital Improvement Plan** – This encompasses the last five years of the total program and consists of projects that appear to be needed during the period. This portion of the program assists in financial planning and meets the requirements of the Metropolitan Council's Investment Framework.

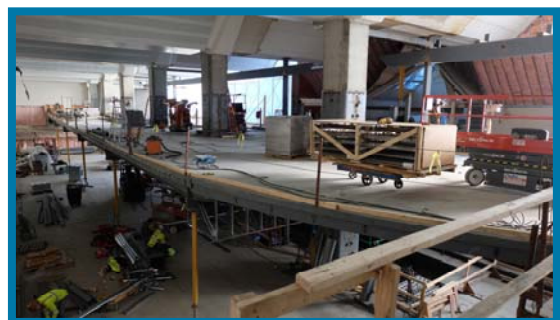
The projects identified for the Capital Improvement Programs are summarized by year and totaled as follows:

Capital Improvement Projects	Year			Total
Projects	2019	2020	2021-2025	
<b>MSP End of Life/Replacement Projects</b>				
<b>10 - Terminal 1-Lindbergh</b>				
Passenger Boarding Bridge Replacements	\$ 7,000,000	\$ 4,000,000	\$ 24,000,000	\$ 35,000,000
Tram Systems Retrofit and Equipment	\$ 1,500,000	\$ 1,750,000		\$ 3,250,000
Recarpeting Program			\$ 21,000,000	\$ 21,000,000
Replace Terminal 1 Tug Doors	\$ 600,000			\$ 600,000
TSA Recapitalization	\$ 12,000,000			\$ 12,000,000
<b>13 - Energy Management Center</b>				
VAV Box Replacement			\$ 3,000,000	\$ 3,000,000
<b>21 - Field and Runways</b>				
Runway 12L-30R Bituminous Shoulder Reconstruction			\$ 7,000,000	\$ 7,000,000
Runway 12R-30L Bituminous Shoulder Reconstruction			\$ 5,000,000	\$ 5,000,000
Runway 12R-30L Tunnel Storm Sewer Reconstruction		\$ 900,000		\$ 900,000
Taxiway D Reconstruction		\$ 12,000,000		\$ 12,000,000
Snow Melter Upgrades/Modifications	\$ 750,000			\$ 750,000
Sanitary Sewer Replacement Taxiway R		\$ 3,300,000		\$ 3,300,000
Taxiway A/B Pavement Reconstruction			\$ 6,000,000	\$ 6,000,000
Terminal 1 -Apron Pavement Reconstruction			\$ 21,000,000	\$ 21,000,000
<b>26 - Terminal Roads/Landside</b>				
Lower Level Roadway Rehabilitation			\$ 1,100,000	\$ 1,100,000
Upper Level Roadway Rehabilitation			\$ 2,000,000	\$ 2,000,000
Upper Level Roadway Electrical System Rehabilitation			\$ 1,000,000	\$ 1,000,000
Variable Message Sign Replacements - Phase 3		\$ 1,600,000		\$ 1,600,000
UPS Loop Pavement Reconstruction		\$ 1,600,000		\$ 1,600,000
<b>36 - Terminal 2-Humphrey</b>				
Public Walk Aisle Terrazzo Floor Installation	\$ 1,700,000			\$ 1,700,000
Recarpeting Program			\$ 2,000,000	\$ 2,000,000
<b>39 - Public Areas/Roads</b>				
28th Avenue South Reconstruction			\$ 2,270,000	\$ 2,270,000
28th Avenue Water Main Replacement	\$ 1,300,000			\$ 1,300,000
East 62nd Street Reconstruction			\$ 2,400,000	\$ 2,400,000
<b>66 - Fire</b>				
MSP Campus Fire Alarm System Upgrade/Transition	\$ 1,000,000	\$ 1,000,000		\$ 2,000,000
<b>MSP End of Life/Replacement Subtotal</b>	<b>\$ 25,850,000</b>	<b>\$ 26,150,000</b>	<b>\$ 97,770,000</b>	<b>\$ 149,770,000</b>
<b>MSP IT Projects</b>				
<b>10 - Terminal 1-Lindbergh</b>				
IT Miscellaneous Modifications	\$ 8,400,000	\$ 5,500,000	\$ 49,500,000	\$ 63,400,000
Telecom Room Equipment Continuity (TREC)	\$ 1,500,000	\$ 1,500,000	\$ 3,000,000	\$ 6,000,000
Intelligent Monitoring and Control Systems (IMACS)	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 4,500,000
Interactive Digital Directory Upgrade	\$ 150,000			\$ 150,000
<b>63 - Police</b>				
Card Access Modifications	\$ 2,000,000	\$ 3,500,000		\$ 5,500,000
<b>MSP IT Subtotal</b>	<b>\$ 13,550,000</b>	<b>\$ 12,000,000</b>	<b>\$ 54,000,000</b>	<b>\$ 79,550,000</b>

Capital Improvement Projects	Year			Total
Projects	2019	2020	2021-2025	
<b>MSP Long Term Comprehensive Plan Projects</b>				
10 - Terminal 1-Lindbergh				
D-Pod Outbound Baggage System			\$ 5,000,000	\$ 5,000,000
FIS Recheck Operational Improvements		\$ 8,400,000		\$ 8,400,000
MSP Long Term Comp Plan	\$ 2,200,000			\$ 2,200,000
Baggage Claim/Ticket Lobby Operational Improvements	\$ 98,000,000	\$ 61,900,000	\$ 32,500,000	\$ 192,400,000
Baggage Handling System		\$ 32,000,000		\$ 32,000,000
Checkpoint Expansion		\$ 5,800,000	\$ 11,000,000	\$ 16,800,000
Armed Forces Service Center Relocation	\$ 1,700,000			\$ 1,700,000
Security Checkpoint Improvements	\$ 2,000,000			\$ 2,000,000
Unstaffed Exit Lanes-North Exit			\$ 1,000,000	\$ 1,000,000
Valet Parking Lobby and Restroom Upgrade	\$ 5,000,000			\$ 5,000,000
21 - Field and Runways				
Taxiway C1 Construction	\$ 4,000,000			\$ 4,000,000
31 - Parking				
T1 Parking Ramp - Parking Ramp Modifications	\$ 17,000,000			\$ 17,000,000
36 - Terminal 2-Humphrey				
Security Checkpoint Improvements	\$ 1,500,000			\$ 1,500,000
North Gate Expansion Design Fees			\$ 2,000,000	\$ 2,000,000
<b>MSP Long Term Comprehensive Plan Subtotal</b>	<b>\$ 131,400,000</b>	<b>\$ 108,100,000</b>	<b>\$ 51,500,000</b>	<b>\$ 291,000,000</b>
<b>MSP Maintenance/Facility Upgrade Projects</b>				
10 - Terminal 1-Lindbergh				
ADO Office Expansion			\$ 500,000	\$ 500,000
Art Display Areas	\$ 500,000	\$ 250,000	\$ 500,000	\$ 1,250,000
Art Master Plan	\$ 808,000	\$ 1,155,000	\$ 1,580,000	\$ 3,543,000
Concourse D HVAC Upgrade	\$ 1,800,000			\$ 1,800,000
Employee Breakroom	\$ 250,000			\$ 250,000
Folded Plate Repairs			\$ 17,800,000	\$ 17,800,000
G Concourse Moving Walks		\$ 2,500,000	\$ 2,500,000	\$ 5,000,000
Lighting Infrastructure Technology and Equipment (LITE)	\$ 1,500,000		\$ 4,750,000	\$ 6,250,000
Mechanical Room C-1043			\$ 5,500,000	\$ 5,500,000
Restroom Upgrade Program	\$ 500,000		\$ 10,000,000	\$ 10,500,000
T1 Public Walk Aisle Terrazzo Floor Installation			\$ 13,300,000	\$ 13,300,000
Way-Finding Sign Backlighting Replacement		\$ 1,600,000	\$ 1,600,000	\$ 3,200,000
13 - Energy Management Center				
Air Handling Unit Safety Upgrades		\$ 550,000		\$ 550,000
Concourse G Energy Efficiency Projects		\$ 2,000,000		\$ 2,000,000
Energy Savings Program			\$ 4,000,000	\$ 4,000,000
Indoor Air Quality Monitoring		\$ 660,000		\$ 660,000
LED Lighting Conversion in Valet Parking		\$ 500,000		\$ 500,000
Victaulic Piping Replacement		\$ 1,000,000	\$ 5,000,000	\$ 6,000,000
21 - Field and Runways				
Glycol Lift Station			\$ 1,100,000	\$ 1,100,000
Perimeter Gate Security Improvements		\$ 3,000,000	\$ 6,500,000	\$ 9,500,000
Runway 4-22 Taxiway Lighting System	\$ 3,500,000			\$ 3,500,000
Runway LED Lighting Upgrade		\$ 1,000,000	\$ 5,850,000	\$ 6,850,000
Taxiway Bravo & Quebec Centerline Lights	\$ 6,800,000			\$ 6,800,000
Taxiway T Centerline Lights			\$ 600,000	\$ 600,000



**Elevators, Escalators and Moving Walks Support Travelers' Needs at MSP**



**Mezzanine Level Construction at Terminal 1-Lindbergh**

Capital Improvement Projects	Year			Total
Projects	2019	2020	2021-2025	
<b>MSP Maintenance/Facility Upgrade Projects-Continued</b>				
31 - Parking				
Parking Guidance System			\$ 6,500,000	\$ 6,500,000
Parking Ramp Railing Refinishing		\$ 1,000,000	\$ 1,000,000	\$ 2,000,000
36 - Terminal 2 Humphrey				
Employee Breakroom		\$ 200,000		\$ 200,000
Skyway to LRT Flooring Installation			\$ 800,000	\$ 800,000
T2 Shuttle Waiting Area Expansion			\$ 200,000	\$ 200,000
39 - Public Areas/Roads				
Diverging Diamond Intersection Rehabilitation		\$ 340,000		\$ 340,000
46 - Hangars & Other Buildings				
MAC Storage Facility			\$ 10,000,000	\$ 10,000,000
56 - Trades/Maintenance Buildings				
South Field Maintenance Building Wash Bay		\$ 1,300,000		\$ 1,300,000
63 - Police				
Badging Office Relocation		\$ 2,700,000		\$ 2,700,000
Perimeter Fence Intrusion Detection System			\$ 1,000,000	\$ 1,000,000
Safety & Operations Center		\$ 77,500,000		\$ 77,500,000
66 - Fire				
Campus Fire Protection	\$ 500,000		\$ 1,500,000	\$ 2,000,000
70 - General Office/Administration				
GO Building Improvements		\$ 500,000		\$ 500,000
76 - Environment				
Ground Service Equipment Electrical Charging Stations	\$ 2,700,000		\$ 3,000,000	\$ 5,700,000
Lift Stations at Pond 1 and 2		\$ 850,000		\$ 850,000
Runway 12R-30L Glycol Force Main Environmental Improvements		\$ 1,500,000		\$ 1,500,000
Storm Sewer Rehabilitation	\$ 2,600,000			\$ 2,600,000
T2 Remote Ramp Lot/Drainage Improvements			\$ 2,000,000	\$ 2,000,000
<b>MSP Maintenance/Facility Upgrades Subtotal</b>	<b>\$ 21,458,000</b>	<b>\$ 100,105,000</b>	<b>\$ 107,080,000</b>	<b>\$ 228,643,000</b>
<b>MSP Ongoing Maintenance Programs</b>				
10 - Terminal 1-Lindbergh				
Air Handling Unit Replacement	\$ 2,500,000	\$ 6,400,000	\$ 32,500,000	\$ 41,400,000
Baggage System Upgrades	\$ 500,000	\$ 500,000	\$ 2,000,000	\$ 3,000,000
Concourse G Rehabilitation	\$ 4,000,000	\$ 4,000,000	\$ 24,000,000	\$ 32,000,000
Conveyance System Upgrades			\$ 6,000,000	\$ 6,000,000
Electrical Infrastructure Program	\$ 1,500,000	\$ 2,000,000	\$ 9,500,000	\$ 13,000,000
Electrical Substation Replacement			\$ 6,800,000	\$ 6,800,000
Emergency Power Upgrades	\$ 1,500,000	\$ 2,000,000	\$ 9,500,000	\$ 13,000,000
Plumbing Infrastructure Upgrade Program	\$ 500,000	\$ 500,000	\$ 2,500,000	\$ 3,500,000
Terminal Building Remediation Program	\$ 2,000,000	\$ 2,000,000	\$ 11,000,000	\$ 15,000,000
Terminal Miscellaneous Modifications	\$ 2,400,000	\$ 2,400,000	\$ 9,900,000	\$ 14,700,000
13 - Energy Management Center				
EMC Plant Upgrades (T1 & T2)	\$ 1,500,000	\$ 1,500,000	\$ 4,300,000	\$ 7,300,000
21 - Field and Runways				
Airside Bituminous Rehabilitation/Electrical Construction		\$ 1,100,000	\$ 8,800,000	\$ 9,900,000
Glycol Tank Repairs		\$ 500,000		\$ 500,000
Miscellaneous Airfield Construction	\$ 3,800,000		\$ 1,900,000	\$ 5,700,000
Pavement Joint Sealing/Repair	\$ 650,000	\$ 650,000	\$ 2,600,000	\$ 3,900,000
26 - Terminal Roads/Landside				
Glumack Drive Reconstruction			\$ 9,300,000	\$ 9,300,000
Tunnel Approaches Reconstruction			\$ 2,370,000	\$ 2,370,000
Tunnel/Bridge Rehabilitation	\$ 100,000	\$ 100,000	\$ 400,000	\$ 600,000
31 - Parking				
T1/T2 Parking Structure Rehabilitation	\$ 2,500,000	\$ 2,500,000	\$ 12,000,000	\$ 17,000,000
39 - Public Areas/Roads				
34th Avenue Bus Area Reconstruction			\$ 700,000	\$ 700,000
34th Avenue Reconstruction			\$ 13,000,000	\$ 13,000,000
34th Avenue Sanitary Sewer Replacement			\$ 2,200,000	\$ 2,200,000
Concrete Joint Repair			\$ 4,200,000	\$ 4,200,000
Landside Pavement Rehabilitation	\$ 400,000	\$ 400,000	\$ 2,000,000	\$ 2,800,000
Landside Utility Rehabilitation			\$ 3,750,000	\$ 3,750,000
Roadway Fixture Refurbishment	\$ 150,000	\$ 150,000	\$ 450,000	\$ 750,000

Capital Improvement Projects	Year			Total
Projects	2019	2020	2021-2025	
<b>MSP Ongoing Maintenance Programs-Continued</b>				
46 - Hangars & Other Buildings				
Campus Building Demolition			\$ 800,000	\$ 800,000
Campus Building Rehab Program		\$ 500,000	\$ 6,000,000	\$ 6,500,000
Campus Parking Lot Reconstructions			\$ 1,300,000	\$ 1,300,000
MSP Campus Building Roof Replacements	\$ 600,000	\$ 1,000,000	\$ 7,200,000	\$ 8,800,000
<b>MSP Ongoing Maintenance Subtotal</b>	\$ 24,600,000	\$ 28,200,000	\$ 196,970,000	\$ 249,770,000
<b>MSP Noise Mitigation Projects</b>				
76 - Environment				
Noise Mitigation Consent Decree Amendment	\$ 13,500,000	\$ 7,500,000	\$ 5,000,000	\$ 26,000,000
<b>MSP Noise Mitigation Subtotal</b>	\$ 13,500,000	\$ 7,500,000	\$ 5,000,000	\$ 26,000,000
<b>MSP Tenant Projects</b>				
10 - Terminal 1-Lindbergh				
Concession Rebids	\$ 3,200,000			\$ 3,200,000
Concourse G Delta Sky Club		\$ 45,000,000		\$ 45,000,000
Concession Upgrades/Revenue Development	\$ 200,000	\$ 200,000	\$ 1,000,000	\$ 1,400,000
RAC Terminal-2 QTA Security Enhancements	\$ 500,000			\$ 500,000
46 - Hangars & Other Buildings				
Sun Country Hangar Improvements	\$ 5,400,000			\$ 5,400,000
<b>MSP Tenant Subtotal</b>	\$ 9,300,000	\$ 45,200,000	\$ 1,000,000	\$ 55,500,000
<b>Reliever Airports Long Term Comprehensive Plan Projects</b>				
81 - St. Paul Downtown				
AGIS and ALP			\$ 300,000	\$ 300,000
82 - Lake Elmo				
Long Term Comp Plan			\$ 100,000	\$ 100,000
Runway 14-32 Replacement	\$ 3,000,000	\$ 2,000,000	\$ 2,000,000	\$ 7,000,000
Airfield Modifications		\$ 3,000,000		\$ 3,000,000
83 - Airlake				
Long Term Comp Plan			\$ 100,000	\$ 100,000
Runway 20-30 Improvements			\$ 3,500,000	\$ 3,500,000
South Building Area Development - Phase 1	\$ 1,500,000			\$ 1,500,000
84 - Flying Cloud				
AGIS and ALP			\$ 300,000	\$ 300,000
South Building Area Utilities			\$ 600,000	\$ 600,000
85 - Crystal				
Long Term Comp Plan			\$ 100,000	\$ 100,000
Runway 14R-32L & Taxiway E Modifications		\$ 3,800,000		\$ 3,800,000
86 - Anoka County - Blaine				
AGIS and ALP			\$ 300,000	\$ 300,000
Building Area Development - Xylite Street Relocation			\$ 1,000,000	\$ 1,000,000
<b>Reliever Airports Long Term Comprehensive Plan Subtotal</b>	\$ 4,500,000	\$ 8,800,000	\$ 8,300,000	\$ 21,600,000
<b>Reliever Airports Maintenance/Facility Upgrade Projects</b>				
81 - St. Paul Downtown				
Airport Perimeter Roads		\$ 400,000	\$ 500,000	\$ 900,000
Cold Equipment Storage Building			\$ 750,000	\$ 750,000
Joint and Crack Repairs		\$ 100,000	\$ 200,000	\$ 300,000
LED Edge Lighting Upgrades			\$ 2,500,000	\$ 2,500,000
MAC Building Improvements	\$ 2,300,000		\$ 1,400,000	\$ 3,700,000
Pavement Rehabilitation-Taxilanes/Tower Road			\$ 500,000	\$ 500,000
Runway 14-32 Reconstruction			\$ 10,000,000	\$ 10,000,000
Storm Sewer Improvements - Phase 2	\$ 1,500,000		\$ 1,500,000	\$ 3,000,000
Taxiway B Rehabilitation			\$ 800,000	\$ 800,000
Underground Fuel Storage Tank Replacement	\$ 100,000			\$ 100,000



Anoka County-Blaine Airport



St. Paul Downtown Airport

Capital Improvement Projects	Year			Total
Projects	2019	2020	2021-2025	
<b>Reliever Airports Maintenance/Facility Upgrade Projects-Continued</b>				
82 - Lake Elmo				
MAC Building Improvements	\$ 400,000		\$ 400,000	\$ 800,000
North Building Area Pavement Rehabilitation			\$ 900,000	\$ 900,000
Parallel Taxiways Reconstruction	\$ 600,000		\$ 600,000	\$ 1,200,000
Runway 4-22 Pavement Rehabilitation			\$ 4,000,000	\$ 4,000,000
Taxilane - South Building Area Pavement Rehab	\$ 900,000			\$ 900,000
Underground Fuel Storage Tank Replacement	\$ 100,000			\$ 100,000
83 - Airlake				
Joint and Crack Repairs			\$ 150,000	\$ 150,000
LED Edge Lighting		\$ 500,000	\$ 200,000	\$ 700,000
MAC Building Improvements	\$ 400,000		\$ 550,000	\$ 950,000
Plane Wash Pad	\$ 150,000			\$ 150,000
Public Restroom Facility	\$ 300,000			\$ 300,000
Runway 12-30 Reconstruction			\$ 3,500,000	\$ 3,500,000
Underground Fuel Storage Tank Replacement		\$ 100,000		\$ 100,000
84 - Flying Cloud				
Airport Access Roads & Tango Lane			\$ 500,000	\$ 500,000
Electrical Vault Modifications			\$ 500,000	\$ 500,000
Executive Aviation Building Improvements	\$ 200,000			\$ 200,000
MAC Building Improvements			\$ 720,000	\$ 720,000
Runway 10R-28L Pavement Rehabilitation			\$ 1,500,000	\$ 1,500,000
Taxiway D Pavement Rehabilitation	\$ 600,000			\$ 600,000
Taxiway E Pavement Rehabilitation	\$ 600,000			\$ 600,000
Taxiways A1, A3, F Pavement Rehabilitation		\$ 300,000		\$ 300,000
Underground Fuel Storage Tank Replacement		\$ 100,000		\$ 100,000
85 - Crystal				
Building Demo-Flight Simulator Building		\$ 150,000		\$ 150,000
LED Edge Lighting Upgrades			\$ 800,000	\$ 800,000
MAC Building Improvements		\$ 500,000	\$ 500,000	\$ 1,000,000
Taxilane Pavement Rehabilitation			\$ 1,150,000	\$ 1,150,000
Taxiway Pavement Rehabilitation	\$ 700,000			\$ 700,000
Underground Fuel Storage Tank Replacement		\$ 100,000		\$ 100,000
86 - Anoka County-Blaine				
Air Traffic Control Tower Equipment Upgrades		\$ 100,000		\$ 100,000
Electrical Vault Improvements			\$ 750,000	\$ 750,000
LED Edge Lighting Upgrades		\$ 800,000	\$ 1,700,000	\$ 2,500,000
MAC Building Improvements			\$ 700,000	\$ 700,000
Obstruction Removal	\$ 100,000			\$ 100,000
South Service Road & East Landside Road Pavement Reconstruction	\$ 1,000,000			\$ 1,000,000
Taxilane Pavement Rehabilitation	\$ 750,000		\$ 1,500,000	\$ 2,250,000
Underground Fuel Storage Tank Replacement	\$ 100,000			\$ 100,000
West Perimeter Road			\$ 700,000	\$ 700,000
<b>Reliever Airports Maintenance/Facility Upgrade Subtotal</b>	<b>\$ 10,800,000</b>	<b>\$ 3,150,000</b>	<b>\$ 39,470,000</b>	<b>\$ 53,420,000</b>
<b>MSP Subtotal</b>	<b>\$ 239,658,000</b>	<b>\$ 327,255,000</b>	<b>\$ 513,320,000</b>	<b>\$ 1,080,233,000</b>
<b>Reliever Subtotal</b>	<b>\$ 15,300,000</b>	<b>\$ 11,950,000</b>	<b>\$ 47,770,000</b>	<b>\$ 75,020,000</b>
<b>Total</b>	<b>\$ 254,958,000</b>	<b>\$ 339,205,000</b>	<b>\$ 561,090,000</b>	<b>\$ 1,155,253,000</b>

## 2019 Capital Improvement Projects

As stated above, these are projects that have been reasonably defined for implementation in the upcoming calendar year, in this case 2019. **The vast majority of capital projects in the CIP are considered routine projects for a major airport and do not affect the annual operating budget. Any project with a 2019 operating budget impact will be disclosed in the 2019 narratives section. The operating expenses affected by these improvements include labor, operating services, maintenance, utilities, janitorial services and debt service costs.** A description of 2019 capital improvement projects, along with a table of their funding sources, is on the following pages.

**Public Parking Ramps at Terminal 2-Humphrey  
Also Hold Terminal 2 Auto Rental Fleets**



**2019 Capital Improvement Program Narratives****MSP End of Life/Replacement Projects****10 – Terminal 1- Lindbergh****Passenger Boarding Bridge Replacements****\$7,000,000**

This project provides for the replacement of jet bridges at Terminal 1. Bridges to be replaced will be determined based on a condition assessment and input from the airlines. Aircraft parking positions will be optimized at the impacted gates and fuel pits adjusted as necessary. Also, podiums and door openings may be adjusted to optimize gate hold areas. Fixed walkways may need to be replaced or added to meet ADA slope requirements. All gate hold areas will be upgraded with security doors, card readers and cameras.

**Terminal 1-Lindbergh Tug Doors Replacement****\$600,000**

This project will replace the tug doors at Terminal 1-Lindbergh, which have reached the end of their useful life.

**Terminal 1-Lindbergh Tram Systems Retrofit and Equipment****\$1,500,000**

This project is a phase of the multi-year program that extends the life of the Concourse C and Hub Trams by updating the electrical, mechanical and structural components.

**TSA Recapitalization****\$12,000,000**

In 2005, the Commission approved construction of the West Checked Baggage Inspection System, which included a TSA contribution of seven CT devices, supporting technologies, equipment and staff. Based on current required maintenance cost, as determined by the TSA, the CT devices are approaching end-of-life status. The TSA has offered for negotiation a 100% funded Other Transaction Agreement (OTA) for design and construction services for device replacement and other required upgrades to accommodate the new technology. There will be two OTAs, one for the design phase and a second OTA will be negotiated in 2019 for the construction phase. This project will provide for the design and installation of TSA-furnished devices and other required equipment at no cost to the MAC.

**21 – Field and Runway****Snow Melter Upgrades/Modifications****\$750,000**

This project is the second of a two-year program that provides for the evaluation, maintenance, miscellaneous modifications and replacement of existing airfield snow melters located around the MSP campus. Estimated 2019 budget impact of \$52,500 in debt service expense and \$52,500 in airline rates and charges revenues.

**36 – Terminal 2-Humphrey****Public Walk Aisle Terrazzo Floor Installation****\$1,700,000**

This project will remove carpet and install terrazzo in the baggage claim area and the walk aisle at Gates H1-H7 to match the terrazzo installed in the Gate Expansion that opened in 2016. Terrazzo will also be installed between the ticket lobby and Checkpoint 1.

**39 – Public Areas/Roads****28<sup>th</sup> Avenue Water Main Replacement****\$1,300,000**

This project provides for reconstruction of approximately 2,600 linear feet of 18-inch water main along 28th Avenue. Major items of work include removal and reconstruction of ductile iron water main, valves, hydrants, aggregate base, bituminous pavement, curb, concrete walk, fencing and restoration of turf and landscaping.

**66 – Fire****MSP Campus Fire Alarm System Transition****\$1,000,000**

To improve monitoring reliability and eliminate the existing single point of failure configuration, this multi-year project will include database redundant systems, device controller upgrades and the decentralization of the fire alarm master control equipment.

**MSP IT Projects****10 – Terminal 1-Lindbergh****Intelligent Monitoring and Control Systems (IMACS)****\$1,500,000**

This continues a multi-year program to upgrade MAC building automation systems to an open architecture protocol. Bidding the project in increments allows the MAC to bid maintenance and construction contracts more competitively. This project will replace sole-source controllers such as Siemens and Legacy Honeywell with controllers from Honeywell, Circon, Distech and TAC systems that are LonMark certified products.

**Interactive Digital Directory Upgrade****\$150,000**

Replace all 55" digital and print directories at Terminal 1-Lindbergh with a new digital kiosk design.

**IT Miscellaneous Modifications****\$8,400,000**

Each year, there are a number of IT projects that are beyond the resources of the MAC's staff and operating budget to accomplish. These projects are prioritized and completed either as a series of contracts or as purchase orders. Work may include Fiber Optic Cable Upgrades, MACNet maintenance and upgrades, EVIDs/MUFIDs digital signs, Wireless System enhancements and MAC Public Address System maintenance and upgrades. The list of potential projects will be compiled and prioritized in early 2019.

**Telecom Room Equipment Continuity (TREC)****\$1,500,000**

The MAC network (MACNet) carries credit card data collected from the landside parking revenue control system, as well as additional information. Merchants such as the MAC are required to meet credit card security standards created to protect cardholder data. Among these requirements are security standards for the physical locations where MACNet equipment is located. Additionally, the network equipment itself must have added security features to prevent unauthorized network access. This multi-year program addresses these standards by providing security equipment and relevant network hardware for the 150 telecommunications rooms on the MAC campus.

**63 – Police****Card Access Modifications****\$2,000,000**

This program will improve security by adding card access controls at passenger boarding bridge doors. This project is in addition to the card access controls installed as part of the replacement project.

**MSP Long Term Comprehensive Plan Projects****10 – Terminal 1-Lindbergh****Armed Forces Service Center Relocation****\$1,700,000**

The Operational Improvements Program will displace the Armed Forces Services Center. This project will relocate the center to a desired location behind the security line in the terminal.

**Baggage Claim/Ticket Lobby Operational Improvements****\$98,000,000**

This is the first of three projects in a program that will provide the level of service requirements for short- and medium-term growth of the O&D passengers, including walkways that meet required codes, public seating areas, centralized meet and greet space, unclaimed baggage storage, baggage service offices, concessions, improved lighting, fire protection, structural enhancements, improved sight lines, curbside lighting and access and other operational improvements in the Arrivals Hall. In the Departures Hall, this program and the Vertical Circulation Improvements Program address issues of congestion and functionality in the Terminal 1-Lindbergh Ticket Lobby. It will provide walkways that meet required codes, ticket counter consolidations, airline ticket offices, centralized meet and greet areas, improved vestibules and access, east mezzanine removal/reduction, structural enhancements, curtain wall replacement and other operational improvements. On both levels, the 2019 project constructs new restrooms in order to allow future phases to demolish the existing old and outdated restrooms. Estimated expense in 2019 is zero. In future years, estimated annual debt service expense is approximately \$900,000 and annual airline rates and charges revenues are expected to be approximately \$540,000.

**MSP Long Term Comprehensive Plan****\$2,200,000**

The MSP 2030 Long Term Comprehensive Plan (LTCP), previously completed in April 2010, is scheduled for update in 2020. Efforts have already started with checkpoint modeling and parking analyses. The work in 2019 will continue the forecasting efforts and include preparation of the LTCP document for public review and Commission approval. 2019-2020 operating budget impact will total \$2,200,000 in professional services.

**Terminal 1-Lindbergh Security Checkpoint Improvements****\$2,000,000**

This project supports the upgrade or replacement of existing security lane equipment. The project will enhance security and improve throughput. Additional work required to support installation will include power and data additions that are required for new equipment and equipment network requirements.



***MAC Staff Inspect the Progress on Operational Improvements at Terminal 1-Lindbergh***

**Valet Parking Lobby and Restroom Upgrade** **\$5,000,000**

This project includes a relocation and expansion of the MAC Lost and Found, consolidation of the Valet Parking Lobby with support spaces and restroom upgrades to current standards. There are two major phases of work, including a centralization of the drop-off and pick-up of the valet parking product. This centers on the new Operational Improvements elevator lobby, with finishes to match the product. There is also a mosaic art component for the restrooms, funded through the Percent for Arts program.

**Taxiway C1 Construction** **\$4,000,000**

This project provides for the construction of Taxiway C1. The new taxiway will be located abeam to Gates H5/H6 between Taxiway C and Taxiway D. It also includes the replacement of a portion of Taxiway D that has reached the end of its useful life. Major items of work include excavation and backfill, concrete taxiway pavement, bituminous shoulder pavement, pavement markings and airfield lighting and signing.

**31 – Parking****Terminal 1-Lindbergh Parking Ramp Modifications** **\$17,000,000**

This project will modify the Red and Blue parking levels vacated by rental car agencies when they move to the Silver parking ramp. This project will prepare the areas to accommodate public parking. Estimated 2019 annual debt service expense is \$1,100,000.

**36 – Terminal 2-Humphrey****Terminal 2-Humphrey Security Checkpoint Improvements** **\$1,500,000**

This project supports upgrades to or replacement of the existing security lane equipment to enhance security and improve throughput. Additional work required to support installation will include power and data additions for new and replacement equipment and for equipment network requirements.

**MSP Maintenance/Facility Upgrade Projects****10 – Terminal 1-Lindbergh****Art Display Areas** **\$500,000**

This program continues the existing program, which is a partnership with the Airport Foundation MSP. The program provides opportunities and space for displaying permanent or temporary art exhibits. This year's project will support an outdoor Art Park adjacent to the hotel for permanent and rotating exhibits. It will include public access for travelers and hotel guests.

**Arts Master** **\$808,000**

This program supports procurement of commissioned art and rotating exhibits as part of the Percent for Arts program. 2019 operating budget impact will total \$808,000 in professional services.

**Concourse D HVAC Upgrade** **\$1,800,000**

The original ground level of Concourse D was a tug drive system. For many years, this function has been abandoned and the area underutilized. This resulted in non-functioning systems in the area. The current space utilization is part office, part vehicle bay and part storage area. The current uses require an upgrade of the mechanical systems.

**Lighting Infrastructure Technology and Equipment** **\$1,500,000**

This multi-year program will analyze, assemble and organize lighting system upgrade recommendations for the MSP campus. Annual investment in lighting infrastructure is necessary to ensure its safe operation, reduce energy and maintenance costs and to implement technology upgrades to improve lighting quality. Light fixtures age and degrade due to time, heat or exterior elements. Lighting technologies also change. Upgrades provide for more energy efficient lighting systems.

**Restroom Upgrade Program** **\$500,000**

Located near Travelers Assistance Central near Concourse D, the 2019 project will expand an existing companion-care/family restroom into a restroom with an adult changing table and emergency notification system. The proposed height-changing, electrically powered table will meet changing demographics and the need for facilities to change people of larger stature and weight than a young child. Safety features include side transfer for guests in a wheelchair, low access for others and the correct ergonomic height for changing. The Operational Improvements Program will also include changing tables in the Arrivals Hall program.

**Terminal 1-Lindbergh Employee Breakroom \$250,000**

This project will provide a breakroom accessible to all MSP employees that will include a quiet area for employees who work multiple shifts on the campus. By providing this quality work support area, front line and other employees will be able to rest and eat out of view of the public.

**21 – Field and Runway****Runway 4-22 Taxiway Lighting System \$3,500,000**

This project provides for the construction of taxiway lighting systems with lead in/off centerline lighting on the end of connector taxiways for Runway 4-22 between Runway 12L-30R and Runway 17-35. Work includes installation of taxiway edge and centerline lights, cabling and modifications at the Airfield Lighting Electrical Center south building. This will provide the FAA aircraft control tower the ability to convert Runway 4-22 into a fully functional taxiway and back to a runway configuration as required. The lighting system will allow for the safe aircraft taxi operations on Runway 4-22 during peak operational periods without the risk of a possible pilot-caused runway incursion due to confusion caused by the current lighting systems. This will bring the operation conversion to full compliance with the FAA design requirements for a taxiway operation. Estimated 2019 impact is approximately \$90,000 in debt service expense and \$90,000 in airline rates and charges revenues.

**Taxiways Bravo & Quebec Centerline Lights \$6,800,000**

This project provides for the construction of taxiway centerline lighting systems for Taxiways Bravo and Quebec through the intersections with taxiway Delta. The two taxiways are located adjacent to the Terminal 1-Lindbergh aprons. Work includes removal of existing taxiway centerline reflectors, installation of taxiway centerline lights and conductors and modifications at the airfield lighting control building.

**66 – Fire****Campus Fire Protection \$500,000**

This project is part of a multi-year program to upgrade fire protection systems in various MAC-owned buildings on the MSP campus. The finished project will meet MAC standards for improved compatibility with current and planned firefighting equipment.

**Ground Service Equipment Electrical Charging Stations \$2,700,000**

This project will purchase and install charging stations for electric ground support equipment (GSE). These fast, energy efficient charging stations allow for simultaneous charging, adjustable charging rates and automatic shut-off when GSE is fully charged. Delta GSE will use the charging stations at Terminal 1-Lindbergh. This project fits into the proposed long-term goal of converting all Delta GSE to electric power, thereby reducing MSP's overall air emissions and noise pollution from fossil fuel-burning GSE. Delta will pay for electric usage of the charging units.

**Storm Sewer Rehabilitation \$2,600,000**

This is the second of a two-year program that supports and complies with the 2017 MAC/MPCA Memorandum of Understanding concerning the MSP Glycol Collection Program. This project provides for cleaning, inspection and rehabilitation of storm sewers and glycol sewers at various locations where aircraft deicing occurs, to enhance collection and storage of glycol-impacted stormwater resulting from deicing operations. Estimated 2019 impact is approximately \$165,000 in debt service expense and \$165,000 in airline rates and charges revenues.

**MSP Noise Mitigation Projects****Noise Mitigation Consent Decree Amendment \$13,500,000**

The MAC completes Noise Mitigation Projects in compliance with the Consent Decree First Amendment. This residential noise mitigation program began in March 2014 under the terms of an amended legal agreement (Consent Decree) between the MAC and the cities of Richfield, Minneapolis and Eagan. It is approved by the Hennepin County District Court, whose approval is effective until December 31, 2024. Under this program, actual noise contours are developed for the preceding calendar year, beginning in March 2014. The contours will annually determine the eligibility of single-family and multi-family homes. This project will provide noise mitigation for homes meeting the eligibility requirements. Estimated 2019 impact is approximately \$1,600,000 in debt service expense and \$1,600,000 in airline rates and charges revenues.

**Aircraft Noise – and Procedures to Abate It – Has Existed Since the Advent of Air Travel**

**MSP Ongoing Maintenance Programs****10 – Terminal 1-Lindbergh****Air Handling Unit Replacement****\$2,500,000**

A number of the air handling units serving Terminal 1-Lindbergh were installed with the original terminal construction in 1958-1960. A study of these units evaluated each unit's age, condition and ability to adequately heat or cool the spaces it serves. An implemented multi-year program provides for the replacement of the units identified as reaching their end of life. The project costs include modifications to building walls to facilitate the removal of existing equipment and installation of the new units, as well as upgraded electrical controls, upgraded temperature controls and asbestos abatement. Estimated 2019 impact is approximately \$160,000 in debt service expense and \$90,000 in airline rates and charges revenues.

**Baggage System Upgrades****\$500,000**

This multi-year program will provide necessary upgrades to the inbound and outbound baggage system. These upgrades are not covered by general system maintenance.

**Concourse G Rehabilitation****\$4,000,000**

This multi-year program will provide operational improvements to the existing concourse over time, including replacing elevators, as well as modifying and replacing structural, electrical and mechanical systems. Estimated 2019 impact is approximately \$250,000 in debt service expense and \$150,000 in airline rates and charges revenues.

**Electrical Infrastructure Program****\$1,500,000**

There are 53 electrical substations that serve the Terminal 1-Lindbergh complex. It is imperative that these substations be inspected, cleaned and upgraded to ensure their continued performance. This is a continuation of a multi-year program that began in 2009.

**Emergency Power Upgrades****\$1,500,000**

A study and survey of Terminal 1-Lindbergh transfer switches and emergency lighting was completed in 2008. This year's project is part of a multi-year program that will continue the design and implementation of emergency power and lighting corrective work identified in the 2008 study.

**Plumbing Infrastructure Upgrade Program****\$500,000**

In 2010, MAC staff prepared a preliminary study of the reliability and maintainability of the existing plumbing infrastructure. Portions of the existing plumbing infrastructure serving Terminal 1-Lindbergh are over 40 years old, have systems that are undersized for today's demands, contain isolation valves that are either inaccessible or no longer functional and utilize aging water meter systems. There are also deteriorated sections of the existing sanitary and storm water systems. Implemented in 2012, this ongoing program upgrades the plumbing infrastructure system to meet current code requirements and MAC standards. The focus of the 2019 project is to continue the replacement of aging plumbing systems.

**Terminal Building Remediation****\$2,000,000**

Continual maintenance of the terminal buildings is imperative to passenger comfort and safety as well as sustainability of the MAC asset. Age and weather contribute to building deterioration, mold and other health issues. Building and concourse envelope issues include curtain wall systems, glazing, sealant repair or replacement, louver repair or replacement, metal panel repair or replacement, soffit repair or replacement and insulation systems. Estimated 2019 impact is approximately \$125,000 in debt service expense and \$75,000 in airline rates and charges revenues.

**Terminal Miscellaneous Modifications****\$2,400,000**

Each year, there is a list of maintenance projects that are beyond the resources of the MAC's maintenance and trades staff to accomplish. These projects are prioritized and completed either as a series of contracts or as purchase orders. Typical work includes door replacements, emergency upgrades to mechanical, electrical, plumbing or HVAC systems, loading dock work and the like. The list of potential projects will be compiled and prioritized in early 2019.

***Terminal 1-Lindbergh Opened in 1962***

**13 – Energy Management Center  
EMC Plant Upgrades (T1 & T2)****\$1,500,000**

This multi-year program provides upgrades to the MAC's Energy Management Center (EMC) Boiler and Chiller Plants at both Terminal 1-Lindbergh and Terminal 2-Humphrey. The work includes upgrades to the aging Chilled Water and Heating Water Systems throughout both terminals. The pumping and piping systems on both the heating and cooling systems are aging and in need of repair work beyond regular maintenance. Estimated 2019 impact is approximately \$50,000 in debt service expense and \$30,000 in airline rates and charges revenues.

**21 – Field and Runway****Miscellaneous Airfield Construction****\$3,800,000**

This is an ongoing program to consolidate various items beyond the capabilities of the maintenance personnel, projects too small to be accomplished independently or to handle airside problems requiring repair which come up unexpectedly. This year's program will also address repairs and maintenance required by the most recent Part 139 inspection. Estimated 2019 impact is approximately \$160,000 in debt service expense and \$160,000 in airline rates and charges revenues.

**Pavement Joint Sealing/Repair****\$650,000**

This is an ongoing program to provide for the resealing of joints, sealing of cracks and limited surface repairs on existing concrete pavements. The areas scheduled for sealing will be as defined in the overall joint sealing program or as identified by staff inspection in the early spring of each year.

**26 – Terminal Roads/Landside****Tunnel/Bridge Rehabilitation****\$100,000**

The MSP Campus has MAC-owned bridges and tunnels. Bridge and tunnel inspections are conducted each year to identify maintenance and repairs, which are then implemented in a timely fashion. 2019 operating budget impact will total \$100,000 in professional services.

**31 – Parking****Parking Structure Rehabilitation****\$2,500,000**

This annual program maintains the integrity of the MSP multi-level parking structures. Projects typically include concrete repair, joint sealant replacement, expansion joint repairs, concrete sealing and lighting improvements.

**39 – Public Areas/Roads****Landside Pavement Rehabilitation****\$400,000**

This is an ongoing program to construct or reconstruct bituminous pavements outside of the Airport Operations Area. Inspection of pavements and appurtenances determines which areas are prioritized for rehabilitation under each year's project.

**Roadway Fixture Refurbishment****\$150,000**

Many of the light poles, clearance restriction boards, sign units, fence sections and canopies on MSP roadways need repainting and maintenance. This project provides for refurbishment of these fixtures.

**46 – Hangars and Other Buildings****MSP Campus Building Roof Replacements****\$600,000**

The MAC evaluates one-half of campus roofs every other year. This on-going program prioritizes the evaluated roofs for repair. In 2019, the roof of the Airfield Lighting Electrical Center north building will be replaced. Emergency repairs may be required on other roofs; this program will provide dollars for such instances.

**MSP TENANT PROJECTS****10 – Terminal 1-Lindbergh****Concessions Rebids****\$3,200,000**

This program provides support for required infrastructure to be brought to lease-lines, shell-space for new build-outs and for other major changes required to implement the concessions rebid programs at Terminal 1-Lindbergh.

**Concessions Upgrades/Revenue Development****\$200,000**

This is an annual program to fund miscellaneous upgrades such as finishes, furniture, signage and/or modified connections to utilities for the concession programs or other revenue generating programs at MSP.

**RAC Terminal 2-Humphrey QTA Security Enhancements \$500,000**

Airport Police and the rental auto companies requested increased security measures to reduce theft. This project will install additional fencing and metal stop plates in the Terminal 2-Humphrey Quick Turn Around facility.

**Sun Country Hangar Improvements \$5,400,000**

Sun Country Airline's headquarters are currently in Eagan. The airline will relocate to the hangar facility that it currently leases. The MAC has agreed to finance the project, which will be reimbursed at a future date.

**RELIEVER AIRPORTS LONG TERM COMPREHENSIVE PLAN PROJECTS****82 – Lake Elmo****21D Runway 14-32 Replacement \$3,000,000**

The updated long-term comprehensive plan for this airport proposes relocating and extending the primary runway northeast of its current alignment. This year's scope includes the first phase of construction for this project, primarily focusing on roadway realignment to make way for runway construction. This project also includes all wetland mitigation, earthwork grading, subgrade improvements, electrical lighting system and bituminous pavement installation.

**83 – Airlake****LVN South Building Area Development – Phase 1 \$1,500,000**

This project includes phase 1 construction of sanitary sewer, water mains and lot services to the south building area. Phase 1 also includes construction of associated taxilanes and the south entrance road.

**RELIEVER AIRPORTS MAINTENANCE/FACILITY UPGRADE PROJECTS****81 – St. Paul Downtown****STP MAC Building Improvements \$2,300,000**

This is an ongoing program to provide for facility modifications to ensure continued efficient operation of MAC buildings or modifications necessary to meet the requirements of the tenants. This year's project will include improvements to the administration building, equipment storage building, maintenance building and both cold storage buildings.

**STP Storm Sewer Improvements (Phase 2) \$1,500,000**

This project includes improvements to the existing storm sewer systems in the West Building Area and infield area between Taxiways Delta and Lima. Work will improve storm water removal and address soil and pavement distress in the vicinity of deficient storm sewer structures. The project will also evaluate the potential for improvements to the flood pump stations to maximize efficient removal of storm water from the airfield during flood events.

**STP Underground Fuel Storage Tank Replacement \$100,000**

This project will replace aging underground storage tanks that are owned and maintained by the MAC. The tanks were installed in 1991 and have a life expectancy of 25-30 years.

**82 – Lake Elmo****21D MAC Building Improvements \$400,000**

This is an ongoing program to provide for facility modifications to ensure continued efficient operation of MAC buildings. This year's project will include improvements to the MAC maintenance building.

**21D Parallel Taxiways Reconstruction \$600,000**

This project is part of an ongoing effort to rehabilitate aircraft operational areas, including runways, taxiways and aprons through bituminous overlays, seal coats or reconstruction to restore the surfaces to a smooth, even condition and improve overall operating conditions. The Lake Elmo Airport suffers from poor subgrade materials, which contribute to the overall deterioration of pavements. This project includes the full-depth reconstruction of the oldest portions of Taxiway Alpha and Bravo, which were not included in previous projects.

**21D Taxilanes – South Building Area Pavement Rehab \$900,000**

This project is part of an ongoing effort to rehabilitate aircraft operational areas, including runways, taxiways and aprons through bituminous overlays, seal coats or reconstruction to restore the surfaces to a smooth, even condition and improve overall operating conditions. This project includes rehabilitation of taxilanes in the south building area.

**21D Underground Fuel Storage Tank Replacement** **\$100,000**

This project will replace aging underground storage tanks that are owned and maintained by the MAC. The tanks were installed in 1991 and have a life expectancy of 25-30 years.

**83 – Airlake****LVN MAC Building Improvements** **\$400,000**

This is an ongoing program to provide for facility modifications to ensure continued efficient operation of MAC buildings. This year's project will include improvements to the MAC maintenance building.

**LVN Plane Wash Pad** **\$150,000**

This project includes the construction of a designated airplane wash pad.

**LVN Public Restroom Facility** **\$300,000**

This project includes the construction of a tenant-use restroom facility on the north side of the airport.

**84 – Flying Cloud****FCM Executive Aviation Building Improvements** **\$200,000**

This project is to complete the work associated with repurposing the executive aviation building for MAC use. Work to be completed includes creating meeting space, equipment access to and from the building and airfield and other miscellaneous work items.

**FCM Taxiway D Pavement Rehabilitation** **\$600,000**

This project is part of an ongoing effort to rehabilitate aircraft operational areas, including runways, taxiways and aprons through bituminous overlays, seal coats or reconstruction to restore the surfaces to a smooth, even condition and improve overall operating conditions. This project includes rehabilitation of Taxiway Delta.

**FCM Taxiway E Pavement Rehabilitation** **\$600,000**

This project is part of an ongoing effort to rehabilitate aircraft operational areas, including runways, taxiways and aprons through bituminous overlays, seal coats or reconstruction to restore the surfaces to a smooth, even condition and improve overall operating conditions. This project includes rehabilitation of Taxiway Echo.

**85 – Crystal****MIC Taxiways Pavement Rehabilitation** **\$700,000**

This project is part of an ongoing effort to rehabilitate aircraft operational areas, including runways, taxiways and aprons through bituminous overlays, seal coats or reconstruction to restore the surfaces to a smooth, even condition and improve overall operating conditions. This project includes the rehabilitation of the taxiway or portions of taxiways in most need of repair. To determine the area most in need of repair, the pavement condition index report and an inspection of the pavement will be completed.

**86 – Anoka County-Blaine****ANE Obstructions Removal** **\$100,000**

This project will address identification and removal of obstructions to the runway approach surfaces. 2019 operating budget impact will total \$100,000 in professional services.

**ANE South Service Road & East Landside Road Pavement Reconstruction** **\$1,000,000**

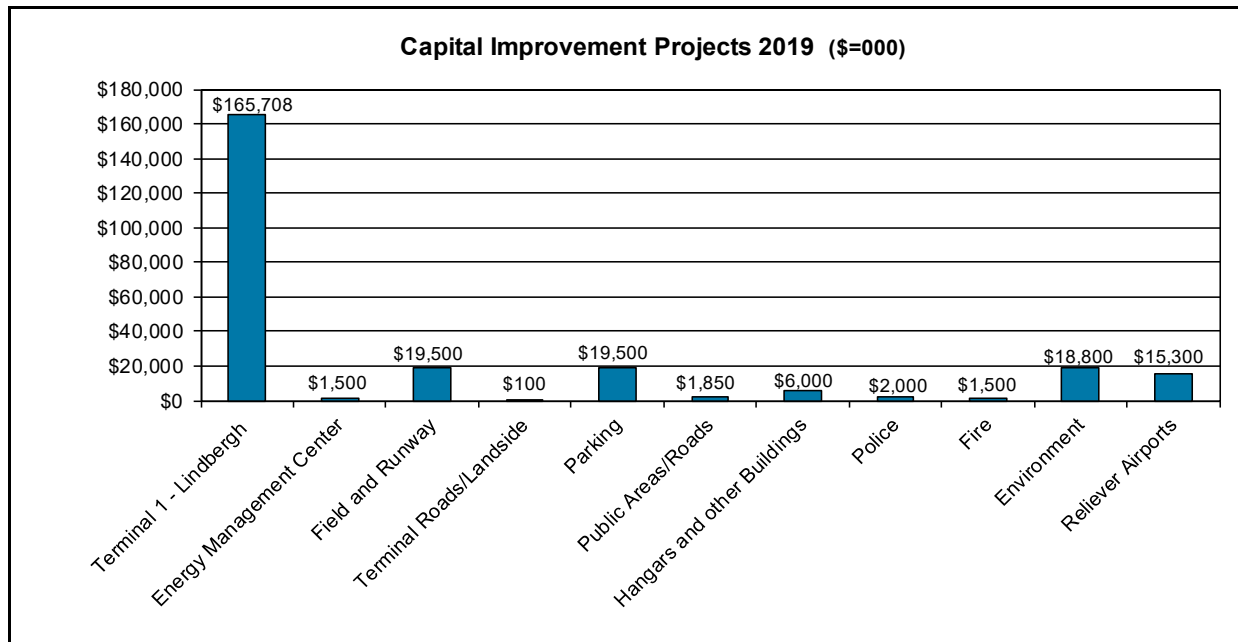
This project is part of an ongoing effort to rehabilitate aircraft operational areas, including runways, taxiways and aprons, through bituminous overlays, seal coats or reconstruction to restore the surfaces to a smooth, even condition and improve overall operating conditions. This project includes the rehabilitation of the airport service road connecting the east and west building areas.

**ANE Taxilanes Pavement Reconstruction** **\$750,000**

This project is part of an ongoing effort to rehabilitate aircraft operational areas, including runways, taxiways and aprons through bituminous overlays, seal coats or reconstruction to restore the surfaces to a smooth, even condition and improve overall operating conditions. This project includes rehabilitation of taxilanes in the west building area.

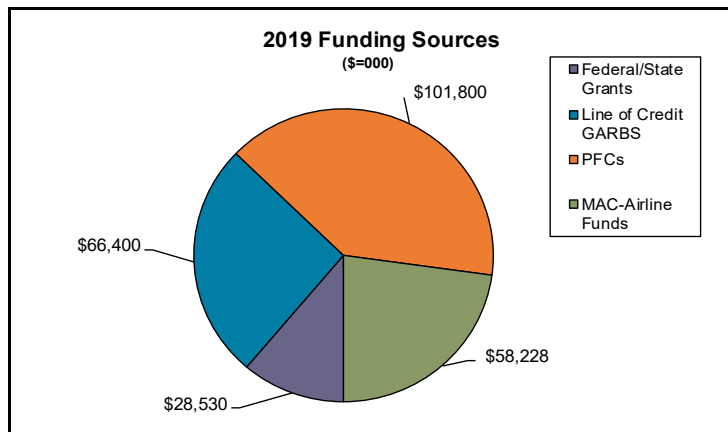
**ANE Underground Storage Tank Replacement** **\$100,000**

This project will replace aging underground storage tanks that are owned and maintained by the MAC. The tanks were installed in 1991 and have a life expectancy of 25-30 years.



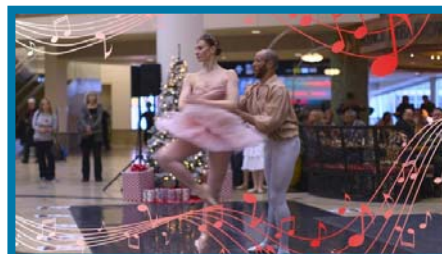
### 2019 Capital Improvement Project Funding Sources

The following pie chart indicates the funding sources for 2019. The largest contributor to the project funding is PFCs received from passengers.



### MSP Arts & Culture Program's Annual Holiday Performance Series

The Series is Part of the Airport Foundation MSP and Receives Funding from the CIP's "Percent for Arts" Program



The following tables show the funding sources for the 2019 capital improvement projects. A cash flow summary of the CIP will appear later in this section.

2019 Capital Improvement Program Funding							
	2019	PFC 15/16	Federal-State Grants	GARBS	Line of Credit	MAC-Airline Funds	Total
<b>MSP End of Life/Replacement Projects</b>							
10 - Terminal 1-Lindbergh							
Passenger Boarding Bridge Replacements	\$ 7,000,000	\$ 7,000,000					\$ 7,000,000
Tram Systems Retrofit and Equipment	\$ 1,500,000					\$ 1,500,000	\$ 1,500,000
Tug Doors Replacement	\$ 600,000					\$ 600,000	\$ 600,000
TSA Recapitalization	\$ 12,000,000		\$ 12,000,000				\$ 12,000,000
21 - Field and Runways							
Snow Melter Upgrades/Modifications	\$ 750,000			\$ 750,000			\$ 750,000
36 - Terminal 2-Humphrey							
Public Walk Aisle Terrazzo Floor Installation	\$ 1,700,000					\$ 1,700,000	\$ 1,700,000
39 - Terminal Roads/Landside							
28th Avenue Water Main Replacement	\$ 1,300,000					\$ 1,300,000	\$ 1,300,000
66 - Fire							
MSP Campus Fire Alarm System Upgrade/Transition	\$ 1,000,000					\$ 1,000,000	\$ 1,000,000
<b>MSP End of Life/Replacement Subtotal</b>	<b>\$ 25,850,000</b>	<b>\$ 7,000,000</b>	<b>\$ 12,000,000</b>	<b>\$ 750,000</b>	<b>\$ -</b>	<b>\$ 6,100,000</b>	<b>\$ 25,850,000</b>
<b>MSP IT Projects</b>							
10 - Terminal 1-Lindbergh							
Intelligent Monitoring and Control Systems (IMACS)	\$ 1,500,000					\$ 1,500,000	\$ 1,500,000
Interactive Digital Directory Upgrade	\$ 150,000					\$ 150,000	\$ 150,000
IT Miscellaneous Modifications	\$ 8,400,000					\$ 8,400,000	\$ 8,400,000
Telecom Room Equipment Continuity (TREC)	\$ 1,500,000					\$ 1,500,000	\$ 1,500,000
63 - Police							
Card Access Modifications	\$ 2,000,000	\$ 2,000,000					\$ 2,000,000
<b>MSP IT Subtotal</b>	<b>\$ 13,550,000</b>	<b>\$ 2,000,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,550,000</b>	<b>\$ 13,550,000</b>
<b>MSP Long Term Comprehensive Plan Projects</b>							
10 - Terminal 1-Lindbergh							
Armed Forces Service Center Relocation	\$ 1,700,000	\$ 400,000	\$ 500,000			\$ 800,000	\$ 1,700,000
Baggage Claim/Ticket Lobby Operational Improvements	\$ 98,000,000	\$ 82,000,000		\$ 14,500,000		\$ 1,500,000	\$ 98,000,000
MSP Long Term Comp Plan	\$ 2,200,000					\$ 2,200,000	\$ 2,200,000
Security Checkpoint Improvements	\$ 2,000,000	\$ 2,000,000					\$ 2,000,000
Valet Parking Lobby & Restroom Upgrade	\$ 5,000,000	\$ 2,000,000				\$ 3,000,000	\$ 5,000,000
21 - Field and Runways							
Taxiway C1 Construction	\$ 4,000,000	\$ 1,600,000	\$ 2,400,000				\$ 4,000,000
31 - Parking							
T1 Parking Ramp - Parking Ramp Modifications	\$ 17,000,000			\$ 17,000,000			\$ 17,000,000
36 - Terminal 2-Humphrey							
Security Checkpoint Improvements	\$ 1,500,000	\$ 1,500,000				\$ -	\$ 1,500,000
<b>MSP Long Term Comprehensive Plan Subtotal</b>	<b>\$ 131,400,000</b>	<b>\$ 89,500,000</b>	<b>\$ 2,900,000</b>	<b>\$ 31,500,000</b>	<b>\$ -</b>	<b>\$ 7,500,000</b>	<b>\$ 131,400,000</b>
<b>MSP Maintenance/Facility Upgrade Projects</b>							
10 - Terminal 1-Lindbergh							
Art Display Areas	\$ 500,000					\$ 500,000	\$ 500,000
Art Master Plan	\$ 808,000					\$ 808,000	\$ 808,000
Concourse D HVAC Upgrade	\$ 1,800,000					\$ 1,800,000	\$ 1,800,000
Employee Breakroom	\$ 250,000					\$ 250,000	\$ 250,000
Lighting Infrastructure Technology and Equipment (LITE)	\$ 1,500,000					\$ 1,500,000	\$ 1,500,000
Restroom Upgrade Program	\$ 500,000	\$ 500,000					\$ 500,000
21 - Field and Runways							
Runway 4-22 Taxiway Lighting System	\$ 3,500,000		\$ 2,100,000	\$ 1,400,000			\$ 3,500,000
Taxiway Bravo & Quebec Centerline Lights	\$ 6,800,000	\$ 2,800,000	\$ 4,000,000				\$ 6,800,000
66 - Fire							
Campus Fire Protection	\$ 500,000					\$ 500,000	\$ 500,000
76 - Environment							
Ground Service Equipment Electrical Charging Stations	\$ 2,700,000					\$ 2,700,000	\$ 2,700,000
Storm Sewer Rehabilitation	\$ 2,600,000			\$ 2,600,000			\$ 2,600,000
<b>MSP Maintenance/Facility Upgrades Subtotal</b>	<b>\$ 21,458,000</b>	<b>\$ 3,300,000</b>	<b>\$ 6,100,000</b>	<b>\$ 4,000,000</b>	<b>\$ -</b>	<b>\$ 8,058,000</b>	<b>\$ 21,458,000</b>



**1967 Utility Work at Crystal Airport:  
Ongoing and Preventative Maintenance  
Has Always Been Top Priority for the MAC**

2019 Capital Improvement Program Funding							
	2019	PFC 15/16	Federal-State Grants	GARBS	Line of Credit	MAC-Airline Funds	Total
<b>MSP Ongoing Maintenance Programs</b>							
10 - Terminal 1-Lindbergh							
Air Handling Unit Replacement	\$ 2,500,000			\$ 2,500,000			\$ 2,500,000
Baggage Systems Upgrades	\$ 500,000				\$ 500,000		\$ 500,000
Concourse G Rehabilitation	\$ 4,000,000			\$ 4,000,000			\$ 4,000,000
Electrical Infrastructure Program	\$ 1,500,000				\$ 1,500,000		\$ 1,500,000
Emergency Power Upgrades	\$ 1,500,000				\$ 1,500,000		\$ 1,500,000
Plumbing Infrastructure Upgrade Program	\$ 500,000				\$ 500,000		\$ 500,000
Terminal Building Remediation Program	\$ 2,000,000			\$ 2,000,000			\$ 2,000,000
Terminal Miscellaneous Modifications	\$ 2,400,000				\$ 2,400,000		\$ 2,400,000
13 - Energy Management Center							
EMC Plant Upgrades (T1 & T2)	\$ 1,500,000			\$ 750,000		\$ 750,000	\$ 1,500,000
21 - Field and Runways							
Miscellaneous Airfield Construction	\$ 3,800,000		\$ 1,800,000	\$ 2,000,000			\$ 3,800,000
Pavement Joint Sealing/Repair	\$ 650,000				\$ 650,000		\$ 650,000
26 - Terminal Roads/Landside							
Tunnel/Bridge Rehabilitation	\$ 100,000				\$ 100,000		\$ 100,000
31 - Parking							
T1/T2 Parking Structure Rehabilitation	\$ 2,500,000				\$ 2,500,000		\$ 2,500,000
39 - Public Areas/Roads							
Landside Pavement Rehabilitation	\$ 400,000				\$ 400,000		\$ 400,000
Roadside Fixture Refurbishment	\$ 150,000				\$ 150,000		\$ 150,000
46 - Hangars & Other Buildings							
MSP Campus Building Roof Replacements	\$ 600,000				\$ 600,000		\$ 600,000
<b>MSP Ongoing Maintenance Subtotal</b>	<b>\$ 24,600,000</b>	<b>\$ -</b>	<b>\$ 1,800,000</b>	<b>\$ 11,250,000</b>	<b>\$ -</b>	<b>\$ 11,550,000</b>	<b>\$ 24,600,000</b>
<b>MSP Noise Mitigation Projects</b>							
76 - Environment							
Noise Mitigation Consent Decree Amendment	\$ 13,500,000				\$ 13,500,000		\$ 13,500,000
<b>MSP Noise Mitigation Subtotal</b>	<b>\$ 13,500,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,500,000</b>	<b>\$ -</b>	<b>\$ 13,500,000</b>
<b>MSP Tenant Projects</b>							
10 - Terminal 1-Lindbergh							
Concession Rebids	\$ 3,200,000					\$ 3,200,000	\$ 3,200,000
Concession Upgrades/Revenue Development	\$ 200,000					\$ 200,000	\$ 200,000
46 - Hangars & Other Buildings							
Sun Country Hangar Improvements	\$ 5,400,000				\$ 5,400,000		\$ 5,400,000
RAC Terminal 2 QTA Security Enhancements	\$ 500,000					\$ 500,000	\$ 500,000
<b>MSP Tenant Subtotal</b>	<b>\$ 9,300,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,400,000</b>	<b>\$ 3,900,000</b>	<b>\$ 9,300,000</b>
<b>Reliever Airports Long Term Comprehensive Plan Projects</b>							
82 - Lake Elmo							
Runway 14-32 Replacement	\$ 3,000,000		\$ 2,150,000			\$ 850,000	\$ 3,000,000
83 - Airlake							
South Building Area Development - Phase 1	\$ 1,500,000					\$ 1,500,000	\$ 1,500,000
<b>Reliever Airports Long Term Comprehensive Plan Subtotal</b>	<b>\$ 4,500,000</b>	<b>\$ -</b>	<b>\$ 2,150,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,350,000</b>	<b>\$ 4,500,000</b>
<b>Reliever Airports Maintenance/Facility Upgrade Projects</b>							
81 - St. Paul Downtown							
MAC Building Improvements	\$ 2,300,000					\$ 2,300,000	\$ 2,300,000
Storm Sewer Improvements - Phase 2	\$ 1,500,000		\$ 1,000,000			\$ 500,000	\$ 1,500,000
Underground Fuel Storage Tank Replacement	\$ 100,000					\$ 100,000	\$ 100,000
82 - Lake Elmo							
MAC Building Improvements	\$ 400,000					\$ 400,000	\$ 400,000
Parallel Taxiways Reconstruction	\$ 600,000		\$ 450,000			\$ 150,000	\$ 600,000
Taxilane - South Building Area Pavement Rehab	\$ 900,000					\$ 900,000	\$ 900,000
Underground Fuel Storage Tank Replacement	\$ 100,000					\$ 100,000	\$ 100,000
83 - Airlake							
MAC Building Improvements	\$ 400,000					\$ 400,000	\$ 400,000
Plane Wash Pad	\$ 150,000					\$ 150,000	\$ 150,000
Public Restroom Facility	\$ 300,000					\$ 300,000	\$ 300,000
84 - Flying Cloud							
Executive Aviation Building Improvements	\$ 200,000					\$ 200,000	\$ 200,000
Taxiway D Pavement Rehabilitation	\$ 600,000		\$ 450,000			\$ 150,000	\$ 600,000
Taxiway E Pavement Rehabilitation	\$ 600,000		\$ 425,000			\$ 175,000	\$ 600,000
85 - Crystal							
Taxiway Pavement Rehabilitation	\$ 700,000		\$ 530,000			\$ 170,000	\$ 700,000
86 - Anoka County-Blaine							
Obstruction Removal	\$ 100,000					\$ 100,000	\$ 100,000
South Service Road & East Landside Road Pavement Reconstruction	\$ 1,000,000		\$ 725,000			\$ 275,000	\$ 1,000,000
Taxilanes Pavement Rehabilitation	\$ 750,000					\$ 750,000	\$ 750,000
Underground Fuel Storage Tank Replacement	\$ 100,000					\$ 100,000	\$ 100,000
<b>Reliever Airports Maintenance/Facility Upgrade Subtotal</b>	<b>\$ 10,800,000</b>	<b>\$ -</b>	<b>\$ 3,580,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7,220,000</b>	<b>\$ 10,800,000</b>
<b>MSP Subtotal</b>	<b>\$ 239,658,000</b>	<b>\$ 101,800,000</b>	<b>\$ 22,800,000</b>	<b>\$ 47,500,000</b>	<b>\$ 18,900,000</b>	<b>\$ 48,658,000</b>	<b>\$ 239,658,000</b>
<b>Reliever Subtotal</b>	<b>\$ 15,300,000</b>	<b>\$ -</b>	<b>\$ 5,730,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,570,000</b>	<b>\$ 15,300,000</b>
<b>Total</b>	<b>\$ 254,958,000</b>	<b>\$ 101,800,000</b>	<b>\$ 28,530,000</b>	<b>\$ 47,500,000</b>	<b>\$ 18,900,000</b>	<b>\$ 58,228,000</b>	<b>\$ 254,958,000</b>

**2020 Capital Improvement Program Narratives****MSP End of Life/Replacement Projects****10 – Terminal 1-Lindbergh****Passenger Boarding Bridge Replacements \$4,000,000**

This project provides for the replacement of jet bridges at Terminal 1. Bridges to be replaced will be determined based on a condition assessment and input from the airlines. Aircraft parking positions will be optimized at the impacted gates and fuel pits adjusted as necessary. Also, podiums and door openings may be adjusted to optimize gate hold areas. Fixed walkways may need to be replaced or added to meet ADA slope requirements. All gate hold areas will be upgraded with security doors, card readers and cameras.

**Terminal 1-Lindbergh Tram Systems Retrofit and Equipment \$1,750,000**

This project is the final phase of the multi-year program that extends the life of the Concourse C and Hub Trams by updating all of the electrical, mechanical and structural components. This phase also replaces the guideway lighting for both trams. This final phase brings the operation and maintenance of all tram systems to their end-of-design-life of January 1, 2026.

**21 – Field and Runway****Runway 12R-30L Tunnel Storm Sewer \$900,000**

This project provides for construction of a new storm sewer main inside the existing Runway 12R-30L vehicular tunnel. The existing storm sewer is not functional due to deterioration and accumulated sediment. Estimated 2020 impact is approximately \$60,000 in debt service expense and \$60,000 in airline rates and charges revenues.

**Sanitary Sewer Replacement – Taxiway R \$3,300,000**

This project provides for reconstruction of the sanitary sewer currently located beneath the U.S. Air Force Apron. The new sewer will be relocated between Taxiway R and the apron. Additional lateral sewers will be constructed to connect Air Force sewers to the new sewer main. Abandoned sewers will be filled with sand. The project will require removal and replacement of portions of the apron pavement and connecting taxiways.

**Taxiway D Reconstruction \$12,000,000**

This project provides for reconstruction of a portion of Taxiway D between Taxiway W and Connector C1. Existing concrete pavement was constructed in 1972. Major items of work include pavement removals, excavation and backfill, concrete taxiway pavement, bituminous shoulder pavement and airfield lighting and signing.

**26 – Terminal Roads/Landside****UPS Loop Pavement Reconstruction \$1,600,000**

This project will reconstruct the existing Uninterruptible Power Supply (UPS) loop. The existing concrete pavement has had periodic maintenance, including repairs to the existing joints near the UPS gate entrance. The reconstruction work will include concrete pavement, lighting, electrical infrastructure, concrete walk, landscape and other improvements.

**Variable Message Signs Replacement, Phase 3 \$1,600,000**

This project replaces approximately 26 variable message signs across the MSP campus and installs five new signs to assist with parking diversions.

**66 – Fire****MSP Campus Fire Alarm System Transition \$1,000,000**

In an effort to improve monitoring reliability and eliminate the existing single point of failure configuration, this multi-year project will include database redundant systems, device controller upgrades and the decentralization of the fire alarm master control equipment.

**MSP IT Projects****10 – Terminal 1-Lindbergh****Intelligent Monitoring and Control Systems (IMACS) \$1,500,000**

This continues a multi-year program to upgrade MAC building automation systems to an open architecture protocol. Bidding the project in increments allows the MAC to bid maintenance and construction contracts more competitively. This project will replace sole-source controllers such as Siemens and Legacy Honeywell with controllers from Honeywell, Circon, Distech and TAC systems that are LonMark certified products.

**IT Miscellaneous Modifications** **\$5,500,000**

Each year, there are a number of IT projects that are beyond the resources of the MAC's staff and operating budget to accomplish. These projects are prioritized and completed either as a series of contracts or as purchase orders. Work may include Fiber Optic Cable Upgrades, MACNet maintenance and upgrades, EVIDs/MUFIDs digital signs, Wireless System enhancements and MAC Public Address System maintenance and upgrades. The list of potential projects will be compiled and prioritized in early 2020.

**Telecommunications Room Equipment Continuity (TREC)** **\$1,500,000**

The MAC network (MACNet) carries credit card data collected from the landside parking revenue control system, as well as additional information. Merchants such as the MAC are required to meet credit card security standards created to protect cardholder data. Among these requirements are security standards for the physical locations where MACNet equipment is located. Additionally, the network equipment itself must have added security features to prevent unauthorized network access. This multiyear program addresses these standards by providing security equipment and relevant network hardware for the 150 telecommunications rooms on the MAC campus.

**Card Access Modifications** **\$3,500,000**

This program will improve security by adding card access controls at passenger boarding bridge doors. This project is in addition to the card access controls installed as part of the replacement project.

**MSP Long Term Comprehensive Plan Projects****10 – Terminal 1-Lindbergh****Baggage Claim/Ticket Lobby Operational Improvements** **\$61,900,000**

This first phase of the North Departures and Arrivals Halls renovation will complete the phased work of airline consolidation, new check-in technologies, static and digital signage, automated-baggage drop devices, airline ticket offices, baggage service offices and other operational improvements, in conjunction with the Baggage Handling System and Fa ade Expansion projects. On both levels, the 2020 and 2021 project provides new companion-care/family restrooms. Estimated 2020 impact is approximately \$600,000 in debt service expense and \$360,000 in airline rates and charges revenues.

**Baggage Handling System** **\$32,000,000**

This project is part of a multi-phase program supporting the Operational Improvements program. The 2020 phase of work begins the installation of new inbound claim devices and ticket counter changes for the north Departures and Arrivals Halls. This will match the previous work completed in the south Departures and Arrivals Halls. The work is coordinated with the Operational Improvements multi-phase projects, including the fa ade expansion, ticket lobby and baggage claim phased projects. It replaces ticket counter belts and other conveyors that are end-of-life and not controlled by the baggage handling system.

**Checkpoint Expansion** **\$5,800,000**

The South Security Checkpoint will expand from six to nine lanes to accommodate growth of originating passenger enplanements and potential changes to employee screening. It will include structural enhancements from the Operational Improvements Program, bypass doors to match Operational Improvement North Security Checkpoint designs and the ability to close the security checkpoint at night. This will create efficiencies for the TSA that will improve security screening opening times. The project also improves the departures lobby by providing balanced security checkpoint lanes, employee screening opportunities and space for additional screening technology.

**FIS Recheck Operational Improvements** **\$8,400,000**

As a part of the Long-Term Comprehensive Plan, the anticipated growth in international travelers requires expansion of the FIS luggage recheck area, lengthened queue at the expanded Security Checkpoint 07 and a relocation of the existing restrooms at Gate G6 to accommodate the FIS expansion. Estimated 2020 impact is approximately \$525,000 in debt service expense and \$525,000 in airline rates and charges revenues.

**MSP Maintenance/Facility Upgrade Projects****10 – Terminal 1-Lindbergh****Art Display Areas** **\$250,000**

This program continues the existing program, which is a partnership with the Airport Foundation MSP. The program provides opportunities and space for displaying permanent and temporary art exhibits.

**Arts Master Plan** **\$1,155,000**

This program supports procurement of commissioned art and rotating exhibits as part of the Percent for Arts program. 2019 operating budget impact will total \$1,155,000 in professional services.

**Concourse G Moving Walks** **\$2,500,000**

This is the second project of a multi-year program to replace the near end-of-life moving walks on Concourse G. This year's project will replace the moving walks between Pods 3 and 4. The walks will also be shortened to accommodate future development of passenger amenities adjacent to the ends of the moving walks.

**Way-Finding Sign Backlighting Replacement** **\$1,600,000**

This is the third phase of the multi-year program. It includes the replacement of failing cold-cathode lighting with LED lighting, updated signage, and removal, relocation or combination of signs. Additionally, the project will modify verbiage and symbols on signs to be more consistent with international signage norms. Newer signage standards update the lighting and allow for easier and less-costly signage face changes. The new standards have already been implemented within the Operational Improvements Program, Silver Parking Ramp and other projects.

**13 – Energy Management Center (EMC)****Air Handling Unit Safety Upgrades** **\$550,000**

This project will verify the wiring of safety sensors on the air handling units (AHUs) at MSP and correct those that are wired incorrectly. Forty-one of the 97 AHUs were found to have safety sensors that were incorrectly wired.

**Concourse G Energy Efficiency Projects** **\$2,000,000**

This project will improve the energy efficiency of mechanical and electrical systems in Concourse G.

**Indoor Air Quality Monitoring** **\$660,000**

This project will install required carbon dioxide sensors in common return air ducts and tie all new and existing sensors into the IMACS for remote monitoring and automatic safety ventilation. It will also provide the EMC with advanced modular indoor air quality (IAQ) sensors for temporary use at any location with IMACS to detect ultra-fine particles, volatile organic compounds, carbon dioxide, carbon monoxide, nitrogen dioxide and other gasses in the area of an IAQ complaint. This will enable the EMC to accurately assess the problem and solution.

**LED Lighting Conversion in Valet** **\$500,000**

This project replaces light fixtures in the valet parking area with LED fixtures for improved energy efficiency in support of the MAC's Carbon Management Plan.

**Victaulic Piping Replacement** **\$1,000,000**

This five-year program will replace the Victaulic piping and valves in Terminal 2-Humphrey and in Terminal 1-Lindbergh's Concourse E, Concourse F, Concourse C and Concourse C Tunnel. While Victaulic pipe fittings allow for the pipe to be quickly and easily disassembled when needed, it has been discovered that the joints cause leaking because the seals shrink during the frequent shut downs and service disruptions at MSP. 2020 is the first year of work under this program.

**21 – Field and Runway****Perimeter Gate Security Improvements** **\$3,000,000**

This project provides for the reconstruction of Gate 269 with a full crash beam gate, updated electrical controls and a new pre-fabricated guard booth.

**Runway LED Lighting Upgrade** **\$1,000,000**

This project provides for all runway edge lights, centerline lights and touchdown zone lights on Runway 12L-30R to be replaced with LED lights.

**31 – Parking****Parking Ramp Railing Refinishing Project** **\$1,000,000**

This multi-year project will address the parking ramp metal railings that have weathered and degraded over time. The paint has chipped and peeled away, which caused the exposed metal rail to rust and corrode. If not repaired, the degraded metal railings could become at risk for detachment. The rust has stained the concrete walls and concrete slabs, creating an unsightly appearance for airport customers and resulting in concrete repair work in the surrounding areas. Estimated 2020 impact is approximately \$80,000 in debt service expense.

**36 – Terminal 2-Humphrey****Terminal 2-Humphrey Employee Breakroom****\$200,000**

This project will provide a breakroom accessible to all MSP employees that will include a quiet area for employees who work multiple shifts on the campus. By providing this quality work support area, front line and other employees will be able to rest and eat out of view of the public.

**39 – Public Areas/Roads****Diverging Diamond Intersection Rehabilitation****\$340,000**

This project is to complete pavement rehabilitation, mill and overlay of the Diverging Diamond Intersection on 34<sup>th</sup> Avenue. The approximate limits of the project are the asphalt payment from the 34th Avenue limit to the MAC property line. The existing bituminous pavement has yearly maintenance work to repair potholes and cracks. This project will complete repairs to the pavement after milling and prior to the bituminous overlay.

**46 – Hangars and Other Buildings****Safety and Security Center****\$77,500,000**

The project will construct a building to house a new Airport Operations Center. It will include Airside Operations, the Emergency Communications Center, a dedicated primary Emergency Operations Center, consolidated Airport Police facilities and a replacement Aircraft Rescue and Firefighting Station. This combined facility will improve collaboration and coordination. Estimated 2020 impact is approximately \$3,250,000 in debt service expense and \$1,350,000 in airline rates and charges revenues.

**56 –Trades/Maintenance Buildings****South Field Maintenance Building Wash Bay****\$1,300,000**

This project will add an equipment wash bay to the south field maintenance building. Estimated 2020 impact is approximately \$30,000 in debt service expense and \$24,000 in airline rates and charges revenues.

**63 – Police****Badging Office Relocation****\$2,700,000**

When the rental car agencies relocate to the customer service building in the new Silver Parking Ramp, this project will co-locate all Badging Office functions to the spaces vacated by the agencies in the Red/Blue Parking Ramp core.

**70 – General Office/Administration****GO Building Improvements****\$500,000**

Continual maintenance of MAC buildings is necessary for comfort and safety as well as sustainability of the MAC asset. Age and weather contribute to building deterioration, mold and other health issues. The General Office Building, built in the 1960s, has experienced a number of window and building issues that need to be corrected, including: window sealing and replacements, curtain wall sealing, roof repairs and valve replacements. This program will also address replacement of end-of-life finishes.

**76 – Environment****Lift Stations at Ponds 1 and 2****\$850,000**

This project provides for construction of two stormwater lift stations adjacent to MSP Ponds 1 and 2. The lift stations will utilize the existing 8-inch force main to divert water from one pond to the other to facilitate pond cleaning and maintenance.

**Rwy 12R-30L Glycol Forcemain Environmental Improvements****\$1,500,000**

This project provides for construction of glycol pumping stations and force mains to convey glycol-impacted stormwater from the Runways 30R and 30L deicing pads to existing glycol sewers. Estimated 2020 impact is approximately \$100,000 in debt service expense and \$100,000 in airline rates and charges revenues.

**MSP Noise Mitigation Projects****Noise Mitigation Consent Decree Amendment****\$7,500,000**

The MAC completes Noise Mitigation Projects in compliance with the Consent Decree First Amendment. This residential noise mitigation program began in March 2014 under the terms of an amended legal agreement (Consent Decree) between the MAC and the cities of Richfield, Minneapolis and Eagan. It is approved by the Hennepin County District Court, whose approval is effective until December 31, 2024. Under this program, actual noise contours are developed for the preceding calendar year, beginning in March 2014. The contours will annually determine the eligibility of single-family and multi-family homes. This project will provide noise mitigation for homes meeting the eligibility requirements. Estimated 2020 impact is approximately \$900,000 in debt service expense and \$900,000 in airline rates and charges revenues.

**MSP Ongoing Maintenance Projects****10 – Terminal 1-Lindbergh****Air Handling Unit (AHU) Replacement****\$6,400,000**

A number of the air handling units serving Terminal 1-Lindbergh were installed with the original terminal construction in 1958-1960. A study of these units evaluated each unit's age, condition and ability to adequately heat or cool the spaces it serves. An implemented multi-year program provides for the replacement of the units identified as reaching their end of life. The project costs include modifications to building walls to facilitate the removal of existing equipment and installation of the new units, as well as upgraded electrical controls, upgraded temperature controls and asbestos abatement.

**Baggage System Upgrades****\$500,000**

This multi-year program will provide necessary upgrades to the inbound and outbound baggage system. These upgrades are not covered by general system maintenance.

**Concourse G Rehabilitation****\$4,000,000**

This multi-year program will provide operational improvements to Concourse G over time, including replacing elevators, as well as modifying and replacing structural, electrical and mechanical systems.

**Electrical Infrastructure Program****\$2,000,000**

There are 53 electrical substations that serve the Terminal 1-Lindbergh complex. It is imperative that these substations be inspected, cleaned and upgraded in order to ensure their continued performance. This multi-year program began in 2009. Estimated 2020 impact is approximately \$60,000 in debt service expense and \$36,000 in airline rates and charges revenues.

**Emergency Power Upgrades****\$2,000,000**

A study and survey of Terminal 1-Lindbergh transfer switches and emergency lighting was completed in 2008. This year's project is part of a multi-year program that will continue the design and implementation of emergency power and lighting corrective work identified in the 2008 study.

**Plumbing Infrastructure Upgrades****\$500,000**

In 2010, MAC staff prepared a preliminary study of the reliability and maintainability of the existing plumbing infrastructure. Portions of the existing plumbing infrastructure serving Terminal 1-Lindbergh are over 40 years old, have systems that are undersized for today's demands, contain isolation valves that are either inaccessible or no longer functional and utilize aging water meter systems. There are also deteriorated sections of the existing sanitary and storm water systems. This ongoing program was implemented in 2012 to upgrade the plumbing infrastructure system to meet current code requirements and MAC standards. The focus of the 2019 project is to continue the replacement of aging plumbing systems.

**Terminal Building Remediation****\$2,000,000**

Continual maintenance of the terminal buildings is imperative to passenger comfort and safety as well as sustainability of the MAC asset. Age and weather contribute to building deterioration, mold and other health issues. Building and concourse envelope issues include curtain wall systems, glazing, sealant repair or replacement, louver repair or replacement, metal panel repair or replacement, soffit repair or replacement and insulation systems.

**Terminal Miscellaneous Modifications****\$2,400,000**

Each year, there is a list of maintenance projects that are beyond the resources of the MAC's maintenance and trades staff to accomplish. These projects are prioritized and completed either as a series of contracts or as purchase orders. Typical work includes door replacements, emergency upgrades to mechanical, electrical, plumbing or HVAC systems, loading dock work and the like. The list of potential projects will be compiled and prioritized in early 2020.

**13 – Energy Management Center****EMC Plant Upgrades (T1 & T2)****\$1,500,000**

This multi-year program provides upgrades to the MAC's Energy Management Center (EMC) Boiler and Chiller Plants at both Terminal 1-Lindbergh and Terminal 2-Humphrey. The work includes upgrades to the aging Chilled Water and Heating Water Systems throughout both terminals. The pumping and piping systems on both the heating and cooling systems are aging and in need of repair work beyond regular maintenance.

**21 – Field and Runway****Airside Bituminous Rehabilitation/Electrical Construction****\$1,100,000**

This project provides for the removal and replacement of airfield lighting and signage with LED technology and lighting control upgrades.

**Glycol Tank Repairs****\$500,000**

This project provides for repair of leaking construction joints and cracks in concrete walls and floors of the glycol tanks located at the MSP Glycol Management Facility. The 2020 project will include repairs to tank 3.

**Pavement Joint Sealing/Repair****\$650,000**

This is an ongoing program to provide for the resealing of joints, sealing of cracks and limited surface repairs on existing concrete pavements. The areas scheduled for sealing will be as defined in the overall joint sealing program or as identified by staff inspection in the early spring of each year.

**26 – Terminal Roads/Landside****Tunnel/Bridge Rehabilitation****\$100,000**

The MSP Campus has MAC-owned bridges and tunnels. Bridge and tunnel inspections are conducted each year to identify maintenance and repairs, which are then implemented in a timely fashion. 2020 operating budget impact will total \$100,000 in professional services.

**31 – Parking****T1/T2 Parking Structure Rehabilitation****\$2,500,000**

This is an annual program to maintain the integrity of the MSP parking structures. Projects typically include concrete and expansion joint repairs, joint sealant replacement, concrete sealing and lighting improvements.

**39 – Public Areas/Roads****Landside Pavement Rehabilitation****\$400,000**

This is an ongoing program to construct or reconstruct bituminous pavements outside of the Airport Operations Area. Inspection of pavements and appurtenances determines which areas to prioritize for rehabilitation.

**Roadway Fixture Refurbishment****\$150,000**

This project provides for the refurbishment of any of the light poles, clearance restriction boards, sign units, fence sections and canopies on the airport roadways which are in need of repainting and maintenance.

**46 – Hangars and Other Buildings****Campus Building Rehabilitation Program****\$500,000**

Continual maintenance of MAC non-terminal buildings provides a stable infrastructure and meets the MAC's sustainability goals. Age and weather contribute to building deterioration, mold and other issues. Building issues include curtain wall systems, glazing, sealant repair/replacement, louver repair/replacement, metal panel replacement, painting/tuck-pointing, structural repair and insulation systems. This program includes repair or replacement related to interior issues and is part of an on-going program to maintain MAC buildings as assets.

**MSP Campus Building Roof Replacements****\$1,000,000**

The MAC evaluates one-half of campus roofs every other year. This on-going program prioritizes the evaluated roofs for repair. In 2020, the roof of the Field Maintenance Building will be replaced. Emergency repairs may be required on other roofs; this program will provide dollars for such instances.

**MSP Tenant Projects****10 – Terminal 1-Lindbergh****Concessions Upgrades/Revenue Development****\$200,000**

This is an annual program to fund miscellaneous upgrades such as finishes, furniture, signage and/or modified connections to utilities for the concession programs or other revenue generating programs at the airport.

**Concourse G Delta Sky Club****\$45,000,000**

The project will infill the space between Pods 4 and 5 on Concourse G, improving the gatehold space on the concourse level and constructing shell space for Delta to build a Sky Club above. The project will make adjustments to concessions spaces as required for construction. Estimated 2020 impact is approximately \$2,800,000 in debt service expense and \$1,700,000 in airline rates and charges revenues.

**Reliever Airports Long Term Comprehensive Plan Projects****82 – Lake Elmo****21D Airfield Modifications****\$3,000,000**

The updated long-term comprehensive plan for this airport proposes relocating and extending the primary runway northeast of its current alignment. This year's scope includes airfield modifications.

**21D Runway 14-32 Replacement** **\$2,000,000**

The updated long-term comprehensive plan for this airport proposes relocating and extending the primary runway northeast of its current alignment. This year's scope includes the second phase of construction.

**85 – Crystal****MIC Runway 14R-32L and Taxiway E Modifications** **\$3,800,000**

The updated long-term comprehensive plan for this airport proposes "right-sizing" the airport infrastructure, including decommissioning Runway 14R-32L. This project will convert Runway 14R-32L to a parallel taxiway and rehabilitate portions of Taxiway Echo. The project also includes electrical vault improvements due to associated runway lighting modifications. The project budget includes required environmental review studies.

**Reliever Airports Maintenance/Facility Upgrade Projects****81 – St. Paul Downtown****STP Airport Perimeter Roads** **\$400,000**

This is an ongoing effort to rehabilitate airport pavements through bituminous overlays, seal coats or reconstruction to restore the surfaces to a smooth, even condition and improve overall operating conditions. This project includes the rehabilitation of the airport access road along Airport Road and Eaton Street.

**STP Joint and Crack Repairs** **\$100,000**

Crack repair and joint sealing is critical to maintain pavement strength and pavement life. An inspection of the pavement will be completed to determine the areas in most need of repair.

**83 – Airlake****LVN LED Edge Lighting** **\$500,000**

This project includes the installation of the taxiway edge lighting system, which will include LED lighting.

**LVN Underground Fuel Storage Tank Replacement** **\$100,000**

This project will replace aging underground storage tanks that are owned and maintained by the MAC. The tanks were installed in 1991 and have a life expectancy of 25-30 years.

**84 – Flying Cloud****FCM Taxiways A1, A3, F Pavement Rehabilitation** **\$300,000**

This project is part of an ongoing effort to rehabilitate aircraft operational areas including runways, taxiways and aprons through bituminous overlays, seal coats or reconstruction to restore the surfaces to a smooth, even condition and improve overall operating conditions. This project includes Taxiways A1, A3 and Foxtrot.

**FCM Underground Fuel Storage Tank Replacement** **\$100,000**

This project will replace aging underground storage tanks that are owned and maintained by the MAC. The tanks were installed in 1991 and have a life expectancy of 25-30 years.

**85 – Crystal****MIC Building Demolition – Flight Simulator Building** **\$150,000**

This project will remove the Flight Simulator Building, which has reached the end of its functional life and is beyond rehabilitation.

**MIC MAC Building Improvements** **\$500,000**

This is an ongoing program to provide for facility modifications to ensure continued efficient operation of MAC buildings. This year's project includes improvements to the MAC east and north maintenance building, administration building and both restroom buildings.

**MIC Underground Fuel Storage Tank Replacement** **\$100,000**

This project will replace aging underground storage tanks that are owned and maintained by the MAC. The tanks were installed in 1991 and have a life expectancy of 25-30 years.

**86 – Anoka County-Blaine****ANE Air Traffic Control Tower Equipment Upgrades** **\$100,000**

The MAC-owned equipment used by the air traffic controllers has reached end-of-life and requires updates or replacement to ensure continued reliability.

**ANE LED Edge Lighting Upgrade** **\$800,000**

This project includes replacement of the existing medium intensity runway edge lighting system. New edge lighting will include LED lighting.

**2020 Capital Improvement Program Funding Sources**

The following table shows the funding sources for the 2020 Capital Improvement Program projects. A cash flow summary appears later in the section.

2020 Capital Improvement Program Funding							
	2020 Funding	PFC 15	Federal-State Grants	GARBS	Line of Credit	MAC-Airline Funds	Total Cost
<b>MSP End of Life/Replacement Projects</b>							
10 - Terminal 1-Lindbergh							
Passenger Boarding Bridge Replacements	\$ 4,000,000	\$ 2,500,000	\$ 1,500,000				\$ 4,000,000
Tram Systems Retrofit & Equipment	\$ 1,750,000					\$ 1,750,000	\$ 1,750,000
21 - Field and Runways							
Runway 12R-30L Tunnel Storm Sewer Reconstruction	\$ 900,000			\$ 900,000			\$ 900,000
Sanitary Sewer Replacement Taxiway R	\$ 3,300,000					\$ 3,300,000	\$ 3,300,000
Taxiway D Reconstruction	\$ 12,000,000	\$ 4,800,000	\$ 7,200,000				\$ 12,000,000
26 - Terminal Roads/Landside							
UPS Loop Pavement Reconstruction	\$ 1,600,000					\$ 1,600,000	\$ 1,600,000
Variable Message Signs Replacements - Phase 3	\$ 1,600,000					\$ 1,600,000	\$ 1,600,000
66 - Fire							
MSP Campus Fire Alarm System Upgrade/Transition	\$ 1,000,000					\$ 1,000,000	\$ 1,000,000
<b>MSP End of Life/Replacement Subtotal</b>	<b>\$ 26,150,000</b>	<b>\$ 7,300,000</b>	<b>\$ 8,700,000</b>	<b>\$ 900,000</b>	<b>\$ -</b>	<b>\$ 9,250,000</b>	<b>\$ 26,150,000</b>
<b>MSP IT Projects</b>							
10 - Terminal 1-Lindbergh							
Intelligent Monitoring and Control Systems (IMACS)	\$ 1,500,000					\$ 1,500,000	\$ 1,500,000
Telecom Room Equipment Continuity (TREC)	\$ 1,500,000					\$ 1,500,000	\$ 1,500,000
IT Miscellaneous Modifications	\$ 5,500,000					\$ 5,500,000	\$ 5,500,000
63 - Police							
Card Access Modifications	\$ 3,500,000	\$ 3,500,000					\$ 3,500,000
<b>MSP IT Subtotal</b>	<b>\$ 12,000,000</b>	<b>\$ 3,500,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,500,000</b>	<b>\$ 12,000,000</b>
<b>MSP Long Term Comprehensive Plan Projects</b>							
10 - Terminal 1-Lindbergh							
FIS Recheck Operational Improvements	\$ 8,400,000			\$ 8,400,000			\$ 8,400,000
Baggage Claim/Ticket Lobby Operational Improvements	\$ 61,900,000	\$ 52,600,000		\$ 9,300,000			\$ 61,900,000
Baggage Handling System	\$ 32,000,000	\$ 32,000,000					\$ 32,000,000
Checkpoint Expansion	\$ 5,800,000	\$ 5,800,000					\$ 5,800,000
<b>MSP Long Term Comprehensive Plan Subtotal</b>	<b>\$ 108,100,000</b>	<b>\$ 90,400,000</b>	<b>\$ -</b>	<b>\$ 17,700,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 108,100,000</b>
<b>MSP Maintenance/Facility Upgrade Projects</b>							
10 - Terminal 1-Lindbergh							
Concourse G Moving Walks	\$ 2,500,000					\$ 2,500,000	\$ 2,500,000
Art Display Areas	\$ 250,000					\$ 250,000	\$ 250,000
Art Master Plan	\$ 1,155,000					\$ 1,155,000	\$ 1,155,000
Way-Finding Sign Backlighting Replacement	\$ 1,600,000					\$ 1,600,000	\$ 1,600,000
13 - Energy Management Center							
Air Handling Unit Safety Upgrade	\$ 550,000					\$ 550,000	\$ 550,000
Indoor Air Quality Monitoring	\$ 660,000					\$ 660,000	\$ 660,000
Victaulic Piping Replacement	\$ 1,000,000					\$ 1,000,000	\$ 1,000,000
Concourse G Energy Efficiency Projects	\$ 2,000,000					\$ 2,000,000	\$ 2,000,000
LED Lighting Conversion Valet	\$ 500,000					\$ 500,000	\$ 500,000
21 - Field and Runways							
Perimeter Gate Security Improvements	\$ 3,000,000	\$ 1,200,000	\$ 1,800,000				\$ 3,000,000
Runway LED Lighting Upgrade	\$ 1,000,000	\$ 400,000	\$ 600,000				\$ 1,000,000
31 - Parking							
Parking Ramp Railing Refinishing	\$ 1,000,000			\$ 1,000,000			\$ 1,000,000
36 - Terminal 2-Humphrey							
Employee Breakroom	\$ 200,000					\$ 200,000	\$ 200,000
39 - Terminal Roads/Landside							
Diverging Diamond Intersection	\$ 340,000					\$ 340,000	\$ 340,000
46 - Hangars and Other Buildings							
Safety and Security Center	\$ 77,500,000	\$ 10,000,000	\$ 16,200,000	\$ 51,300,000			\$ 77,500,000
56 - Trades/Maintenance Buildings							
South Field Maintenance Building Wash Bay	\$ 1,300,000			\$ 400,000		\$ 900,000	\$ 1,300,000
63 - Police							
Badging Office Relocation	\$ 2,700,000					\$ 2,700,000	\$ 2,700,000
70 - General Office							
GO Building Improvements	\$ 500,000					\$ 500,000	\$ 500,000
76 - Environment							
Lift Stations at Pond 1 and 2	\$ 850,000					\$ 850,000	\$ 850,000
Runway 12R-30L Glycol Force Main Environmental Improvements	\$ 1,500,000			\$ 1,500,000			\$ 1,500,000
<b>MSP Maintenance/Facility Upgrades Subtotal</b>	<b>\$ 100,105,000</b>	<b>\$ 11,600,000</b>	<b>\$ 18,600,000</b>	<b>\$ 54,200,000</b>	<b>\$ -</b>	<b>\$ 15,705,000</b>	<b>\$ 100,105,000</b>



**Construction Continues on the Silver Parking Ramp, Which Opens in 2020**



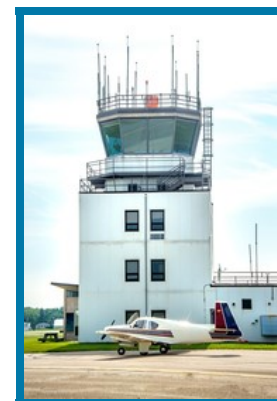
## 2021-2025 Capital Improvement Plan

This encompasses the last five years of the total program and consists of projects that appear likely to be needed during the period.

2021-2025 Capital Improvement Program Funding							
	2021-2025	PFC 16	Federal-State Grants	GARBS	Line of Credit	MAC-Airline Funds	Total
<b>MSP End of Life/Replacement Projects</b>							
<b>10 - Terminal 1-Lindbergh</b>							
Passenger Boarding Bridge Replacements	\$ 24,000,000	\$ 16,500,000	\$ 7,500,000				\$ 24,000,000
Recarpeting Program	\$ 21,000,000					\$ 21,000,000	\$ 21,000,000
<b>13 - Energy Management Center</b>							
VAV Box Replacement	\$ 3,000,000					\$ 3,000,000	\$ 3,000,000
<b>21 - Field and Runways</b>							
Runway 12L-30R Bituminous Shoulder Reconstruction	\$ 7,000,000	\$ 2,800,000	\$ 4,200,000				\$ 7,000,000
Runway 12R-30L Bituminous Shoulder Reconstruction	\$ 5,000,000	\$ 2,000,000	\$ 3,000,000				\$ 5,000,000
Taxiway A/B Pavement Reconstruction	\$ 6,000,000	\$ 2,400,000	\$ 3,600,000				\$ 6,000,000
Terminal 1 - Apron Pavement Reconstruction	\$ 21,000,000	\$ 8,400,000	\$ 12,600,000				\$ 21,000,000
<b>26 - Terminal Roads/Landside</b>							
Lower Level Roadway Rehabilitation	\$ 1,100,000					\$ 1,100,000	\$ 1,100,000
Upper Level Roadway Rehabilitation	\$ 2,000,000					\$ 2,000,000	\$ 2,000,000
Upper Level Roadway Electrical System Rehabilitation	\$ 1,000,000					\$ 1,000,000	\$ 1,000,000
<b>36 - Terminal 2-Humphrey</b>							
Recarpeting Program	\$ 2,000,000					\$ 2,000,000	\$ 2,000,000
<b>39 - Public Areas/Roads</b>							
28th Avenue South Reconstruction	\$ 2,270,000					\$ 2,270,000	\$ 2,270,000
East 62nd Street Reconstruction	\$ 2,400,000					\$ 2,400,000	\$ 2,400,000
<b>MSP End of Life/Replacement Subtotal</b>	<b>\$ 97,770,000</b>	<b>\$ 32,100,000</b>	<b>\$ 30,900,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 34,770,000</b>	<b>\$ 97,770,000</b>
<b>MSP IT Projects</b>							
<b>10 - Terminal 1-Lindbergh</b>							
IT Miscellaneous Modifications	\$ 49,500,000					\$ 49,500,000	\$ 49,500,000
Telecom Room Equipment Continuity (TREC)	\$ 3,000,000					\$ 3,000,000	\$ 3,000,000
Intelligent Monitoring and Control Systems (IMACS)	\$ 1,500,000					\$ 1,500,000	\$ 1,500,000
<b>MSP IT Subtotal</b>	<b>\$ 54,000,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 54,000,000</b>	<b>\$ 54,000,000</b>
<b>MSP Long Term Comprehensive Plan Projects</b>							
<b>10 - Terminal 1-Lindbergh</b>							
D-Pod Outbound Baggage System	\$ 5,000,000			\$ 5,000,000			\$ 5,000,000
Baggage Claim/Ticket Lobby Operational Improvements	\$ 32,500,000	\$ 27,000,000		\$ 5,500,000			\$ 32,500,000
Checkpoint Expansion	\$ 11,000,000	\$ 11,000,000					\$ 11,000,000
Unstaffed Exit Lanes-North Exit	\$ 1,000,000					\$ 1,000,000	\$ 1,000,000
<b>36 - Terminal 2-Humphrey</b>							
North Gate Expansion Design Fees	\$ 2,000,000					\$ 2,000,000	\$ 2,000,000
<b>MSP Long Term Comprehensive Plan Subtotal</b>	<b>\$ 51,500,000</b>	<b>\$ 38,000,000</b>	<b>\$ -</b>	<b>\$ 10,500,000</b>	<b>\$ -</b>	<b>\$ 3,000,000</b>	<b>\$ 51,500,000</b>
<b>MSP Maintenance/Facility Upgrade Projects</b>							
<b>10 - Terminal 1-Lindbergh</b>							
ADO Office Expansion	\$ 500,000					\$ 500,000	\$ 500,000
Art Display Areas	\$ 500,000					\$ 500,000	\$ 500,000
Art Master Plan	\$ 1,580,000					\$ 1,580,000	\$ 1,580,000
Folded Plate Repairs	\$ 17,800,000	\$ 6,200,000		\$ 8,900,000		\$ 2,700,000	\$ 17,800,000
Concourse G Moving Walks	\$ 2,500,000			\$ 2,500,000			\$ 2,500,000
Lighting Infrastructure Technology and Equipment (LITE)	\$ 4,750,000					\$ 4,750,000	\$ 4,750,000
Mechanical Room C-1043	\$ 5,500,000					\$ 5,500,000	\$ 5,500,000
Restroom Upgrade Program	\$ 10,000,000	\$ 6,000,000		\$ 2,000,000		\$ 2,000,000	\$ 10,000,000
T1 Public Walk Aisle Terrazzo Floor Installation	\$ 13,300,000			\$ 4,400,000		\$ 8,900,000	\$ 13,300,000
Way-Finding Sign Backlighting Replacement	\$ 1,600,000				\$ 800,000	\$ 800,000	\$ 1,600,000
<b>13 - Energy Management Center</b>							
Energy Savings Program	\$ 4,000,000					\$ 4,000,000	\$ 4,000,000
Victaulic Piping Replacement	\$ 5,000,000				\$ 2,000,000	\$ 3,000,000	\$ 5,000,000
<b>21 - Field and Runways</b>							
Glycol Lift Station	\$ 1,100,000					\$ 1,100,000	\$ 1,100,000
Perimeter Gate Security Improvements	\$ 6,500,000	\$ 2,600,000	\$ 3,900,000				\$ 6,500,000
Runway LED Lighting Upgrade	\$ 5,850,000	\$ 700,000	\$ 3,475,000			\$ 1,675,000	\$ 5,850,000
Taxiway T Centerline Lights	\$ 600,000		\$ 350,000			\$ 250,000	\$ 600,000



**Flying Cloud 1967**



**Tower at a MAC Reliever Airport**

2021-2025 Capital Improvement Program Funding							
	2021-2025	PFC 16	Federal-State Grants	GARBS	Line of Credit	MAC-Airline Funds	Total
<b>MSP Maintenance/Facility Upgrade Projects-Continued</b>							
31 - Parking							
Parking Guidance System	\$ 6,500,000					\$ 6,500,000	\$ 6,500,000
Parking Ramp Railing Refinishing	\$ 1,000,000					\$ 1,000,000	\$ 1,000,000
36 - Terminal 2-Humphrey							
Skyway to LRT Flooring Installation	\$ 800,000					\$ 800,000	\$ 800,000
T2 Shuttle Waiting Area Expansion	\$ 200,000					\$ 200,000	\$ 200,000
46 - Hangars & Other Buildings							
MAC Storage Facility	\$ 10,000,000					\$ 10,000,000	\$ 10,000,000
63 - Police							
Perimeter Fence Intrusion Detection System	\$ 1,000,000		\$ 600,000			\$ 400,000	\$ 1,000,000
66 - Fire							
Campus Fire Protection	\$ 1,500,000					\$ 1,500,000	\$ 1,500,000
76 - Environment							
Ground Service Equipment Electrical Charging Stations	\$ 3,000,000					\$ 3,000,000	\$ 3,000,000
T2 Remote Ramp Lot/Drainage Improvements	\$ 2,000,000					\$ 2,000,000	\$ 2,000,000
<b>MSP Maintenance/Facility Upgrades Subtotal</b>	<b>\$ 107,080,000</b>	<b>\$ 15,500,000</b>	<b>\$ 8,325,000</b>	<b>\$ 17,800,000</b>	<b>\$ 2,800,000</b>	<b>\$ 62,655,000</b>	<b>\$ 107,080,000</b>
<b>MSP Ongoing Maintenance Programs</b>							
10 - Terminal 1-Lindbergh							
Air Handling Unit Replacement	\$ 32,500,000			\$ 13,000,000		\$ 19,500,000	\$ 32,500,000
Baggage System Upgrades	\$ 2,000,000					\$ 2,000,000	\$ 2,000,000
Concourse G Rehabilitation	\$ 24,000,000			\$ 10,000,000		\$ 14,000,000	\$ 24,000,000
Conveyance System Upgrades	\$ 6,000,000					\$ 6,000,000	\$ 6,000,000
Electrical Infrastructure Program	\$ 9,500,000					\$ 9,500,000	\$ 9,500,000
Electrical Substation Replacement	\$ 6,800,000			\$ 1,400,000		\$ 5,400,000	\$ 6,800,000
Emergency Power Upgrades	\$ 9,500,000					\$ 9,500,000	\$ 9,500,000
Plumbing Infrastructure Upgrade Program	\$ 2,500,000					\$ 2,500,000	\$ 2,500,000
Terminal Building Remediation Program	\$ 11,000,000			\$ 6,000,000		\$ 5,000,000	\$ 11,000,000
Terminal Miscellaneous Modifications	\$ 9,900,000					\$ 9,900,000	\$ 9,900,000
13 - Energy Management Center							
EMC Plant Upgrades (T1 & T2)	\$ 4,300,000					\$ 4,300,000	\$ 4,300,000
21 - Field and Runways							
Airside Bituminous Rehabilitation/Electrical Construction	\$ 8,800,000			\$ 3,000,000	\$ 2,500,000	\$ 3,300,000	\$ 8,800,000
Miscellaneous Airfield Construction	\$ 1,900,000					\$ 1,900,000	\$ 1,900,000
Pavement Joint Sealing/Repair	\$ 2,600,000					\$ 2,600,000	\$ 2,600,000
26 - Terminal Roads/Landside							
Glumack Drive Reconstruction	\$ 9,300,000					\$ 9,300,000	\$ 9,300,000
Tunnel Approaches Reconstruction	\$ 2,370,000					\$ 2,370,000	\$ 2,370,000
Tunnel/Bridge Rehabilitation	\$ 400,000					\$ 400,000	\$ 400,000
31 - Parking							
T1/T2 Parking Structure Rehabilitation	\$ 12,000,000					\$ 12,000,000	\$ 12,000,000
39 - Public Areas/Roads							
34th Avenue Bus Area Reconstruction	\$ 700,000					\$ 700,000	\$ 700,000
34th Avenue Reconstruction	\$ 13,000,000					\$ 13,000,000	\$ 13,000,000
34th Avenue Sanitary Sewer Replacement	\$ 2,200,000					\$ 2,200,000	\$ 2,200,000
Concrete Joint Repair	\$ 4,200,000					\$ 4,200,000	\$ 4,200,000
Landside Pavement Rehabilitation	\$ 2,000,000					\$ 2,000,000	\$ 2,000,000
Landside Utility Rehabilitation	\$ 3,750,000					\$ 3,750,000	\$ 3,750,000
Roadway Fixture Refurbishment	\$ 450,000					\$ 450,000	\$ 450,000
46 - Hangars & Other Buildings							
Campus Building Demolition	\$ 800,000					\$ 800,000	\$ 800,000
Campus Building Rehab Program	\$ 6,000,000					\$ 6,000,000	\$ 6,000,000
Campus Parking Lot Reconstructions	\$ 1,300,000					\$ 1,300,000	\$ 1,300,000
MSP Campus Building Roof Replacements	\$ 7,200,000					\$ 7,200,000	\$ 7,200,000
<b>MSP Ongoing Maintenance Subtotal</b>	<b>\$ 196,970,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 33,400,000</b>	<b>\$ 2,500,000</b>	<b>\$ 161,070,000</b>	<b>\$ 196,970,000</b>
<b>MSP Noise Mitigation Projects</b>							
76 - Environment							
Noise Mitigation Consent Decree Amendment	\$ 5,000,000				\$ 2,000,000	\$ 3,000,000	\$ 5,000,000
<b>MSP Noise Mitigation Subtotal</b>	<b>\$ 5,000,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,000,000</b>	<b>\$ 3,000,000</b>	<b>\$ 5,000,000</b>
<b>MSP Tenant Projects</b>							
10 - Terminal 1-Lindbergh							
Concession Upgrades/Revenue Development	\$ 1,000,000					\$ 1,000,000	\$ 1,000,000
<b>MSP Tenant Subtotal</b>	<b>\$ 1,000,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>



**Construction on the A-G Connector Was Completed Prior to the Opening of a Hotel at MSP**



2021-2025 Capital Improvement Program Funding							
	2021-2025	PFC 16	Federal-State Grants	GARBS	Line of Credit	MAC-Airline Funds	Total
<b>Reliever Airports Long Term Comprehensive Plan Projects</b>							
81 - St. Paul Downtown AGIS and ALP	\$ 300,000		\$ 150,000			\$ 150,000	\$ 300,000
82 - Lake Elmo Long Term Comp Plan	\$ 100,000					\$ 100,000	\$ 100,000
Runway 14-32 Replacement	\$ 2,000,000		\$ 1,425,000			\$ 575,000	\$ 2,000,000
83 - Airlake Long Term Comp Plan	\$ 100,000					\$ 100,000	\$ 100,000
Runway 20-30 Improvements	\$ 3,500,000		\$ 2,500,000			\$ 1,000,000	\$ 3,500,000
84 - Flying Cloud AGIS and ALP	\$ 300,000		\$ 150,000			\$ 150,000	\$ 300,000
South Building Area Utilities	\$ 600,000					\$ 600,000	\$ 600,000
85 - Crystal Long Term Comp Plan	\$ 100,000					\$ 100,000	\$ 100,000
86 - Anoka County-Blaine AGIS and ALP	\$ 300,000		\$ 150,000			\$ 150,000	\$ 300,000
Building Area Development - Xylite Street Relocation	\$ 1,000,000					\$ 1,000,000	\$ 1,000,000
<b>Reliever Airports Long Term Comprehensive Plan Subtotal</b>	<b>\$ 8,300,000</b>	<b>\$ -</b>	<b>\$ 4,375,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,925,000</b>	<b>\$ 8,300,000</b>
<b>Reliever Airports Maintenance/Facility Upgrade Projects</b>							
81 - St. Paul Downtown Airport Perimeter Roads	\$ 500,000					\$ 500,000	\$ 500,000
Cold Equipment Storage Building	\$ 750,000					\$ 750,000	\$ 750,000
Joint and Crack Repairs	\$ 200,000					\$ 200,000	\$ 200,000
LED Edge Lighting Upgrades	\$ 2,500,000		\$ 1,775,000			\$ 725,000	\$ 2,500,000
MAC Building Improvements	\$ 1,400,000					\$ 1,400,000	\$ 1,400,000
Pavement Rehabilitation-Taxilanes/Tower Road	\$ 500,000					\$ 500,000	\$ 500,000
Runway 14-32 Reconstruction	\$ 10,000,000		\$ 7,200,000			\$ 2,800,000	\$ 10,000,000
Storm Sewer Improvements - Phase 2	\$ 1,500,000					\$ 1,500,000	\$ 1,500,000
Taxiway B Rehabilitation	\$ 800,000		\$ 575,000			\$ 225,000	\$ 800,000
<b>Reliever Airports Maintenance/Facility Upgrade Projects-Continued</b>							
82 - Lake Elmo MAC Building Improvements	\$ 400,000					\$ 400,000	\$ 400,000
North Building Area Pavement Rehabilitation	\$ 900,000					\$ 900,000	\$ 900,000
Parallel Taxiways Reconstruction	\$ 600,000		\$ 425,000			\$ 175,000	\$ 600,000
Runway 4-22 Pavement Rehabilitation	\$ 4,000,000		\$ 2,875,000			\$ 1,125,000	\$ 4,000,000
83 - Airlake Joint and Crack Repairs	\$ 150,000					\$ 150,000	\$ 150,000
LED Edge Lighting	\$ 200,000		\$ 125,000			\$ 75,000	\$ 200,000
MAC Building Improvements	\$ 550,000					\$ 550,000	\$ 550,000
Runway 12-30 Reconstruction	\$ 3,500,000		\$ 2,500,000			\$ 1,000,000	\$ 3,500,000
84 - Flying Cloud Airport Access Roads & Tango Lane	\$ 500,000		\$ 350,000			\$ 150,000	\$ 500,000
Electrical Vault Modifications	\$ 500,000					\$ 500,000	\$ 500,000
MAC Building Improvements	\$ 720,000					\$ 720,000	\$ 720,000
Runway 10R-28L Pavement Rehabilitation	\$ 1,500,000		\$ 1,075,000			\$ 425,000	\$ 1,500,000
85 - Crystal LED Edge Lighting Upgrades	\$ 800,000		\$ 500,000			\$ 300,000	\$ 800,000
MAC Building Improvements	\$ 500,000					\$ 500,000	\$ 500,000
Taxilane Pavement Rehabilitation	\$ 1,150,000					\$ 1,150,000	\$ 1,150,000
86 - Anoka County-Blaine Electrical Vault Improvements	\$ 750,000					\$ 750,000	\$ 750,000
LED Edge Lighting Upgrades	\$ 1,700,000		\$ 1,000,000			\$ 700,000	\$ 1,700,000
MAC Building Improvements	\$ 700,000					\$ 700,000	\$ 700,000
Taxilane Pavement Rehabilitation	\$ 1,500,000					\$ 1,500,000	\$ 1,500,000
West Perimeter Road	\$ 700,000		\$ 475,000			\$ 225,000	\$ 700,000
<b>Reliever Airports Maintenance/Facility Upgrade Subtotal</b>	<b>\$ 39,470,000</b>	<b>\$ -</b>	<b>\$ 18,875,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,595,000</b>	<b>\$ 39,470,000</b>
<b>MSP Subtotal</b>	<b>\$ 513,320,000</b>	<b>\$ 85,600,000</b>	<b>\$ 39,225,000</b>	<b>\$ 61,700,000</b>	<b>\$ 7,300,000</b>	<b>\$ 319,495,000</b>	<b>\$ 513,320,000</b>
<b>Reliever Subtotal</b>	<b>\$ 47,770,000</b>	<b>\$ -</b>	<b>\$ 23,250,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 24,520,000</b>	<b>\$ 47,770,000</b>
<b>Total</b>	<b>\$ 561,090,000</b>	<b>\$ 85,600,000</b>	<b>\$ 62,475,000</b>	<b>\$ 61,700,000</b>	<b>\$ 7,300,000</b>	<b>\$ 344,015,000</b>	<b>\$ 561,090,000</b>



**Flying Cloud Airport 2018 Airshow**

## Sources and Uses of Funds

From December 31, 2016 through 2021, the MAC has identified eight funding sources totaling \$1,132,214,000 including a beginning balance of \$680,530,000. During this period, the MAC will expend \$1,479,899,000 leaving a net balance of \$332,846,000 at the end of 2021. This balance represents a portion of the 2019, 2020 and 2021 CIP projects that were started but not completed by December 31, 2021 and Passenger Facility Charge (PFC) to pay future debt service.

The Construction Fund Budget below represents anticipated sources and uses of funds during the years 2017-2021. The information for 2018 estimate indicates expected transactions during the fourth quarter.

CONSTRUCTION FUND BUDGET 2019 (\$ = 000)							
	2017 Actual	2018 Estimated	2018 Budget	2019 Budget	2020 Projected	2021 Projected	Total Projected
<b>Sources of Funds</b>							
Balance 12/31/16	\$ 680,530						\$ 680,530
Balance Carried Forward		\$ 599,050	\$ 633,381	\$ 530,399	\$ 524,249	\$ 366,839	
Transfer From Operating Fund	65,669	75,931	75,592	70,000	59,301	72,034	342,935
PFC Funding	73,390	73,972	74,155	74,700	75,447	76,201	373,710
Federal/State Grants	11,431	4,318	9,600	28,530	34,925	6,850	86,054
Interest Income (1)	5,585	6,980	4,600	7,500	9,800	8,000	37,865
Short-term line of credit	28,000	43,400	32,700	18,900	7,500	-	97,800
Principal Amount of Bonds/Notes	-	-	-	193,850	-	-	193,850
Other Receipts	-	-	-	-	-	-	-
<b>Total Sources of Funds</b>	<b>\$ 184,075</b>	<b>\$ 204,601</b>	<b>\$ 196,647</b>	<b>\$ 393,480</b>	<b>\$ 186,973</b>	<b>\$ 163,085</b>	<b>\$ 1,132,214</b>
<b>Uses of Funds</b>							
CIP Project Costs	\$ (238,101)	\$ (247,008)	(291,529)	(373,394)	(318,144)	(168,670)	(1,345,317)
Debt Service Reserve Transfer	(27,454)	(26,244)	(26,244)	(26,237)	(26,239)	(28,408)	(134,582)
<b>Total Use of Funds</b>	<b>\$ (265,555)</b>	<b>\$ (273,252)</b>	<b>\$ (317,773)</b>	<b>\$ (399,631)</b>	<b>\$ (344,383)</b>	<b>\$ (197,078)</b>	<b>\$ (1,479,899)</b>
Balance Carried Forward	\$ 599,050	\$ 530,399	\$ 512,256	\$ 524,249	\$ 366,839	\$ 332,846	\$ 332,846
1 Interest Rate Assumed 1.0%-2.0% for the period 2017 through 2021.							

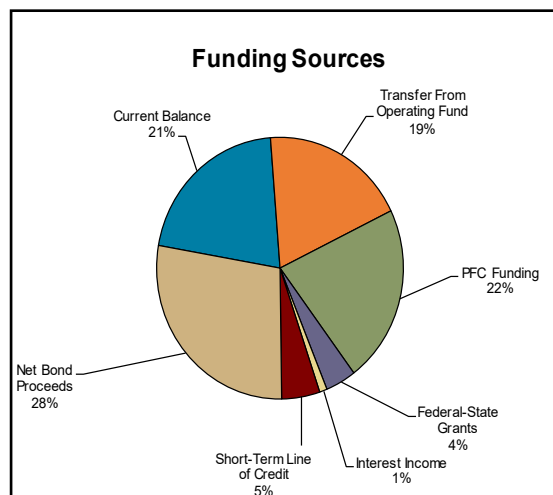
Excluding the current balance, the accompanying chart shows that transfers from the Operating Fund, bond proceeds and funds from PFCs are the main funding sources for construction projects.

## Sources of Funds

Each source of funding is discussed below.

The transfer from the Operating Fund is made at the end of each year after the debt service requirements and working capital balance have been funded. For 2019, a transfer of \$70.0 million is anticipated based on 2018 estimated net revenues. The transfer for 2019 decreases due to lower concession revenues, while the 2020 decrease is due to the increased debt service payments associated with the 2016 bond issue. In 2021, the transfer increases due to the opening of the new parking structure as well as the opening of the Phase 2 concession program. The balance to be transferred for the period is estimated at \$342.9 million or 19%.

Passenger Facility Charge (PFC) funding is one of the largest funding sources at \$373.7 million or 22% of the total. PFCs were authorized by Congress to allow proprietors of commercial service airports, such as the MAC, to impose a charge on enplaning passengers at those airports. The charge was originally set at \$1, \$2 or \$3. The maximum allowed was changed from \$3.00 to \$4.50 in 2001. 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.

Including this first application, the Commission has received approval from the Federal Aviation Administration (FAA) for 14 separate applications. The Commission expects approval in the first quarter of 2019 on PFC 15 in the approximate amount of \$334 million. The table below shows the status of all applications.

<b><u>PFC Summary Table</u></b>				
<b>Application</b>	<b>Amended</b>	<b>Collections as</b>		
<b>Number</b>	<b>Approval</b>	<b>Of 12/31/18 est</b>		
	<b>Amount (\$=000)</b>	<b>(\$=000)</b>	<b>Status</b>	
1	\$ 92,714	\$ 92,714	Closed	
2	140,717	140,717	Closed	
3	36,377	36,377	Closed	
4	47,801	47,801	Closed	
5	112,533	112,533	Closed	
6	759,735	501,810	Open	
7	14,479	14,479	Open	
8	147,986	93,809	Open	
9	8,659	8,659	Closed	
10	101,472	71,864	Open	
11	52,827	52,056	Open	
12	40,796	37,407	Open	
13	65,212	14,208	Open	
14	126,557	112,591	Open	
	<b>\$ 1,747,865</b>	<b>\$ 1,337,025</b>		

In conjunction with filing these applications/amendments, the Commission was required to file a Competition Plan. Before any approval/consideration could be given to these applications/amendments, the FAA needed to approve this Plan. Approval from the FAA regarding the original 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 to increase the PFC level to \$4.50 in January, 2001. An updated Competition Plan was submitted in September 2016. Approval of the updated Plan was granted in 2017.

#### Federal and State Grants

Federal Grants are funds which are used for FAA approved projects including Field and Runway and certain terminal building security projects at the various Commission airports. 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. Total grants are \$86.1 million or 4% of total funding.

Interest Income is based on the balance in the fund. As noted earlier, a 1.0-2.0% rate is assumed for 2019 through 2021. This figure can vary significantly depending upon approval of projects and their starting dates. Interest Income of \$37.9 million or 1% of sources is projected.

#### Short-Term Line of Credit

In 2017, the Commission increased its short-term line of credit from \$75 million to \$150 million. Short-term funding allows the Commission to interim fund certain projects until the receipt of grants or PFCs. The Commission also uses short-term funding to interim fund a project until the time it can be replaced with a future long-term debt issue. The Commission expects to issue \$97.8 million from its line of credit from 2018-2021.

Long-Term Debt

In 2016, the Commission issued General Airport Revenue Bonds which netted approximately \$388 million in construction proceeds. The bond proceeds are expected to be used in the expansion of three gates at Terminal 2-Humphrey and construction of additional parking/rental car facilities at Terminal 1-Lindbergh. In 2019, the Commission expects to issue General Airport Revenue Bonds which is expected to net approximately \$194 million in construction proceeds. The bond proceeds are expected to fund various projects around the airport with the majority of the work to be done in Terminal 1-Lindbergh.

**Uses of Funds**

There are two general categories of uses listed. The first CIP project costs of \$1.35 billion represent 91% of the total. The Debt Service Transfer of \$134.6 million, or 9% of this total, represents the transfer of PFC funding to pay a portion of PFC projects funded by long-term debt.

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 parking facilities, Reliever Airports and other field and terminal projects.

The balance carried forward can be attributed to a number of projects scheduled to begin the next year. 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.

The table below indicates the amount of projects currently in process with project costs in excess of \$3 million. The vast majority of capital projects in the Commission's Capital Improvement Program are considered routine projects for a major airport and do not affect the annual operating budget.

<b>Projects in Process (As of November 30, 2018)</b> <b>(\$=000)</b>			
<b><u>Project Description</u></b>	<b><u>Estimated Project Cost</u></b>	<b><u>Payments To Date</u></b>	<b><u>% Completion</u></b>
T1 - Parking Ramp Projects	\$427,500	\$212,432	49.7%
Vertical Circulation Improvements	\$75,103	\$48,213	64.2%
Baggage Handling Systems	\$49,600	\$7,800	15.7%
South Security Exit and Fa ade Expansion	\$46,300	\$14,744	31.8%
Mezzanine HVAC/AHU Replacements & Penthouses	\$33,700	\$26,049	77.3%
A-G Connector Bridge Phase 1	\$24,400	\$22,859	93.7%
T1-Main Mall Food Court Expansion	\$17,000	\$8,063	47.4%
Passenger Boarding Bridges	\$16,000	\$9,556	59.7%
Ticket Lobby Operational Improvement	\$15,700	\$1,756	11.2%
Concourse G Rehabilitations	\$14,500	\$8,023	55.3%
Consolidated Loading Dock Facility	\$12,250	\$2,738	22.4%
Delta BHS Acquisition	\$12,000	\$5,807	48.4%
T1 - Restroom Upgrades Program	\$11,100	\$7,397	66.6%
East Curbside Check-in	\$10,400	\$5,206	50.1%
2018 Taxiway S Reconstruction	\$10,000	\$8,232	82.3%
2018 Noise Mitigation Consent Decree Amendment	\$9,700	\$6,396	65.9%
Concessions Rebid Programs	\$8,500	\$2,648	31.2%
iVISN Projects (CCTV) Improvements	\$8,200	\$3,721	45.4%
Freight Building Remodel for DHL	\$7,350	\$3,639	49.5%
T1-Trams System Retrofit & Equipment	\$6,250	\$3,222	51.6%
Concourse G Concessions Storage	\$6,000	\$5,426	90.4%
Intelligent Monitoring and Control Systems (IMACS)	\$4,500	\$1,733	38.5%
Concourse A/B PC Air Upgrades	\$3,875	\$3,623	93.5%
MAC s Public Address System	\$3,100	\$2,239	72.2%
All Other Projects in Process	\$258,072	\$61,566	23.9%
<b>Totals:</b>	<b>\$1,091,100</b>	<b>\$483,088</b>	

## Debt Service Fund

The Debt Service Fund discussion covers four areas: Debt Service Requirement, Long Term Debt, Bond Ratings and Sources and Uses of Funds.

### Debt Service Requirement

The Metropolitan Airports Commission (MAC) has issued two forms of long-term indebtedness in the recent past: General Airport Revenue Bonds (GARBs) and General Obligation Revenue Bonds (GORBs). Since 1976, GORBs 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, fees, 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.

With regard to GORBs, the MAC is required by law to maintain Debt Service funds sufficient to bring the balance on hand in the Debt Service Account on October 10<sup>th</sup> of each year to an amount equal to all principal and interest to become due and payable from there to the end of the second following year. The Commission currently has no outstanding GORBs debt.

The following is the annual actual debt service funding requirements for the next five years for the GARB issues (does not include future bond issues):

January 1, 2019	\$ 134,083
January 1, 2020	\$ 133,960
January 1, 2021	\$ 127,790
January 1, 2022	\$ 127,695
January 1, 2023	\$ 127,981

### Long-Term Debt

#### **General Obligation Revenue Bonds and General Airport Revenue Bonds**

The acquisition and construction of facilities at the airports operated by the Commission have been substantially financed by the issuance of Airport Improvement Bonds and GORBs (all of which have been defeased), Notes Payable, a revolving line of credit and GARBs.

GORBs 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 GORBs. These taxes, if levied, must be re-paid.

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 GORBs. The Commission currently has available for issuance under the existing legislative authorization approximately \$55 million of GORBs.

The 1996 Minnesota State Legislature authorized the Commission to issue GARBs. 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 GORBs.

The projected coverage ratio for 2019 on Senior Debt Obligations is 3.78x. With the optional coverage transfer, this figure is 4.03x. The overall projected coverage ratio is expected to be 1.68x and 1.79x with the optional coverage transfer.

### Notes Payable

From time to time, the Commission has financed certain pieces of equipment and certain capital improvement projects through the issuance of notes payable. The Commission utilizes this type of financing in order to recover a portion of the debt service via airline rates and charges. As of December 31, 2018, the Commission has \$46,941,000 notes payable outstanding.

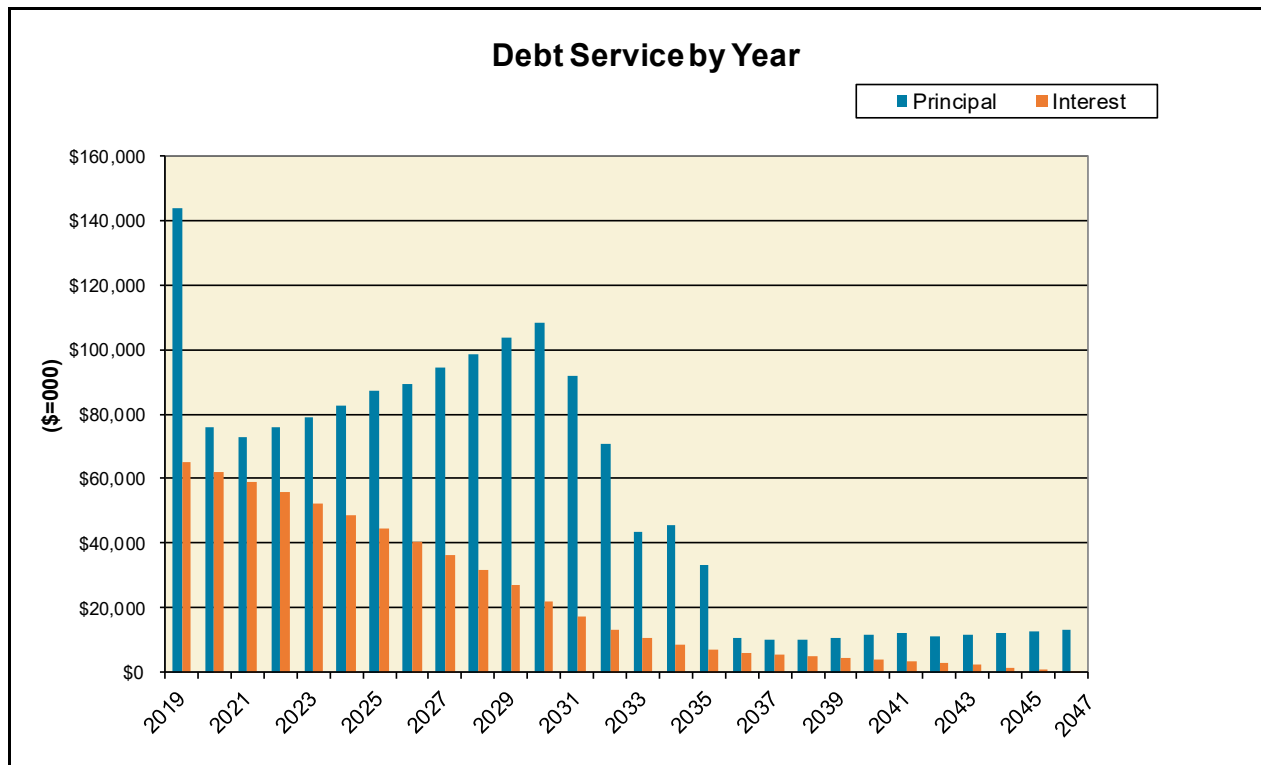
### Revolving Line of Credit

The Commission previously utilized a Commercial Paper program to interim fund certain capital improvement projects. In May 2010, the direct pay letters of credit expired and the renewal cost was very expensive. In 2017, the Commission entered into a \$150 million Revolving Line of Credit to interim fund certain capital improvement projects. As of December 31, 2018, the Commission has utilized \$71,031,000 of the line of credit.

The table below shows future debt requirements for existing debt on an annual calendar year basis after December 31, 2018 for the remaining terms. The following chart does not take into consideration any future bond issues or notes payable issued after 2018.

<b>(\$ = 000)</b>	<b>Notes/Line of</b>	<b>General</b>	<b>Total</b>	<b>Total All</b>	<b>Total</b>
<b>Year(s)</b>	<b>Credit</b>	<b>Airport</b>	<b>Outstanding</b>	<b>Interest</b>	<b>Principal</b>
<b><u>(Principal)</u></b>	<b><u>(Principal)</u></b>	<b><u>Revenue</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>&amp; Interest</u></b>
<b><u>(Principal)</u></b>	<b><u>(Principal)</u></b>	<b><u>Bonds</u></b>	<b><u>(Principal)</u></b>	<b><u>Interest</u></b>	<b><u>&amp; Interest</u></b>
<b>2019</b>	74,718	69,325	144,043.00	65,361	209,404
<b>2020</b>	3,524	72,275	75,799.00	62,215	138,014
<b>2021</b>	3,380	69,260	72,640.00	58,997	131,637
<b>2022</b>	3,367	72,420	75,787.00	55,686	131,473
<b>2023</b>	2,962	76,140	79,102.00	52,197	131,299
<b>2024</b>	3,091	79,645	82,736.00	48,609	131,345
<b>2025</b>	2,718	84,375	87,093.00	44,750	131,843
<b>2026</b>	2,450	86,985	89,435.00	40,657	130,092
<b>2027</b>	2,033	92,320	94,353.00	36,385	130,738
<b>2028</b>	1,837	96,725	98,562.00	31,841	130,403
<b>2029</b>	1,996	101,485	103,481.00	27,059	130,540
<b>2030</b>	2,125	106,380	108,505.00	22,027	130,532
<b>2031</b>	2,258	89,500	91,758.00	17,262	109,020
<b>2032</b>	2,400	68,170	70,570.00	13,419	83,989
<b>2033</b>	2,547	40,765	43,312.00	10,787	54,099
<b>2034</b>	2,702	42,695	45,397.00	8,785	54,182
<b>2035</b>	2,866	30,270	33,136.00	6,989	40,125
<b>2036</b>	997	9,395	10,392.00	5,975	16,367
<b>2037</b>	-	9,860	9,860.00	5,486	15,346
<b>2038</b>	-	10,350	10,350.00	4,981	15,331
<b>2039</b>	-	10,870	10,870.00	4,450	15,320
<b>2040</b>	-	11,415	11,415.00	3,893	15,308
<b>2041</b>	-	11,990	11,990.00	3,308	15,298
<b>2042</b>	-	10,890	10,890.00	2,736	13,626
<b>2043</b>	-	11,430	11,430.00	2,178	13,608
<b>2044</b>	-	12,005	12,005.00	1,592	13,597
<b>2045</b>	-	12,605	12,605.00	977	13,582
<b>2046</b>	-	13,235	13,235.00	331	13,566
	<b>\$ 117,971</b>	<b>\$ 1,402,780</b>	<b>\$ 1,520,751</b>	<b>\$ 638,933</b>	<b>\$ 2,159,684</b>

The following chart shows expected future debt principal and interest:



The following table 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	
				2019	2018
<b>General Airport Revenue Bonds:</b>					
2009 Series A - 2.0-5.0%	11/10/09	23,075	2022	7,440	9,660
2009 Series B - 4.0-5.0%	11/10/09	128,835	2022	45,030	57,495
2010 Series A - 4.00-5.00%	08/10/10	62,210	2035	62,210	62,210
2010 Series B - 3.00-5.00%	08/10/10	73,475	2028	51,585	55,840
2010 Series C - 3.00-5.00%	11/10/10	21,600	2024	3,795	4,450
2010 Series D - 4.00-5.00%	11/10/10	68,790	2024	26,890	31,350
2011 Series A - 3.50-5.00%	11/02/11	52,015	2025	38,950	43,520
2012 Series A - 0.46-2.755%	11/20/12	39,770	2020	11,905	17,660
2012 Series B - 5.00%	11/20/12	42,015	2031	42,015	42,015
2014 Series A - 2.00-5.00%	10/08/14	217,790	2035	205,095	209,900
2014 Series B - 2.00-5.00%	10/08/14	46,590	2026	35,135	38,840
2016 Series A - 3.00-5.00%	10/04/16	330,690	2032	330,690	330,690
2016 Series B - 3.00-5.00%	10/04/16	152,190	2024	140,190	152,190
2016 Series C - 2.00-5.00%	12/20/16	207,250	2046	207,250	207,250
2016 Series D - 2.00-5.00%	12/20/16	23,410	2041	22,910	23,410
2016 Series E - 2.00-5.00%	12/20/16	171,690	2034	171,690	171,690
Total General Airport Revenue Bonds				\$ 1,402,780	\$ 1,458,170
<b>TOTAL BONDS OUTSTANDING</b>				\$ 1,402,780	\$ 1,458,170
<b>NOTES PAYABLE &amp; REVOLVING LINE OF CREDIT</b>				\$ 126,767	\$ 117,971
<b>TOTAL LONG-TERM BONDS AND NOTES PAYABLE</b>				\$ 1,529,547	\$ 1,576,141

**Bond Refundings**

On October 4, 2016, the Commission issued \$482,880,000 of General Airport Revenue Bonds Series 2016A and 2016B to refund the General Airport Revenue Bonds Series 2007A and 2007B and were called on January 1, 2017.

As a result of the October 4, 2016 refunding, the Commission reduced its total debt service requirements by \$164,340,453, which resulted in an economic gain (the difference between the present values of the debt service payments on the old and new debt) in the amount of \$124,290,794.

The Commission, along with its financial advisors, regularly reviews the Commission debt structure to look for refunding candidates provided that they meet the 3% net present value savings.

The Commission has no Derivative/Swap debt nor has there ever been any instrument of this type in the Debt Portfolio.

**New Issues**

The most recent new money bond issue the Commission issued was on December 20, 2016. The MAC issued \$207,250,000 General Airport Revenue Bonds Series 2016C, \$23,410,000 General Airport Revenue Bonds Series 2016D and \$171,690,000 General Airport Revenue Bonds Series 2016E.

The \$23,410,000 General Airport Revenue Bonds Series 2016D proceeds were used to repay a portion of the revolving line of credit used in connection with the new 4-Gate Expansion at Terminal 2-Humphrey.

A portion of the proceeds of the General Airport Revenue Bonds Series 2016C Bonds and the General Airport Revenue Bonds Series 2016E Bonds will be used to finance the design, construction, improvement and equipping of the following projects at MSP:

New Parking Garage. The Commission will construct a new, 11-level parking structure adjacent to the existing parking facilities at Terminal 1-Lindbergh (the "New Parking Garage"). The garage will provide public parking on levels 6-11 (approximately 3,300 parking spaces), with rental car parking facilities on levels 2-5. A new rental car customer service building and a new transit center will be constructed on the ground level of the parking structure. This project also includes extending the underground tram corridor (although not the tram), vertical circulation building, entrance helix, exit helix, associated utilities, lighting, landscaping, signage, roadways and security features and relocating the rental car ready/return areas from the existing parking garages at Terminal 1-Lindbergh. The estimated cost of the New Parking Garage is \$293 million.

Roadway & Plaza Relocation. In connection with the construction of the New Parking Garage, the Commission relocated a major portion of the outbound roadway and associated utilities at Terminal 1-Lindbergh, modified the entrance to the existing public facilities at Terminal 1-Lindbergh and constructed a new exit plaza to accommodate the New Parking Garage. The cost of this portion of the Series 2016C/E Project is \$100 million.

Parking Management Building and Revenue Control System. The new exit plaza includes a new parking management building, revenue control system, exit booths with associated canopy, electrical and mechanical systems, fiber optic cabling and landscaping. It was constructed in connection with the construction of the New Parking Garage. The estimated cost of this portion of the Series 2016C/E Project is \$24 million.

Other Components of Series 2016C/E Projects. Certain other projects will be undertaken in connection with the construction of the New Parking Garage, including certain grade separation projects and a new cargo and storage building to be leased by Delta Air Lines. The estimated cost of this portion of the Series 2016C/E Project is \$26 million.

The Series 2016C/E Projects are expected to be completed by the summer of 2020.

The Capital Improvement Program approved by the Commission in December 2018 for the period 2019-2025 does include funding of projects with a new long-term debt issue. The Commission anticipates a new long-term debt issue in 2019 in the \$230 million range primarily for Terminal 1-Lindbergh, Airport Operations Center and Parking Facility improvements. Also the Commission programed a potential bond issue in 2022 for \$56 million for projects at Terminal 1-Lindbergh.

**Bond Ratings**

The Commission has maintained excellent ratings for many years. The Commission is one of the few airport authorities with an AA- rating. Most airports are in the A rating category. The Commission's bond ratings as of December 31, 2018 are as follows:

	<u>Moody's</u>	<u>Standard &amp; Poors</u>	<u>Fitch Ratings</u>
General Obligation Bonds	Aaa	AAA	AAA
General Airport Revenue Bonds	N/A	AA	AA-

Moody's bond ratings range from Aaa (highest quality) to C (lowest quality) for long term obligations. Moody's applies numerical modifiers 1-high, 2-mid, and 3-low in each generic rating classification from Aaa to C.

Standard & Poors bond ratings range from AAA (highest quality) to C (lowest quality) for long-term obligations. Ratings from 'AA' to 'CCC' may be modified by the addition of a plus ( + ) or minus ( - ) sign to show relative standing within the major rating categories. The ratings for the Commission's long-term debt are defined below:

- 'AAA' - Extremely strong capacity to meet financial commitments. Highest Rating.
- 'AA' - Very strong capacity to meet financial commitments.

Fitch Ratings also uses a rating system similar to that of Standard & Poors. Ratings from 'AAA' to 'CCC' may be modified by the addition of a plus ( + ) or minus ( - ) sign to show relative standing within the major rating categories. The bond rating process is a comprehensive analysis of the Commission's financial practices and performance. Forecasts of future performance and projected long-term planning practices are also reviewed. The following data are typically requested and analyzed by the rating agencies:

- Trends of demographic/economic information
- Capital Improvement Program
- Budget documents/performance to budget
- Financial audits/performance
- Airline industry
- Major employers in the area
- Diversity of local economy
- Financial policies and practices

The Statistics & Informative Facts section shows statistics commonly analyzed by the rating agencies.

**Sources and Uses of Funds**

The Debt Service Budget is shown below.

<b>2019 DEBT SERVICE BUDGET</b>						
<b>(\$=000)</b>						
	<b>2017</b>	<b>2018</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
	<b><u>Actual</u></b>	<b><u>Estimate</u></b>	<b><u>Budget</u></b>	<b><u>Budget</u></b>	<b><u>Projected</u></b>	<b><u>Projected</u></b>
January 1 Balance	\$ 196,054	\$ 219,776	\$ 219,629	\$ 227,933	\$ 264,542	\$ 252,746
Source Of Funds:						
Transfer from Operating Fund	91,102	102,126	102,278	106,641	100,644	102,767
Transfer from PFCs <sup>1</sup>	27,454	26,244	26,244	26,237	26,239	28,408
Interest earnings <sup>2</sup>	2,049	2,687	1,103	2,467	3,033	3,033
Bond Proceeds <sup>3</sup>	-	-	-	35,347	-	-
Total Sources Of Funds	\$ 120,605	\$ 131,057	\$ 129,625	\$ 170,692	\$ 129,916	\$ 134,208
Uses Of Funds						
Bond Refundings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Principal/Interest Paid	(96,883)	(122,900)	(122,900)	(134,083)	(141,712)	(138,692)
Ending Balance	<b><u>\$ 219,776</u></b>	<b><u>\$ 227,933</u></b>	<b><u>\$ 226,354</u></b>	<b><u>\$ 264,542</u></b>	<b><u>\$ 252,746</u></b>	<b><u>\$ 248,262</u></b>
<sup>1</sup> Used to pay existing debt which was formerly paid for with operating funds.						
<sup>2</sup> Interest Rate Assumed 1.5-2.0% for the entire period.						
<sup>3</sup> Includes Debt Reserve and Capitalized Interest.						

## Sources of Funds

Each source of funding is discussed below.

The transfer from the operating fund occurs each October 10<sup>th</sup> for General Obligation Revenue Bonds. The Commission currently has no GORBs outstanding; therefore there is no funding requirement during 2017-2021. For General Airport Revenue Bonds, the transfer occurs in late June and December each year. This transfer will fluctuate due to interest earnings, refundings and new issues.

The Passenger Facility Charge (PFC) transfer represents the use of PFCs to pay a portion of existing debt beginning in 2003 for various general airport revenue bonds instead of operating funds. This transfer will fluctuate due to interest earnings, scheduled increases in annual debt service amounts, refundings and new issues.

Interest earnings are assumed at 1.5% to 2.0% for 2019-2021. In projecting interest income, the Commission typically takes a conservative approach.

Bond proceeds are made up of reserves, issuance costs and capitalized interest. The proceeds in 2019 represent a new bond issue, which represents the required debt service reserve and capitalized interest.

## Uses of Funds

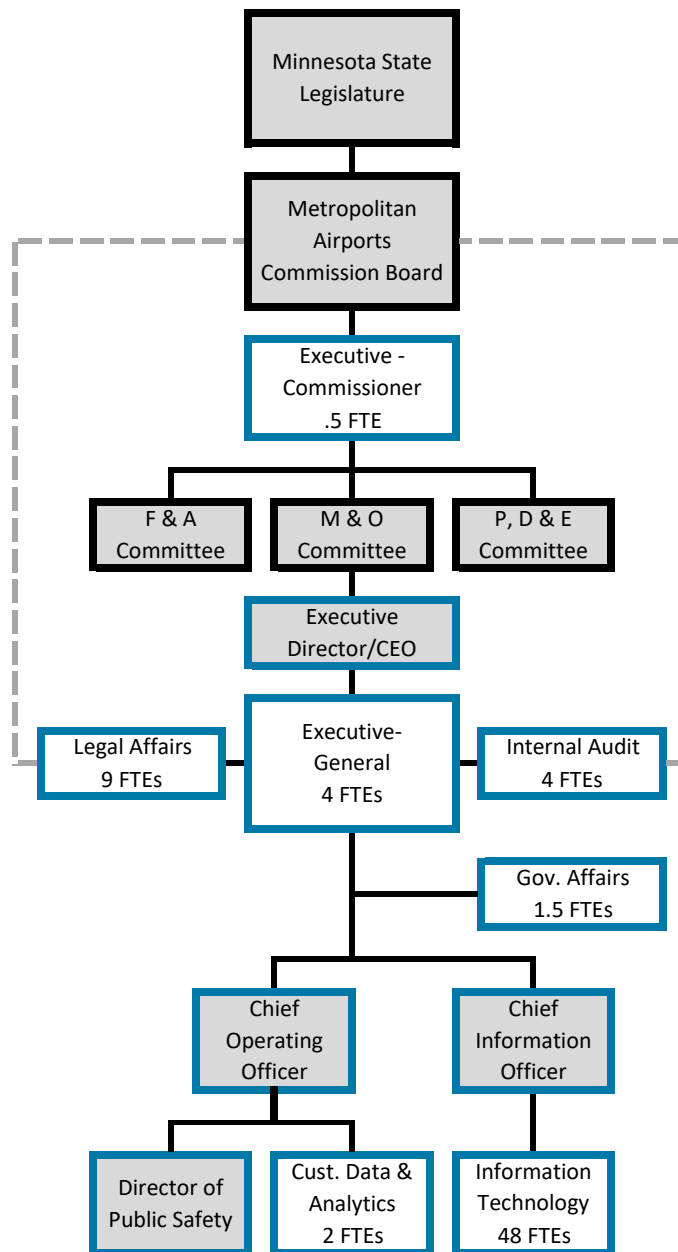
Disbursements represent principal and interest payments made during the year by bond series. In 2019-2020, increases in principal and interest payments are primarily due to principal payments starting from the new money 2016 and 2019 bond issues.



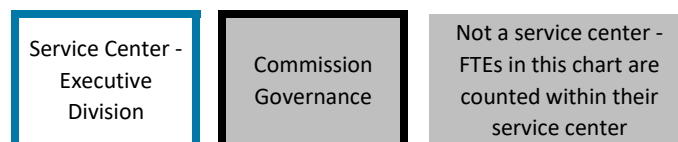
***Progress Continues on the Silver Parking Ramp at Terminal 1-Lindbergh***

# Executive Division

## Division Organizational Chart



### Legend



**Notations to Service Center Summaries:**

- Variance (dollars and %) is computed between 2018 Budget and 2019 Budget amounts
- Explanations for the variances are based upon the 2018 Budget and 2019 Budget amounts
- Negative variances, in most cases, are the result of reductions in one-time expenses or budget reductions
- The FTE count in each service center is as of January 1, 2019. The FTE budget was calculated in 2018 and may not reflect the budgeted FTE count for some service centers.
- The Commission's organizational structure is in a period of transition. There will continue to be adjustments to this organizational chart in upcoming budget documents. Each division's organization chart is presented at the beginning of each division. The charts include the service centers managed within each division and the FTE counts within those divisional service centers. The charts are current as of January 1, 2019.

## EXECUTIVE - COMMISSIONER

The responsibilities of the Board of Commissioners are: 1) promoting public welfare; 2) promoting national, international, state and local air transportation; 3) promoting the safe, efficient and economical handling of air commerce both nationally and internationally, and developing the potential of the metropolitan area as an aviation center, providing for the most economical and effective use of aeronautical facilities and services; and 4) assuring metropolitan area residents that the environmental impact from air transportation will be minimized by promoting the overall goals of the State's environmental policies, minimizing the public's exposure to noise and pursuit of the highest level of safety at all Commission airports.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	48,549	49,325	49,900	575	1.2%
Administrative Expenses	40,586	33,700	38,996	5,296	15.7%
Professional Services					
Utilities	840	840	600	(240)	-28.6%
Operating Services/Expenses					
Maintenance					
Other					
<b>Total Budget</b>	<b>89,975</b>	<b>83,865</b>	<b>89,496</b>	<b>5,631</b>	<b>6.7%</b>

### Full-time Equivalent (FTE) Total

0.5

0.5

0.5

### BUDGET HIGHLIGHTS

- Administrative Expenses Administrative Expenses increased as a result of higher costs and registration fees for business-related travel.
- Utilities Utilities expenses decreased as a result of better aligning cellular phone budgeted expenses with prior years' actual spending.

## EXECUTIVE - GENERAL

The Executive-General service center 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/CEO is directly accountable to the Board of Commissioners for the safe and efficient operation of the seven airports under the Commission's 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.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	519,571	506,857	543,179	36,322	7.2%
Administrative Expenses	213,857	192,925	203,183	10,258	5.3%
Professional Services	132,181				
Utilities	4,244	1,800	2,753	953	52.9%
Operating Services/Expenses					
Maintenance					
Other	9,307				
<b>Total Budget</b>	<b>879,159</b>	<b>701,582</b>	<b>749,115</b>	<b>47,533</b>	<b>6.8%</b>

### Full-time Equivalent (FTE) Total

3

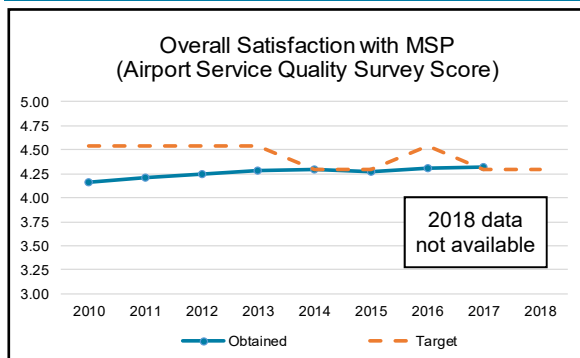
3

4

### BUDGET HIGHLIGHTS

- Personnel The increase in Personnel is attributable to one new position as well as to wage structure adjustments and step increases.
- Administrative Expenses Administrative Expenses increased as a result of higher dues for professional organizations and additional costs for business-related travel.
- Utilities Utilities expenses increased as a result of better aligning cellular phone budgeted expenses with prior years' actual spending.

### SERVICE CENTER PERFORMANCE MEASURES



*Airport Service Quality Survey Score: 5-point scale (5 = excellent, 1 = poor)*

## CUSTOMER DATA & ANALYTICS

The Customer Data and Analytics service center has two customer-related initiatives. The first initiative is spearheading the Customer Service Action Council (CSAC). CSAC programs and committees focus on developing the customer service culture, improving airport services, recognizing and motivating front-line service personnel, soliciting customer feedback and measuring perceptions. The second initiative is the collection and analysis of 10 sources of customer data for MSP, including the Airport Service Quality Program.

## BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel			166,417	166,417	100.0%
Administrative Expenses			29,847	29,847	100.0%
Professional Services			18,000	18,000	100.0%
Utilities					
Operating Services/Expenses			78,565	78,565	100.0%
<b>Total Budget</b>			<b>292,829</b>	<b>292,829</b>	<b>100.0%</b>

<b>Full-time Equivalent (FTE) Total</b>	0	0	2
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## BUDGET HIGHLIGHTS

This is a new service center in 2019. Comparison Information will be available in future budget documents.

## 2019 SERVICE CENTER OBJECTIVE

<b>Objective:</b>	During 2019, spearhead the Airport Service Quality surveys and conduct surveys 12 times to collect data focusing on MSP passenger satisfaction.
<b>Organizational Strategic Goal:</b>	Customer Experience
<b>Organizational Strategic Objective:</b>	Delight our passengers

## INTERNAL AUDIT

Internal Audit provides an independent and objective assurance and consulting service that is guided by a philosophy of adding value by improving the operations of the Metropolitan Airports Commission (MAC). The service center assists the MAC in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's risk management, internal control and governance processes.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	441,507	460,546	484,497	23,951	5.2%
Administrative Expenses	8,598	7,950	32,300	24,350	306.3%
Professional Services					
Utilities	540	540	540		
Operating Services/Expenses					
Maintenance					
Other					
<b>Total Budget</b>	<b>450,645</b>	<b>469,036</b>	<b>517,337</b>	<b>48,301</b>	<b>10.3%</b>

Full-time Equivalent (FTE) Total

4

4

4

### BUDGET HIGHLIGHTS

- Personnel The increase in Personnel is attributable to wage structure adjustments and step increases.
- Administrative Expenses The increase in Administrative Expenses includes funds for the MAC to host the Association of Airport Internal Auditors conference in June 2019.

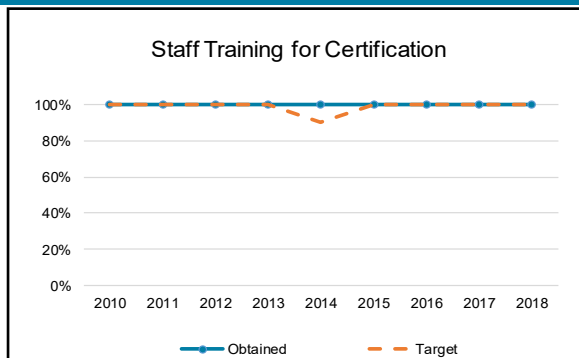
### 2018 SERVICE CENTER OBJECTIVE RESULTS

<b>Objective:</b>	Implement the Commission-approved Internal Audit Plan for 2018; issue quarterly reports to the Commission that detail testing processes and results; report audit findings and recommend process improvements for Commission approval
<b>Organizational Strategic Goal:</b>	Maintain our competitive cost structure while maintaining our airports' economic benefit
<b>Organizational Strategic Objective:</b>	Maintain the MAC's competitive cost structure
<b>Results:</b>	The 2018 Audit Plan was implemented as scheduled and the 1 <sup>st</sup> quarter MAC Continuous Audit Report and the 4 <sup>th</sup> quarter MAC Continuous Audit Report were presented to the Finance & Administration Committee and the Full Commission.

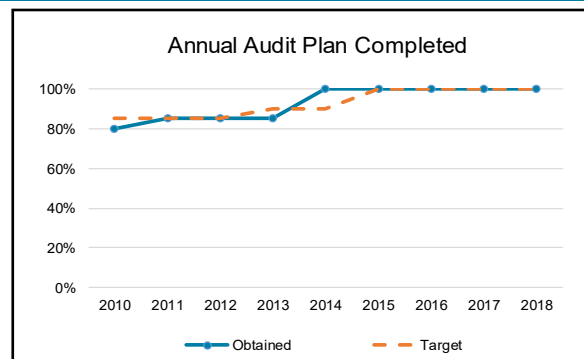
## 2019 SERVICE CENTER OBJECTIVE

<b>Objective:</b>	Implement the Commission-approved Internal Audit Plan for 2019; issue quarterly reports to the Commission that detail testing processes and results; report audit findings and recommend process improvements for Commission approval
<b>Organizational Strategic Goal:</b>	Economic
<b>Organizational Strategic Objective:</b>	Maintain our competitive cost structure while maximizing our airports' economic benefit

## SERVICE CENTER PERFORMANCE MEASURES



Percentage of required staff training completed for certification maintenance



Percentage of projects in plan completed

## INFORMATION TECHNOLOGY

Information Technology (IT) provides leadership and direction to the MAC in the areas of information systems and technology. Responsibilities include reviewing and approving systems, technology plans, budgets and purchases. IT works with all MAC service centers, airport partners and airport customers in analyzing needs and implementing business solutions. The work includes analysis, design, selection, acquisition, installation, documentation and support of hardware, applications, infrastructure systems and technologies.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	3,950,657	4,411,418	5,175,940	764,522	17.3%
Administrative Expenses	392,446	310,163	314,000	3,837	1.2%
Professional Services	1,165,375	1,105,600	1,200,000	94,400	8.5%
Utilities	374,713	348,050	348,050		
Operating Services/Expenses	5,486,543	6,763,518	7,735,633	972,115	14.4%
Maintenance	5,519	20,000		(20,000)	-100.0%
Other	1,674,777	1,145,000	1,100,000	(45,000)	-3.9%
<b>Total Budget</b>	<b>13,050,029</b>	<b>14,103,749</b>	<b>15,873,623</b>	<b>1,769,874</b>	<b>12.5%</b>

### Full-time Equivalent (FTE) Total

37

45

48

### BUDGET HIGHLIGHTS

- **Personnel** The increase in Personnel is attributable to three additional FTEs, wage structure adjustments and step increases.
- **Administrative Expenses** The increase in Administrative Expenses is a result of additional supplies required for Automated Passport Control kiosks and increased travel expenses. These increases were partially offset by decreases in registration fees and better aligning budget lines to previous years' average actual costs.
- **Professional Services** The increase in Professional Services is attributable to additional software consulting needs, including Enterprise Resource Planning application upgrades, cloud migration, Payment Card Industry requirements and enterprise architecture.
- **Operating Services/Expenses** The Operating Services/Expenses increase is attributable to service agreement cost increases as projects progress from implementation to production. Additionally, costs previously categorized as Maintenance expenses were transferred to Operating Services/Expenses, which is a more accurate categorization of the expenditures.
- **Maintenance** The Maintenance budget was moved into the Operating Services/Expenses category for better accuracy.
- **Other** Other expenses decreased as there are fewer radio upgrades and replacements anticipated in 2019.

### 2018 SERVICE CENTER OBJECTIVE RESULTS

<b>Objective:</b>	Enable Enterprise Geographic Information System (eGIS) for the MAC, positioning our organization to leverage a common set of geospatial assets for operational and development efficiency
<b>Organizational Strategic Goal:</b>	Innovate through opportunities in technology and sustainability
<b>Organizational Strategic Objective:</b>	Modernize and accelerate technology use, enabling enterprise solutions
<b>Results:</b>	GIS assets have been catalogued and loaded in the enterprise service, eGIS. Many of the existing datasets require broad data cleanup efforts, and MAC IT is working with MAC Airport Development to standardize and clarify these assets.

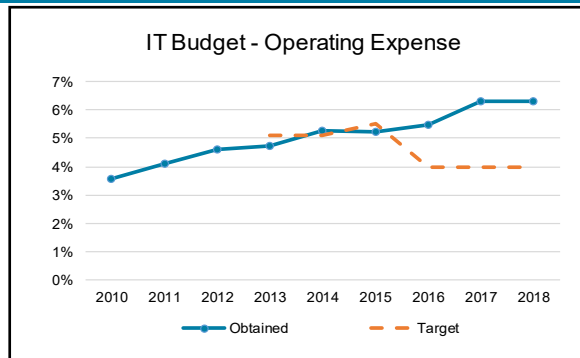
## 2019 SERVICE CENTER OBJECTIVE

**Objective:** Implement the MAC Modern Workforce initiative by the close of 2019

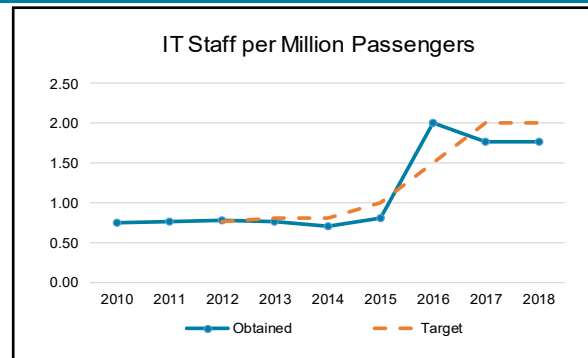
**Organizational Strategic Goal:** Innovation

**Organizational Strategic Objective:** Innovate through opportunities in technology and sustainability

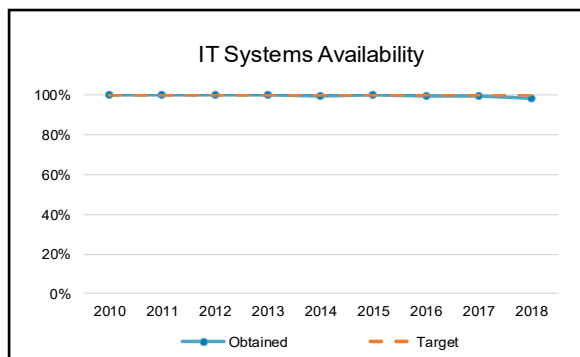
## SERVICE CENTER PERFORMANCE MEASURES



*Percent of the MAC's total operating expense represented by the IT budget*



*Ratio of 1 IT staff person to 1 million passengers*



*Percent of time all systems are available, outside of planned downtime*

## GOVERNMENTAL AFFAIRS

Governmental Affairs provides oversight and management of all MAC state and federal legislative issues. The service center monitors and assists in the development of legislative policies that may have an impact on the MAC's goals and objectives. Governmental Affairs staff serves as a first point of contact for federal, state and local elected officials when they are working on MAC-related issues. Governmental Affairs staff also assists the CEO and MAC Board of Commissioners on many internal policy development issues.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	158,887	190,731	166,394	(24,337)	-12.8%
Administrative Expenses	62,650	67,915	68,815	900	1.3%
Professional Services	165,379	207,350	201,000	(6,350)	-3.1%
Utilities	1,260	1,300	1,200	(100)	-7.7%
Operating Services/Expenses		110		(110)	-100.0%
Maintenance					
Other	2,108	4,000	4,300	300	7.5%
<b>Total Budget</b>	<b>390,284</b>	<b>471,406</b>	<b>441,709</b>	<b>(29,697)</b>	<b>-6.3%</b>

### Full-time Equivalent (FTE) Total

1.5

1.5

1.5

### BUDGET HIGHLIGHTS

- Personnel** The 2018 budget included .5 FTE for an administrative position that supports both Governmental Affairs and Management & Operations. While the responsibilities remain the same and the FTE remains split, the entire funding for the position is in the Management & Operations service center. The decrease was offset by an increase from wage structure adjustments and step increases.
- Professional Services** The decrease in Professional Services is due to fewer anticipated needs for consultants in Washington D.C. during 2019.
- Utilities** The decrease in Utilities expense is the result of a reduction in the stipend for mobile devices.

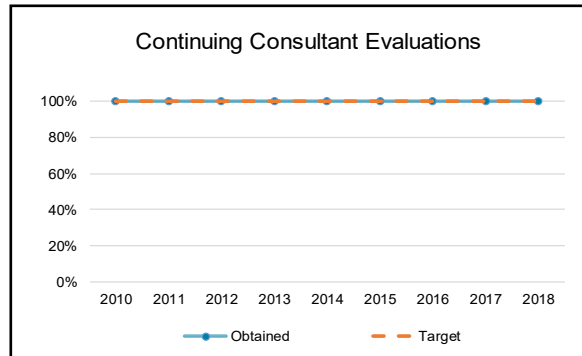
### 2018 SERVICE CENTER OBJECTIVE RESULTS

<b>Objective:</b>	Work with Greater Minnesota airports to drive state and federal policies that are beneficial to both Minneapolis-St. Paul International Airport and the entire state system of airports
<b>Organizational Strategic Goal:</b>	Grow and enhance the narrative
<b>Organizational Strategic Objective:</b>	Lead conversations on strategic topics with stakeholders
<b>Results:</b>	Hosted Local Air Service Development Committee - attendees included airport managers and a local community leader involved in air service development; reviewed federal policies impacting small community air service; discussed national trends with a national expert; and began development of federal policy position on small community air service development

## 2019 SERVICE CENTER OBJECTIVE

<b>Objective:</b>	Improve coordination between the MAC and greater Minnesota airports
<b>Organizational Focus Area:</b>	Grow stakeholder and community engagement

## SERVICE CENTER PERFORMANCE MEASURES



Percentage of evaluations for legislative services consultants completed

## LEGAL AFFAIRS

Legal Affairs is responsible for providing legal advice and representation to the Commission, preparing legal documents and monitoring/coordinating outside legal counsel.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	971,358	1,155,483	1,084,970	(70,513)	-6.1%
Administrative Expenses	44,153	56,450	64,000	7,550	13.4%
Professional Services	431,845	799,000	775,000	(24,000)	-3.0%
Utilities	5,015	4,800	4,800		
Operating Services/Expenses	311	1,420	420	(1,000)	-70.4%
Maintenance					
Other					
<b>Total Budget</b>	<b>1,452,682</b>	<b>2,017,153</b>	<b>1,929,190</b>	<b>(87,963)</b>	<b>-4.4%</b>

Full-time Equivalent (FTE) Total

8

9

9

### BUDGET HIGHLIGHTS

- Personnel The decrease in Personnel is attributable to the reduction of temporary employees. It is offset by wage structure adjustments and step increases.
- Administrative Expenses The Administrative Expenses increase is attributable to additional anticipated business-related travel.
- Professional Services In compliance with the 2019 budget reduction goals, Professional Services expense decreased as a result of better aligning budgeted expenses with prior years' actual spending and by prioritizing projects.
- Operating Services/Expenses The reduction in Operating Services/Expenses is due to aligning budgeted amounts with previous years' actual spending.

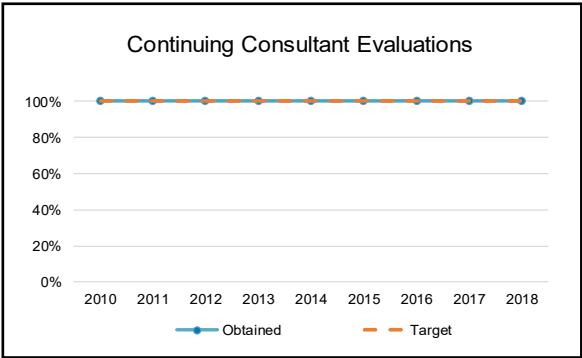
### 2018 SERVICE CENTER OBJECTIVE RESULTS

- Objective:** Provide legal advice, strategize, negotiate, and draft amendments to airline operating agreements
- Organizational Strategic Goal:** Maintain our competitive cost structure while maintaining our airports' economic benefit
- Organizational Strategic Objective:** Maintain the MAC's competitive cost structure
- Results:** Provide legal advice, strategize, negotiate, and draft amendments to airline operating agreements

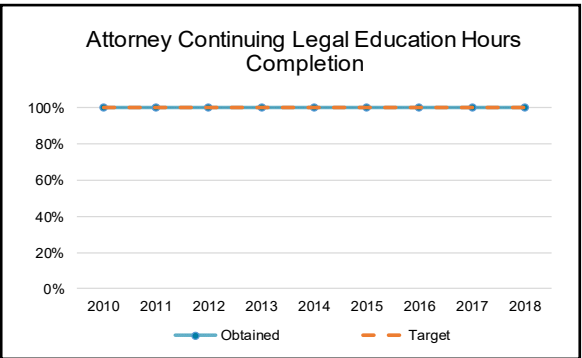
### 2019 SERVICE CENTER OBJECTIVE

- Objective:** Working with MAC IT, develop and adopt capacity for electronic signatures for pilot groups and, eventually, the entire organization
- Organizational Strategic Goal:** Innovation
- Organizational Strategic Objective:** Innovate through opportunities in technology and sustainability

SERVICE CENTER PERFORMANCE MEASURES



Percentage of continuing consultant evaluations completed



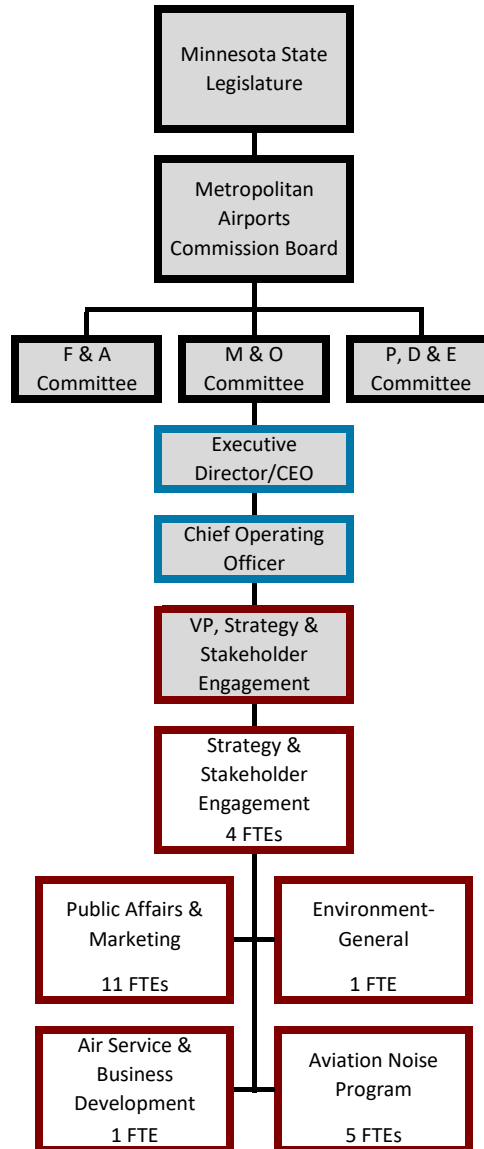
Percentage of attorneys completing an average of 15 CLE hours

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# Strategy & Stakeholder Engagement Division

## Division Organizational Chart



### Legend



**Notations to Service Center Summaries:**

- Variance (dollars and %) is computed between 2018 Budget and 2019 Budget amounts
- Explanations for the variances are based upon the 2018 Budget and 2019 Budget amounts
- Negative variances, in most cases, are the result of reductions in one-time expenses or budget reductions
- The FTE count in each service center is as of January 1, 2019. The FTE budget was calculated in 2018 and may not reflect the budgeted FTE count for some service centers.
- The Commission's organizational structure is in a period of transition. There will continue to be adjustments to this organizational chart in upcoming budget documents. Each division's organization chart is presented at the beginning of each division. The charts include the service centers managed within each division and the FTE counts within those divisional service centers. The charts are current as of January 1, 2019.

## STRATEGY & STAKEHOLDER ENGAGEMENT

The Strategy & Stakeholder Engagement Division is responsible for multi-dimensional strategies to shape and enhance the MAC's brand and reputation, engaging key audiences and stakeholders in positioning campaigns, building strategic partnerships and increasing community engagement. The division operates as an in-house team serving as stewards of strategy and sustainability, developing strategic communications and creating stakeholder champions to ensure the MAC delivers on its mission, vision and strategic goals.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	118,613	289,731	446,671	156,940	54.2%
Administrative Expenses	45,098	20,375	67,370	46,995	230.7%
Professional Services	46,800	25,000	470,560	445,560	1782.2%
Utilities	225	840	1,200	360	42.9%
Operating Services/Expenses		5,000		(5,000)	-100.0%
Maintenance					
Other		1,500	4,500	3,000	200.0%
<b>Total Budget</b>	<b>210,736</b>	<b>342,446</b>	<b>990,301</b>	<b>647,855</b>	<b>189.2%</b>

### Full-time Equivalent (FTE) Total

1

3

4

### BUDGET HIGHLIGHTS

- **Personnel** The increase in Personnel is attributable to wage structure adjustments, step increases, the anticipated hiring of two unfilled FTEs and the addition of one additional budgeted FTE.
- **Administrative Expenses** This service center now includes division-level expenses that are new to the organization in 2019. The increase in the budget funds new staff, responsibilities and activities. New expenses include business-related travel and new sustainability programs.
- **Professional Services** This service center now includes division-level expenses that are new to the organization in 2019. The increase in the budget funds new staff, responsibilities and activities. Professional Services funds consultants related to new strategic plan, stakeholder engagement and sustainability goals.
- **Utilities** Utilities expenses increased as a result of adding cellular service for additional service center employees.
- **Operating Services/Expenses** The decrease in Operating Services/Expenses results from eliminating a one-time expense that was completed in 2018.
- **Other** This service center now includes division-level expenses that are new to the organization in 2019. The increase in Other expenses funds new staff, responsibilities and activities.

### 2018 SERVICE CENTER OBJECTIVE RESULTS

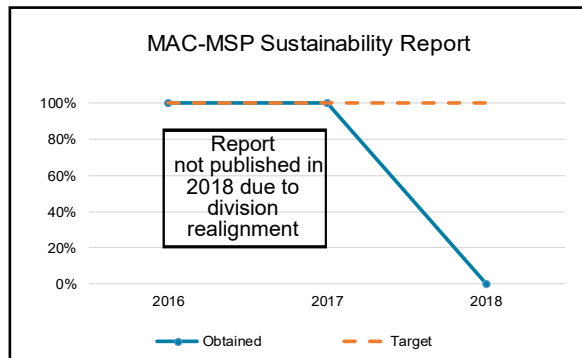
<b>Objective:</b>	Support the new division VP in infusing sustainability into everything we do
<b>Organizational Strategic Goal:</b>	Innovate through opportunities in technology and sustainability
<b>Organizational Strategic Objective:</b>	Integrate sustainability into our culture
<b>Results:</b>	Managed the process for issuing a Request for Qualifications for Sustainability Consulting Services, through which a consultant was hired to assess ways to better integrate sustainability throughout the organization, and provide recommendations about change management related to sustainability

**2019 SERVICE CENTER OBJECTIVE**

**Objective:** Work with sustainability consultants as they assess ways to better integrate sustainability throughout the organization and provide recommendations about change management related to sustainability

**Organizational Strategic Goal:** Innovation

**Organizational Strategic Objective:** Innovate through opportunities in technology and sustainability

**SERVICE CENTER PERFORMANCE MEASURES**

*Publish an annual sustainability report and/or update report*

## PUBLIC AFFAIRS & MARKETING

Public Affairs & Marketing (PAM) builds public support for the MAC through media relations, public information, outreach programs, marketing and advertising; enhances the airport experience by providing information to travelers; and increases MAC revenues through marketing of MAC facilities, parking and food and retail concessions. In addition, PAM identifies, monitors and helps address issues that may impact the MAC, communicates airport benefits and issues to surrounding communities and enhances customer service and the MSP brand by communicating with travelers and tenants. PAM provides information to MAC staff and Commissioners for their use in working to achieve organizational goals, conducts advertising and marketing campaigns aimed at increasing MAC revenues and continually promotes airport services. In addition, PAM operates the Information and Paging Office, providing informational services to MSP customers 14 hours a day, 365 days a year.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	944,900	1,020,369	1,114,223	93,854	9.2%
Administrative Expenses	277,469	267,268	313,860	46,592	17.4%
Professional Services	276,664	449,600	462,000	12,400	2.8%
Utilities	6,917	8,100	7,200	(900)	-11.1%
Operating Services/Expenses	416,779	615,800	619,200	3,400	0.6%
Maintenance	11,105	18,000	18,600	600	3.3%
Other	34,958	28,000	9,500	(18,500)	-66.1%
<b>Total Budget</b>	<b>1,968,792</b>	<b>2,407,137</b>	<b>2,544,583</b>	<b>137,446</b>	<b>5.7%</b>

### Full-time Equivalent (FTE) Total

10

10

11

### BUDGET HIGHLIGHTS

- Personnel The increase in Personnel is attributable to wage structure adjustments, step increases and the addition of one FTE.
- Administrative Expenses The increase in administrative costs is driven largely by printing costs for messaging on large construction walls created during the Concessions Phase 2 roll out and expenses related to development and execution of a robust stakeholder engagement program.
- Professional Services The increase in the Professional Services budget is attributable to marketing support for MAC real estate development, digital communications, strategic plan communications and increased internal and tenant communications.
- Utilities The decrease in Utilities expense is the result of a reduction in the stipend given for mobile devices.
- Operating Services/Expenses The increase in Operating Services/Expenses is due to additional advertising needs, transferring State of the Airport Luncheon costs from Other expenses and additional concessions marketing.
- Maintenance The slight adjustment to the Maintenance category is for cost increases related to maintenance of static (non-digital) terminal directories.
- Other The reduction in the Other category stems from moving costs related to the State of the Airport Luncheon from this category to the Operating Services/Expenses category.

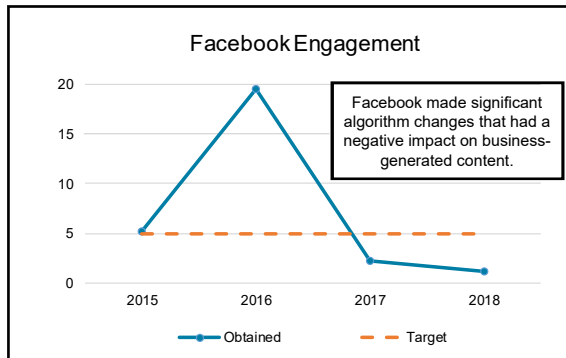
## 2018 SERVICE CENTER OBJECTIVE RESULTS

<b>Objective:</b>	Provide marketing analytics to support efforts by the Finance & Revenue Development Division and Landside to explore variable parking pricing and packaging, and to market changes in parking options
<b>Organizational Strategic Goal:</b>	Maintain our competitive cost structure while maintaining our airports' economic benefit
<b>Organizational Strategic Objective:</b>	Grow non-aeronautical revenues in concessions, parking, and property development
<b>Results:</b>	The Public Affairs & Marketing team launched a benchmarking project to compare existing parking products, pricing, amenities and promotions at the top 40 domestic airports and 20 international airports.

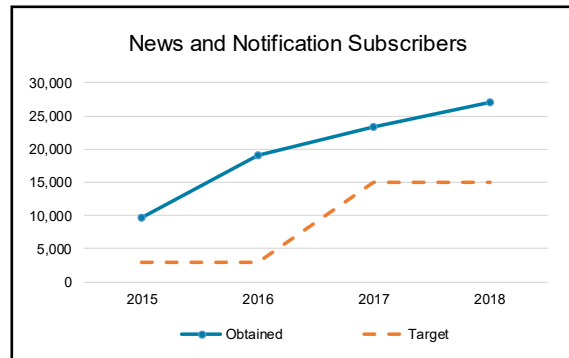
## 2019 SERVICE CENTER OBJECTIVE

<b>Objective:</b>	Partner with MAC IT to create a plan for updating the MAC's website ( <a href="http://www.metroairports.org">www.metroairports.org</a> ) that emphasizes the organization's commitment to enhancing stakeholder engagement opportunities
<b>Organizational Focus Area:</b>	Grow stakeholder and community engagement

## SERVICE CENTER PERFORMANCE MEASURES



Number of Facebook fans who like, share, or comment on a MAC post, in millions



Number of people subscribing for notices and information through the MAC's subscription news and notification service

## AIR SERVICE BUSINESS DEVELOPMENT

Air Service Business Development is responsible for three primary areas: 1) developing air service by marketing MSP for new international passenger and cargo flights and for new low-fare domestic passenger flights; 2) promoting the facilities and services of MSP and the MAC's system of airports both domestically and internationally; and 3) building community relations by establishing partnerships with public and private sectors to increase their awareness of the importance of air service in the region and solicit their support.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel		142,297	142,643	346	0.2%
Administrative Expenses	18,051	44,168	48,110	3,942	8.9%
Professional Services	93,187	100,000	100,000		
Utilities					
Operating Services/Expenses	132,559		200,000	200,000	100.0%
Maintenance					
Other					
<b>Total Budget</b>	<b>243,797</b>	<b>286,465</b>	<b>490,753</b>	<b>204,288</b>	<b>71.3%</b>

### Full-time Equivalent (FTE) Total

0                      1                      1

### BUDGET HIGHLIGHTS

- Personnel                      The increase in Personnel is attributable to wage structure adjustments and step increases.
- Administrative Expenses                      The increase in Administrative Expenses is attributable to increased costs for industry publications and business-related travel.
- Operating Services/Expenses                      The increase in Operating Services/Expenses funds an incentive for new air service expected in 2019.

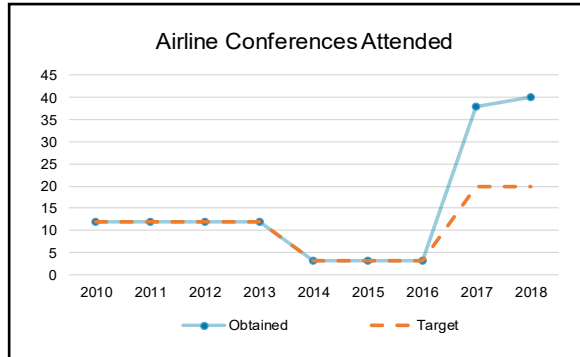
### 2018 SERVICE CENTER OBJECTIVE RESULTS

<b>Objective:</b>	Market MSP to incumbent and potential new entrant airlines at industry air service business development conferences in 2018, and communicate/leverage Regional Air Services Partnership efforts to target airlines, with the goal of increasing awareness of the Minneapolis-St. Paul air travel market
<b>Organizational Strategic Goal:</b>	Grow and enhance air service at MSP
<b>Organizational Strategic Objective:</b>	Increase competition, attract new airlines, and expand service for non-stop destinations
<b>Results:</b>	By the close of 2018, a total of 40 airline meetings were completed, along with three headquarters meetings. Three conferences were attended.

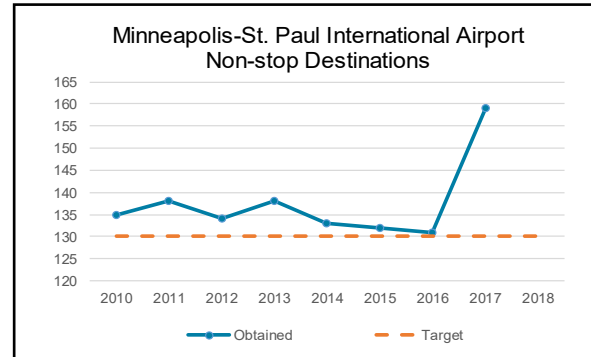
### 2019 SERVICE CENTER OBJECTIVE

<b>Objective:</b>	Market MSP to incumbent and potential new entrant airlines at industry air service business development conferences in 2019, and communicate/leverage Regional Air Services Partnership efforts to target airlines, with the goal of increasing awareness of the Minneapolis-St. Paul air travel market
<b>Organizational Strategic Goal:</b>	Air Service
<b>Organizational Strategic Objective:</b>	Grow and enhance air service

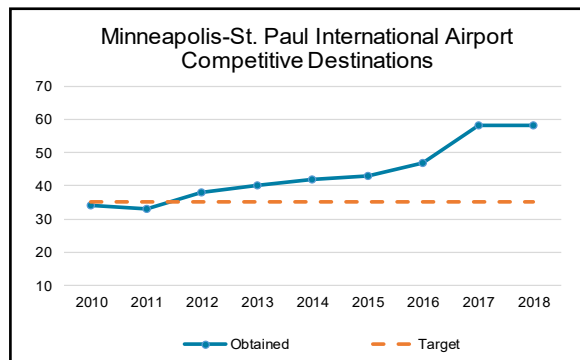
## SERVICE CENTER PERFORMANCE MEASURES



*Number of airline conferences and airline meetings attended*



*Total number of non-stop destinations offered*



*Total number of competitive destinations offered*

## ENVIRONMENT-GENERAL

The Environment-General service center supports stakeholder engagement on aviation-related topics. This service center resides in the Strategy & Stakeholder Engagement Division.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	285,112	459,396	68,380	(391,016)	-85.1%
Administrative Expenses	16,870	20,900	16,800	(4,100)	-19.6%
Professional Services	217,010	297,000		(297,000)	-100.0%
Utilities	(619)	2,090	600	(1,490)	-71.3%
Operating Services/Expenses					
Maintenance					
Other					
<b>Total Budget</b>	<b>518,372</b>	<b>779,386</b>	<b>85,780</b>	<b>(693,606)</b>	<b>-89.0%</b>

Full-time Equivalent (FTE) Total

3

4

1

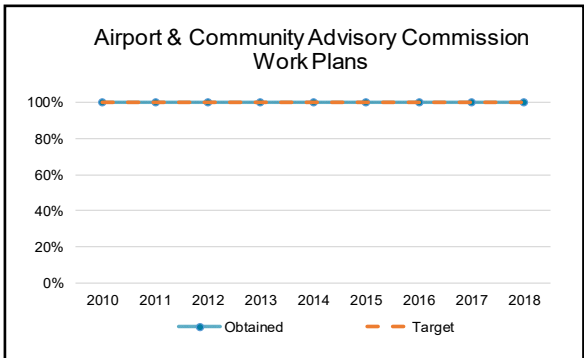
### BUDGET HIGHLIGHTS

- Personnel The decrease in Personnel is a result of transferring three FTEs to other service centers. It is partially offset by wage structure adjustments and step increases.
- Administrative Expenses The decrease in Administrative Expenses is a result of reduced business-related travel in 2019.
- Professional Services The reduction in Professional Services is driven by the transfer of technology related services to Information Technology and the elimination of strategic planning services that were utilized in 2018.
- Utilities The decrease in Utilities expense is the result of a reduction in the stipend for mobile devices and a decrease in the number of staff requiring cellular phone reimbursement.

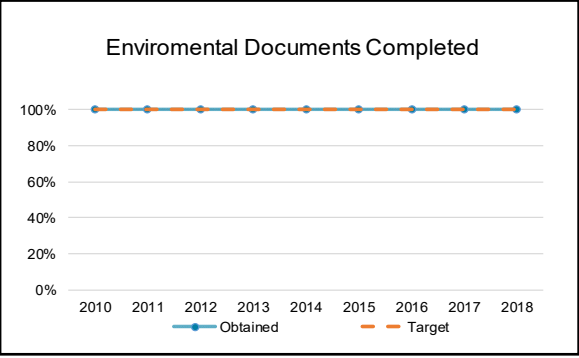
### 2018 SERVICE CENTER OBJECTIVE RESULTS

<b>Objective:</b>	Provide for the proactive maintenance and execution of the Environment Department Strategic Plan in alignment with enterprise strategies to help the organization achieve its goals effectively
<b>Organizational Strategic Goal:</b>	Innovate through opportunities in technology and sustainability
<b>Organizational Strategic Objective:</b>	Integrate sustainability into our culture
<b>Results:</b>	Changes within the overall organization structure led to the transfer of most environmental programs to the Strategy & Stakeholder Engagement Division and the Planning, Development & Environment Division. As a result of the changes, these strategic objectives were integrated into the work of other service centers.

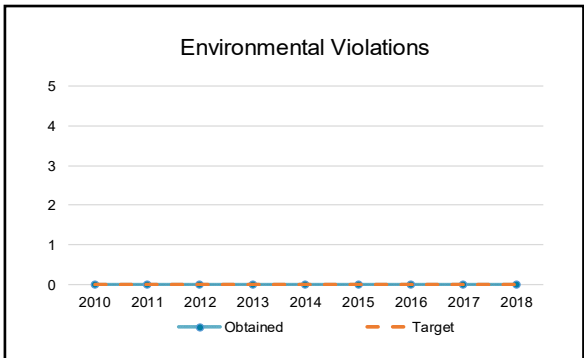
**SERVICE CENTER PERFORMANCE MEASURES**



*Percentage of advisory commission work plans completed*



*Percentage of environmental documents required for support of MAC activities*



*Total number of environmental violations assessed against the MAC*

## AVIATION NOISE PROGRAM

Aviation Noise Program manages aircraft noise issues and navigation programs through an industry-leading noise program built on extensive technology and collaboration efforts with community and aviation stakeholders. This service center ensures compliance related to assessing noise impacts and corrective measures that includes management of one of the largest community outreach programs at the MAC and the development and operation of sophisticated technical systems in support of the service center's mission.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	488,839	515,067	574,444	59,377	11.5%
Administrative Expenses	30,772	29,087	19,150	(9,937)	-34.2%
Professional Services	157,413	512,000	327,000	(185,000)	-36.1%
Utilities	19,059	19,800	24,600	4,800	24.2%
Operating Services/Expenses	96,092	114,000	101,000	(13,000)	-11.4%
Maintenance					
Other					
<b>Total Budget</b>	<b>792,175</b>	<b>1,189,954</b>	<b>1,046,194</b>	<b>(143,760)</b>	<b>-12.1%</b>

### Full-time Equivalent (FTE) Total

5

5

5

### BUDGET HIGHLIGHTS

- Personnel The increase in Personnel is attributable to wage structure adjustments and step increases. The increase was partially offset by a reduction in the training budget to align with actual spending during the previous three years.
- Administrative Expenses Administrative Expenses were reduced due to the transfer of the Official Airline Guide annual contract to Information Technology. Additionally, the printing budget decreased due to the 2018 completion of the Lake Elmo Airport Environmental Assessment/Environmental Assessment Worksheet.
- Professional Services The decrease in Professional Services is driven by a transfer of the Metropolitan Airports Commission Noise and Operations Monitoring System (MACNOMS) Roadmap implementation to the Information Technology capital budget.
- Utilities The Utilities budget increased due to higher communication costs to send real-time noise data to the MAC Noise Program Office staff for analyzing and reporting purposes.
- Operating Services/Expenses The Operating Services/Expenses decrease is attributable to better aligning budgeted cost with previous years' actual spending.

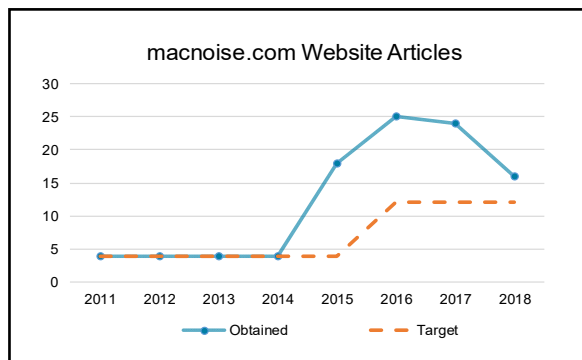
## 2018 SERVICE CENTER OBJECTIVE RESULTS

<b>Objective:</b>	Increase awareness and transparency of the MAC's commitment to the community by sharing program accomplishments, capabilities, and lessons learned
<b>Organizational Strategic Goal:</b>	Grow and enhance the narrative
<b>Organizational Strategic Objective:</b>	Leverage communication tools for a balanced public engagement process
<b>Results:</b>	The MAC Noise Office completed the Noise Program Benchmarking Study, which concluded that the MAC leads its peers in many areas of noise management, including administering the most progressive residential sound mitigation and stakeholder engagement programs. The Noise Office led the stakeholder engagement efforts for the Crystal Airport EA/EAW, which included a meeting of the Airport Community Panel and a public meeting event to share project updates and hear airport community ideas and input. Additionally, staff developed a Noise Abatement Dashboard to provide real-time noise abatement procedure alerts to the FAA with the goal to enhance awareness of noise abatement procedures and increase procedure compliance. Staff coordinated an airfield tour for Noise Oversight Committee members and also began development of a stakeholder engagement plan for the MSP Long Term Comprehensive Plan.

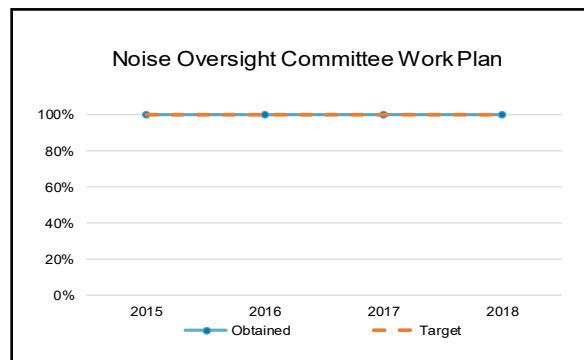
## 2019 SERVICE CENTER OBJECTIVE

<b>Objective:</b>	Increase awareness of the MAC's commitment to its stakeholders and the community by sharing organizational accomplishments and positive impacts of the MAC's system of airports, and promoting the MAC brand; position the MAC as an active and valuable member of the community
<b>Organizational Focus Area:</b>	Grow stakeholder and community engagement

## SERVICE CENTER PERFORMANCE MEASURES



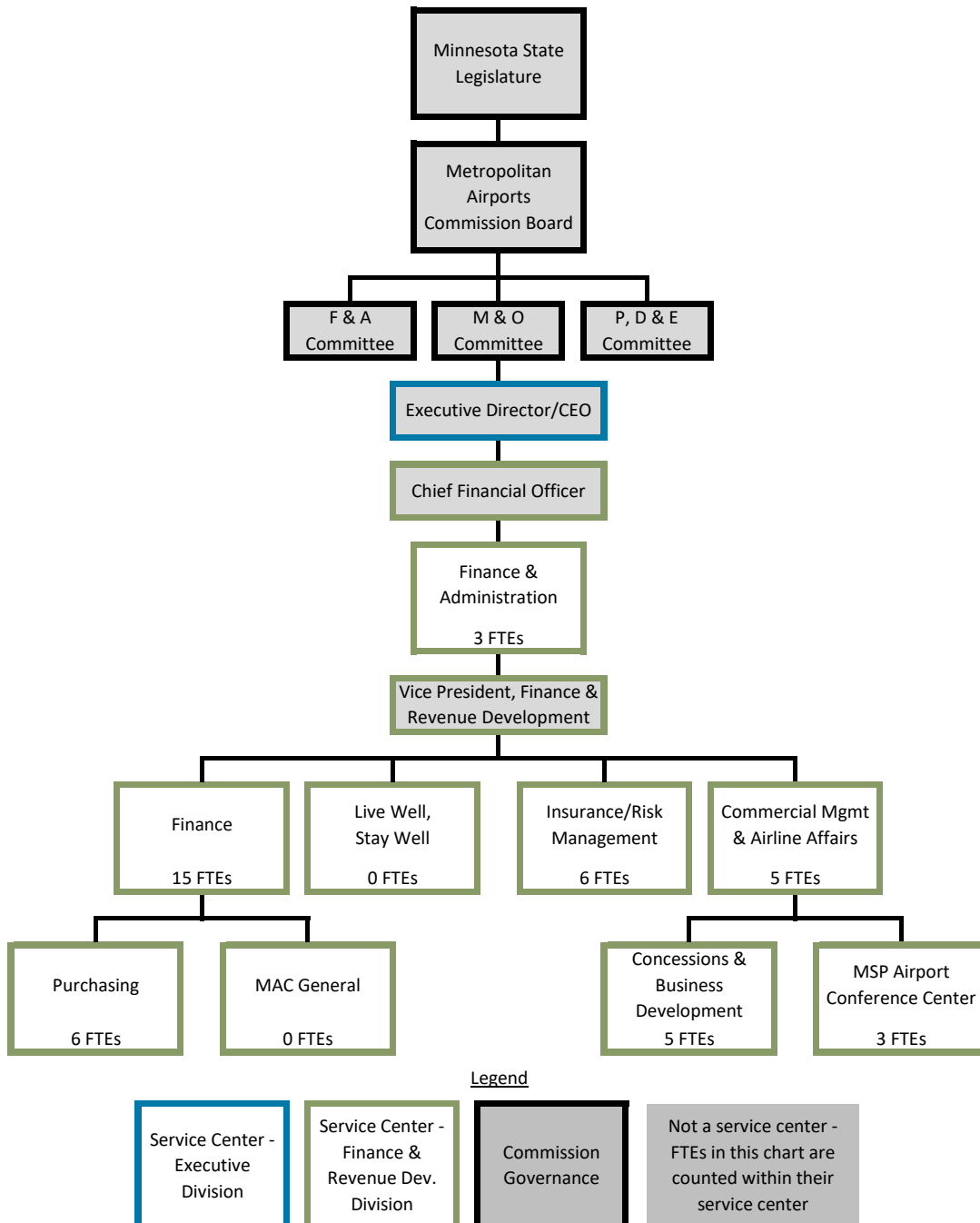
Number of website news articles published



Percentage of work plan completed

# Finance & Revenue Development Division

## Division Organizational Chart



**Notations to Service Center Summaries:**

- Variance (dollars and %) is computed between 2018 Budget and 2019 Budget amounts
- Explanations for the variances are based upon the 2018 Budget and 2019 Budget amounts
- Negative variances, in most cases, are the result of reductions in one-time expenses or budget reductions
- The FTE count in each service center is as of January 1, 2019. The FTE budget was calculated in 2018 and may not reflect the budgeted FTE count for some service centers.
- The Commission's organizational structure is in a period of transition. There will continue to be adjustments to this organizational chart in upcoming budget documents. Each division's organization chart is presented at the beginning of each division. The charts include the service centers managed within each division and the FTE counts within those divisional service centers. The charts are current as of January 1, 2019.

## FINANCE & ADMINISTRATION

Finance & Administration is responsible for overseeing the implementation of the Commission's financial policies, strategic financial planning and analysis, revenue development, commercial management, airline affairs and the establishment of good fiscal and budgetary practices. The Commission's conservative fiscal policies provide funding as required for operating and capital expenditures for its system of airports. The policy also allows for the establishment of good business practices to optimize the generation of revenues, both aeronautical and non-aeronautical. This division also oversees and guides the strategic implementation and management of the organization's Live Well, Stay Well program and Insurance/Risk Management service center and programs. The Chief Financial Officer is the staff liaison to the Commission's Finance & Administration Committee.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	266,140	373,630	404,910	31,280	8.4%
Administrative Expenses	3,158	6,025	16,610	10,585	175.7%
Professional Services	60,043	35,500	21,000	(14,500)	-40.8%
Utilities	750	1,404	1,200	(204)	-14.5%
Operating Services/Expenses					
Maintenance					
Other		700	700		
<b>Total Budget</b>	<b>330,090</b>	<b>417,259</b>	<b>444,420</b>	<b>27,161</b>	<b>6.5%</b>

Full-time Equivalent (FTE) Total

3

3

3

### BUDGET HIGHLIGHTS

- Personnel The increase in Personnel is attributable to wage structure adjustments and step increases.
- Administrative Expenses The increase in Administrative Expenses results from travel and participation in a greater number of airport conferences and activities.
- Professional Services The decrease in Professional Services results from eliminating a one-time expense that was completed in 2018.
- Utilities The decrease in Utilities expense is the result of a reduction in the stipend given for mobile devices.

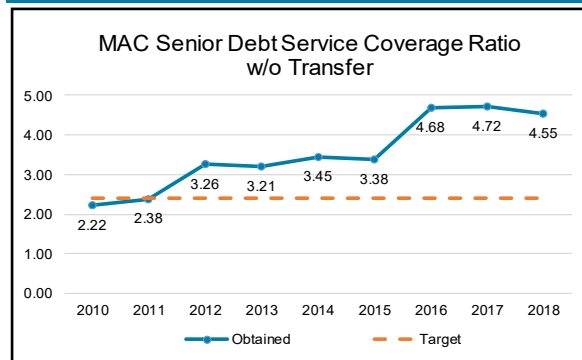
### 2018 SERVICE CENTER OBJECTIVE RESULTS

- Objective:** Update and complete funding analysis for the 2019-2025 Capital Improvement Program (CIP) in conjunction with the extension of the Airline Agreement while maintaining our Cost Per Enplaned Passenger and bond ratings
- Organizational Strategic Goal:** Maintain our competitive cost structure while maintaining our airports' economic benefit
- Organizational Strategic Objective:** Maintain the MAC's competitive cost structure
- Results:** The update and funding analysis for the 2018-2024 Capital Improvement Program was completed.

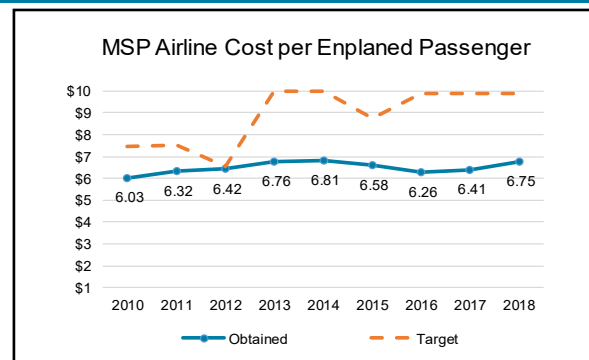
### 2019 SERVICE CENTER OBJECTIVE

- Objective:** Update and complete funding analysis for the 2019-2025 Capital Improvement Program (CIP) in conjunction with the extension of the Airline Agreement while maintaining our Cost Per Enplaned Passenger and bond ratings
- Organizational Strategic Goal:** Economic
- Organizational Strategic Objective:** Maintain our competitive cost structure while maximizing our airports' economic benefit

## SERVICE CENTER PERFORMANCE MEASURES



*Net revenues divided by debt*



*Airline cost per enplaned passenger*

*This graph contains a target line that indicates a maximum target value. This measure is successfully met when the actual value is below the target value.*

## LIVE WELL, STAY WELL

The Live Well, Stay Well Program works to encourage, educate and support employees in making healthier lifestyle choices and strives to create a positive impact on employee morale and productivity. By achieving these goals, the program is also instrumental in reducing healthcare costs.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	1,791	1,000	350	(650)	-65.0%
Administrative Expenses	3,679	7,000	8,600	1,600	22.9%
Professional Services	3,760	6,000	5,000	(1,000)	-16.7%
Utilities		504	425	(79)	-15.7%
Operating Services/Expenses	154,575	136,000	130,000	(6,000)	-4.4%
Maintenance					
Other	9,811	10,000	10,000		
<b>Total Budget</b>	<b>173,616</b>	<b>160,504</b>	<b>154,375</b>	<b>(6,129)</b>	<b>-3.8%</b>

Full-time Equivalent (FTE) Total

0

0

0

### BUDGET HIGHLIGHTS

- Personnel Staff will attend fewer local seminars, resulting in a reduced Personnel budget.
- Administrative Expenses Funds within this service center were recategorized to reflect the most appropriate line item for each budgeted expenditure. Several line items were moved to Administrative Expenses from other categories, resulting in an increase in Administrative Expenses.
- Professional Services Funds within this service center were recategorized to reflect the most appropriate line item for each budgeted expenditure. Several line items were moved from this category to the Administrative Expenses category, resulting in a decrease in Professional Services.
- Operating Services/Expenses Funds within this service center were recategorized to reflect the most appropriate line item for each budgeted expenditure. Several line items were moved from this category to the Administrative Expenses category, resulting in a decrease in Operating Services/Expenses.

### 2018 SERVICE CENTER OBJECTIVE RESULTS

<b>Objective:</b>	Investigate online tools for Live Well, Stay Well to streamline processes and further engage our employees and their families, with an eye toward future implementation
<b>Organizational Strategic Goal:</b>	Innovate through opportunities in technology and sustainability
<b>Organizational Strategic Objective:</b>	Modernize and accelerate technology use, enabling enterprise solutions
<b>Results:</b>	Live Well, Stay Well officially implemented an online wellness platform in 2018. This platform was utilized by our employees for completion of a wellness incentive initiative. The Move to Improve incentive will transition to the platform with the rest of the Live Well, Stay Well incentives in January 2019.

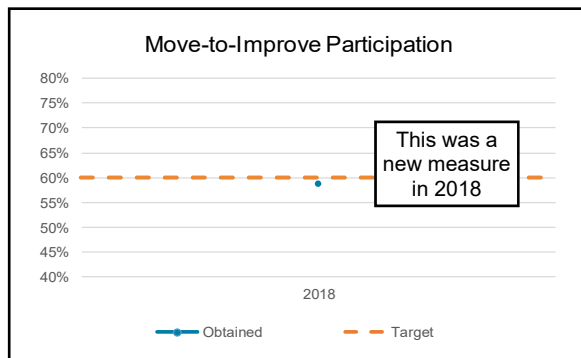
**2019 SERVICE CENTER OBJECTIVE****Objective:**

Transition the Move to Improve incentive to the new Live Well, Stay Well online platform. Completion of the transition will mean that all incentives are offered holistically in one place - allowing for improved communication, administration, and growth of our wellness brand. This objective will be measured based on reporting from the new online platform, which will provide data on how many people have engaged with the platform.

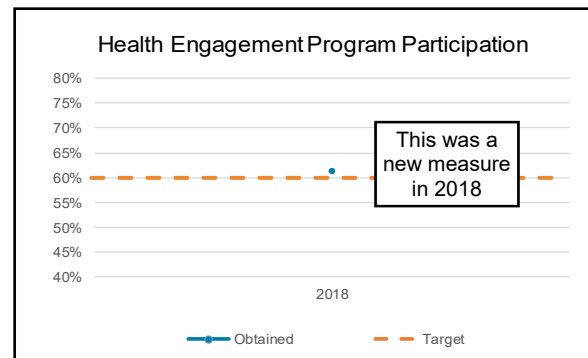
**Organizational Strategic Goal:**

Talent

**Organizational Strategic Objective:** Cultivate an engaged workforce

**SERVICE CENTER PERFORMANCE MEASURES**

*Percent of all MAC employees participating in the Move-to-Improve Program*



*Percent of all MAC employees participating in all components of the Health Engagement Program*

## INSURANCE/RISK MANAGEMENT

Insurance/Risk Management is responsible for the planning, organizing and administering 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. Responsibilities include risk identification, evaluation and measurement; preventative strategies; claims administration; purchase of insurance coverage; and evaluation of financing alternatives. Areas of responsibility also include employee benefit programs and administration, workers' compensation, the MAC's health engagement program, liability and property insurance coverage, employee and fleet safety and maintaining a safe airports system.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	12,533,491	13,770,916	14,808,388	1,037,472	7.5%
Administrative Expenses	8,876	21,750	19,350	(2,400)	-11.0%
Professional Services	307,130	395,535	389,000	(6,535)	-1.7%
Utilities	1,791	840	1,700	860	102.4%
Operating Services/Expenses	9,464	13,060	11,000	(2,060)	-15.8%
Maintenance	2,461				
Other	1,866,466	2,193,709	2,179,499	(14,210)	-0.6%
<b>Total Budget</b>	<b>14,729,679</b>	<b>16,395,810</b>	<b>17,408,937</b>	<b>1,013,127</b>	<b>6.2%</b>

Full-time Equivalent (FTE) Total

6

6

6

### BUDGET HIGHLIGHTS

- Personnel** The increase in Personnel is attributed to wage structure adjustments, step increases and an increase in the total number of insurance eligible employees. As some benefits are based upon employee salary, there was an increase in benefit costs. There was also an increase in the cost of the vision benefit which was moved for administrative purposes.
- Administrative Expenses** The reduction in Administrative Expenses is due to a decreased need for subscriber and information services.
- Professional Services** The decrease in Professional Services expense is driven by lower fees for claims handling due to lower claim frequency.
- Utilities** The increase in Utilities expense is a result of additional staff receiving cellular phone stipends in 2019.
- Operating Services/Expenses** The decrease in Operating Services/Expenses is a result of anticipating fewer lab services in 2019.
- Other** Other expense decreased due to reduced cost for property and casualty insurance in 2019.

### 2018 SERVICE CENTER OBJECTIVE RESULTS

- Objective:** Designate efforts to reduce MAC employee accidents and injuries; outline methods to increase employee trainings with relevant content, increase attendance at Safety Meetings, and update and revamp safety policies
- Organizational Strategic Goal:** Keep our airports safe and secure
- Organizational Strategic Objective:** Prepare for current and potential threats to public safety and critical infrastructure through robust and aligned airport planning processes
- Results:** During 2018, discussions were held on ways to implement safety-related efforts - related to both injury and property damage. Due to staffing changes in the department, these initiatives were put on hold in 2018 but will be re-visited in 2019.

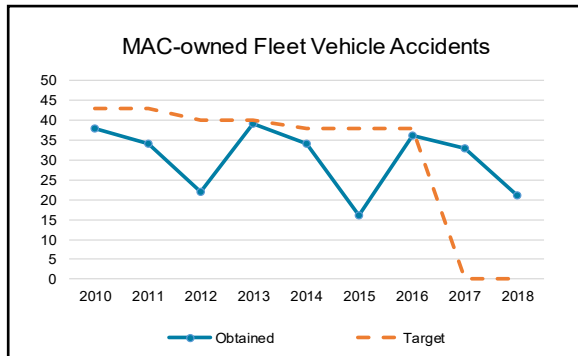
**2019 SERVICE CENTER OBJECTIVE****Objective:**

Redouble efforts to reduce MAC employee accidents and injuries, outline methods to increase employee training with relevant content, increase attendance at Safety Meetings, and update and revamp safety policies; focus efforts on training, reviewing root causes of accidents and exploring further means of enforcing safety policies such as safe driving

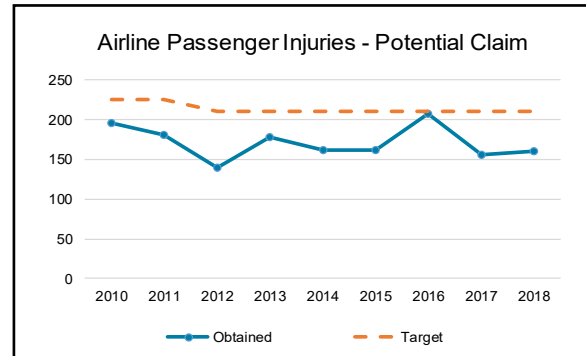
**Organizational Strategic Goal:**

Safety, security and preparedness

**Organizational Strategic Objective:** Keep our airports safe and secure

**SERVICE CENTER PERFORMANCE MEASURES**

*Total number of accidents involving MAC-owned fleet vehicles*



*Total injuries with potential for damage claim*

## FINANCE

Finance is responsible for the Commission's accounting and cash management functions, the preparation of the annual operating budget and the Comprehensive Annual Financial Report. Finance oversees financial planning which includes, but is not limited to, issuance of all debt, development of tenant rates and charges, cost-benefit analysis, financial analysis and request for proposal assistance.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	1,458,294	1,669,209	1,562,222	(106,987)	-6.4%
Administrative Expenses	19,737	24,691	22,170	(2,521)	-10.2%
Professional Services	201,368	214,750	225,100	10,350	4.8%
Utilities	2,565	2,160	3,000	840	38.9%
Operating Services/Expenses	207,277	219,805	221,700	1,895	0.9%
Maintenance					
Other	837	1,000	900	(100)	-10.0%
<b>Total Budget</b>	<b>1,890,078</b>	<b>2,131,615</b>	<b>2,035,092</b>	<b>(96,523)</b>	<b>-4.5%</b>

### Full-time Equivalent (FTE) Total

15

15

15

### BUDGET HIGHLIGHTS

- **Personnel** The decrease in Personnel is mainly due to a budgeted position that was reclassified to another service center. This was offset by wage structure adjustments and step increases.
- **Administrative Expenses** The decrease in Administrative Expenses is due to reduced business-related travel needs and aligning the budget with prior years' average costs.
- **Professional Services** The increase in Professional Services is due to additional financial audit work needed to comply with the new lease accounting standard.
- **Utilities** Utilities expenses increased as a result of adding cellular service for an additional service center employee.

### 2018 SERVICE CENTER OBJECTIVE RESULTS

<b>Objective:</b>	Manage the construction of new concession lease management files as new Phase 2 concessions program store units open, and the deconstruction of existing leases as old store units close. Evaluate the best cost-effective course of action in the implementation of Governmental Accounting Standards Board Statement #75 - Accounting and Financial Reporting for Post-employment Benefits other than Pensions; possible considerations are establishing a trust to pay for future benefits.
<b>Organizational Strategic Goal:</b>	Maintain our competitive cost structure while maintaining our airports' economic benefit
<b>Organizational Strategic Objective:</b>	Maintain the MAC's competitive cost structure
<b>Results:</b>	Research was completed with regard to the implementation of Government Accounting Standards Board Statement #75- Accounting and Financial Reporting for Post-employment Benefits Other than Pensions, and findings and a recommendation were presented to MAC Senior Staff. The MAC Board of Commissioners approved establishment of an Other Post Employee Benefit Trust and the trust was funded.

## 2019 SERVICE CENTER OBJECTIVE

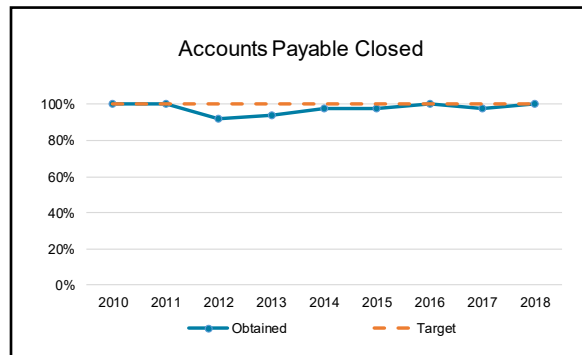
**Objective:**

During 2019, prepare for the implementation of General Accounting Standards Board Statement #87 on leases on January 1, 2020. This standard will dramatically change how the Commission's financial statements will be presented, as well as how future budgets will be presented. Also during 2019, evaluate the refunding of certain bond issues for potential debt service savings.

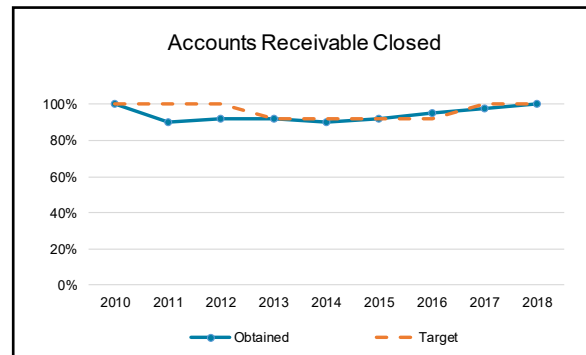
**Organizational Focus Area:**

Develop new strategies to enhance financial strength

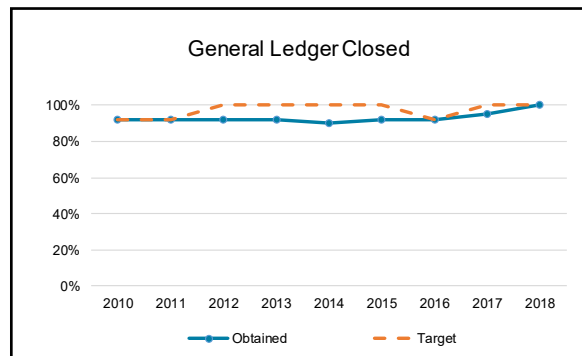
## SERVICE CENTER PERFORMANCE MEASURES



*Percentage of Accounts Payable closed by the Friday before General Ledger closing*



*Percentage of Accounts Receivable closed within two business days*



*Percentage of Monthly General Ledger closed by the second Monday of the month*

## MAC GENERAL

The MAC General Service Center contains expenses that are not specific to any one service center such as FICA/Medicare taxes, retirement plans, utilities and gas and diesel for MAC vehicles. The FTE count is for all open positions that have not been allocated to a specific service center. Finance is responsible for the budgeting of the MAC General service center.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	11,758,001	12,020,988	13,285,127	1,264,139	10.5%
Administrative Expenses	7,625				
Professional Services	248,278				
Utilities	18,967,626	19,057,248	18,969,982	(87,266)	-0.5%
Operating Services/Expenses	801,784	882,190	904,074	21,884	2.5%
Maintenance	1,636,781	2,111,355	2,350,777	239,422	11.3%
Other	1,480,123	405,045	33,793	(371,252)	-91.7%
<b>Total Budget</b>	<b>34,900,219</b>	<b>34,476,826</b>	<b>35,543,753</b>	<b>1,066,927</b>	<b>3.1%</b>

### Full-time Equivalent (FTE) Total

0

2.5

0

### BUDGET HIGHLIGHTS

- Personnel The increase in Personnel is due to a full year of benefits for 2018 headcount additions and a partial year of 2019 headcount additions.
- Utilities The decrease in Utilities is due to budgeting based on a three-year average.
- Operating Services/Expenses The increase in Operating Services/Expenses is due to contracted funding rates for the MSP Airport Foundation.
- Maintenance The increase in Maintenance is due to a reclassification of baggage carousels and conveyors expenses from the Facilities-Terminal 1 service center.
- Other The decrease in Other expense is due to a one-time airline incentive payment in 2018 that was eliminated in the 2019 budget.

## PURCHASING

Purchasing oversees the acquisition of materials, equipment and supplies; coordination of minor construction; and repair or performance of minor maintenance to meet the needs of end-users by using the method that results in the most efficient use of MAC resources. Purchasing administers the Commercial Card Program for the MAC and maintains blanket orders, including insurance certificates, for contracts generated by the MAC. Purchasing's responsibilities also include disposing of surplus property by distributing items between MAC service centers, selling items on the open market and donating items to various charities.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	434,475	470,078	487,717	17,639	3.8%
Administrative Expenses	28,047	44,200	42,200	(2,000)	-4.5%
Professional Services					
Operating Services/Expenses	167,477	185,400	194,900	9,500	5.1%
Maintenance	83				
Other	2,031	8,100	3,500	(4,600)	-56.8%
<b>Total Budget</b>	<b>632,113</b>	<b>707,778</b>	<b>728,317</b>	<b>20,539</b>	<b>2.9%</b>

### Full-time Equivalent (FTE) Total

6                      6                      6

### BUDGET HIGHLIGHTS

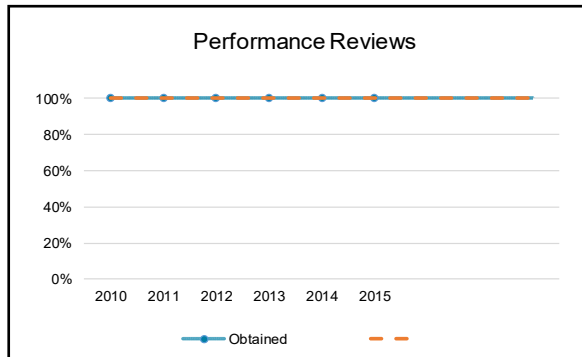
- Personnel                      The increase in Personnel is attributable to wage structure adjustments and step increases.
- Administrative Expenses                      In compliance with the 2019 budget reduction goals, Administrative Expenses decreased as a result of better aligning budgeted expenses with prior years' actual spending and by prioritizing projects.
- Operating Services/Expenses                      The increase in Operating Services/Expenses is attributable to additional locations and color printing capabilities as part of the MAC-wide copy agreement.
- Other                      Other expenses decreased as vehicle tab renewal fees are expected to be lower in 2019.

### 2018 SERVICE CENTER OBJECTIVE RESULTS

<b>Objective:</b>	Develop a plan to train end-users on entering requisitions and checking order balances in the MAC's Purchasing requisition system
<b>Organizational Strategic Goal:</b>	Be a model employer
<b>Organizational Strategic Objective:</b>	Talent - Cultivate an engaged workforce
<b>Results:</b>	A plan for training end-users has been developed and training has been implemented. Thirty end-users were trained in 2018: twenty-five in requisition entry/order balances and five in requisition approvals.

### 2019 SERVICE CENTER OBJECTIVE

<b>Objective:</b>	Facilitate regular end-user trainings on the MAC's Purchasing requisition system to support employees' use of the system
<b>Organizational Strategic Goal:</b>	Talent
<b>Organizational Strategic Objective:</b>	Be a model employer

**SERVICE CENTER PERFORMANCE MEASURES**

*Percentage of department employee performance reviews completed by year-end*

## COMMERCIAL MANAGEMENT & AIRLINE AFFAIRS

Commercial Management & Airline Affairs (CMAA) oversees revenue generation from airline and airport concession agreements, MSP leases and system-wide non-aeronautical leases. CMAA manages MAC property and real estate.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	544,073	527,675	589,080	61,405	11.6%
Administrative Expenses	23,030	29,529	28,555	(974)	-3.3%
Professional Services	97,256	100,000	1,105,000	1,005,000	1005.0%
Utilities	3,998	4,500	2,400	(2,100)	-46.7%
Operating Services/Expenses	1,113	1,500	1,200	(300)	-20.0%
Maintenance	208,276	360,845	268,850	(91,995)	-25.5%
Other	(77)				
<b>Total Budget</b>	<b>877,670</b>	<b>1,024,049</b>	<b>1,995,085</b>	<b>971,036</b>	<b>94.8%</b>

Full-time Equivalent (FTE) Total

5

5

5

### BUDGET HIGHLIGHTS

- Personnel The increase in Personnel is attributable to wage structure adjustments, step increases and additional management training.
- Professional Services The Professional Services increase is a result of an airport land assessment project scheduled for 2019. This one-time expense is expected to increase revenue opportunities in future budget years.
- Utilities The decrease in Utilities expense is the result of one fewer service center employees requiring cellular reimbursement, as well as a reduction in the stipend for mobile devices.
- Operating Services/Expenses The decrease in Operating Services/Expenses is due to fewer anticipated bids to be advertised.
- Maintenance Maintenance expense decreased as a result of bringing janitorial and HVAC responsibilities for some leased buildings in-house.

### SERVICE CENTER PERFORMANCE MEASURES



Number of real estate leases entered into at MAC  
Reliever Airports

## CONCESSIONS & BUSINESS DEVELOPMENT

Concessions & Business Development oversees revenue generation from airport concession agreements and implements new concepts to improve the customer experience and revenue generation at MSP. Concessions & Business Development manages MAC property and real estate within the terminals.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	490,014	512,964	531,883	18,919	3.7%
Administrative Expenses	19,694	17,980	17,355	(625)	-3.5%
Professional Services	280,104	120,000	25,000	(95,000)	-79.2%
Utilities	3,360	3,780	2,820	(960)	-25.4%
Operating Services/Expenses	1,972	3,000	2,000	(1,000)	-33.3%
Maintenance					
Other	395	10,000	10,000		
<b>Total Budget</b>	<b>795,539</b>	<b>667,724</b>	<b>589,058</b>	<b>(78,666)</b>	<b>-11.8%</b>

Full-time Equivalent (FTE) Total

4

5

5

### BUDGET HIGHLIGHTS

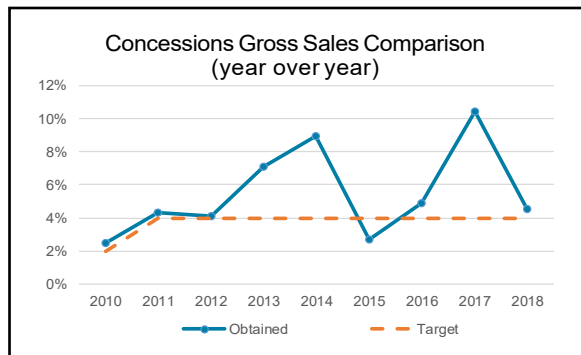
- Personnel The increase in Personnel is attributable to wage structure adjustments and step increases.
- Professional Services The decrease in Professional Services results from eliminating a sponsorship revenue sharing contract that was completed in 2018.
- Utilities The decrease in Utilities expense is the result of a reduction in the stipend for mobile devices.
- Operating Services/Expenses The decrease in Operating Services/Expenses results from a reduced need for Request for Proposals advertising.

### 2018 SERVICE CENTER OBJECTIVE RESULTS

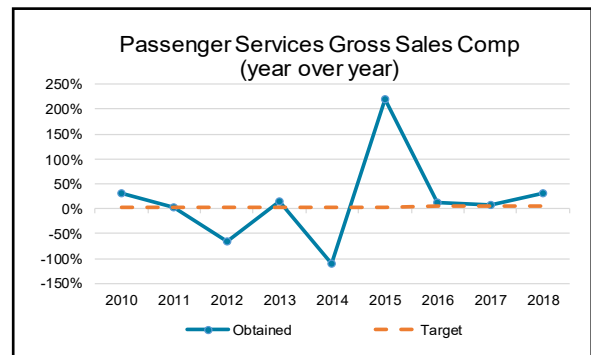
<b>Objective:</b>	Initiate the MAC concessions design process and commence construction for 30 new restaurants for the MSP Phase 2 Concessions Program; ensure that the concept executions and design support the vision to evolve the customer experience from current MSP offerings
<b>Organizational Strategic Goal:</b>	Delight our passengers
<b>Organizational Strategic Objective:</b>	Reimagine and renew our airports to continually evolve our customer experience
<b>Results:</b>	The concessions team continued collaboration with the CPIT team and successfully opened eight of the anticipated 30 restaurants for the Phase 2 concessions update. The team focused on the development of mobile pay and delivery opportunities to launch in early 2019 to reduce wait times and perceptions of long lines, provide consistent suggestive sells to increase guest check averages, and capture additional employee sales by maximizing employee breaks.

**2019 SERVICE CENTER OBJECTIVE**

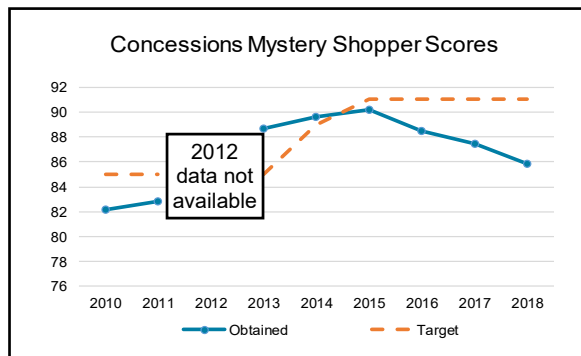
<b>Objective:</b>	Complete the MSP Phase 2 Concessions Program, including design and construction; ensure that the concept executions and design support the vision to evolve the customer experience from current MSP offerings
<b>Organizational Strategic Goal:</b>	Customer Experience
<b>Organizational Strategic Objective:</b>	Delight our passengers

**SERVICE CENTER PERFORMANCE MEASURES**

*Percent increase or decrease in concessions gross sales (n/a passenger services)*



*Percent change in passenger services gross sales*



*Annual average mystery shopper score observed by third party*

## MSP AIRPORT CONFERENCE CENTER

The MSP Airport Conference Center provides first-class customer service to the external and internal customer. Staff are responsible for the management and promotion of the conference center, providing catering services, maintaining audio-visual equipment and invoicing internal/external clients.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	186,538	244,938	266,558	21,620	8.8%
Administrative Expenses	4,201	8,500	7,500	(1,000)	-11.8%
Professional Services					
Utilities	840	864	600	(264)	-30.6%
Operating Services/Expenses	36,310	33,700	33,700		
Maintenance					
Other	6,926	10,600	4,600	(6,000)	-56.6%
<b>Total Budget</b>	<b>234,814</b>	<b>298,602</b>	<b>312,958</b>	<b>14,356</b>	<b>4.8%</b>

### Full-time Equivalent (FTE) Total

3

3

3

### BUDGET HIGHLIGHTS

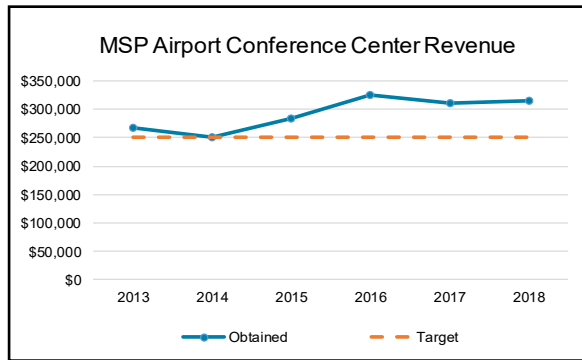
- Personnel The increase in Personnel is attributable to wage structure adjustments, step increases and increased temporary staffing.
- Administrative Expenses The decrease in Administrative Expenses is attributable to better aligning budgeted office supply amounts to anticipated actual needs.
- Utilities The decrease in Utilities expense is the result of a reduction in the stipend for mobile devices.
- Other Other expenses decreased as there are no anticipated catering equipment purchases in 2019.

### 2018 SERVICE CENTER OBJECTIVE RESULTS

<b>Objective:</b>	Explore and introduce new offerings to our customers
<b>Organizational Strategic Goal:</b>	Delight our passengers
<b>Organizational Strategic Objective:</b>	Reimagine and renew our airports to continually evolve our customer experience
<b>Results:</b>	Customers embraced the Spring/Summer menu as well as new options for Fall/Winter. Staff began exploring new options for the 2019 Spring/Summer menu.

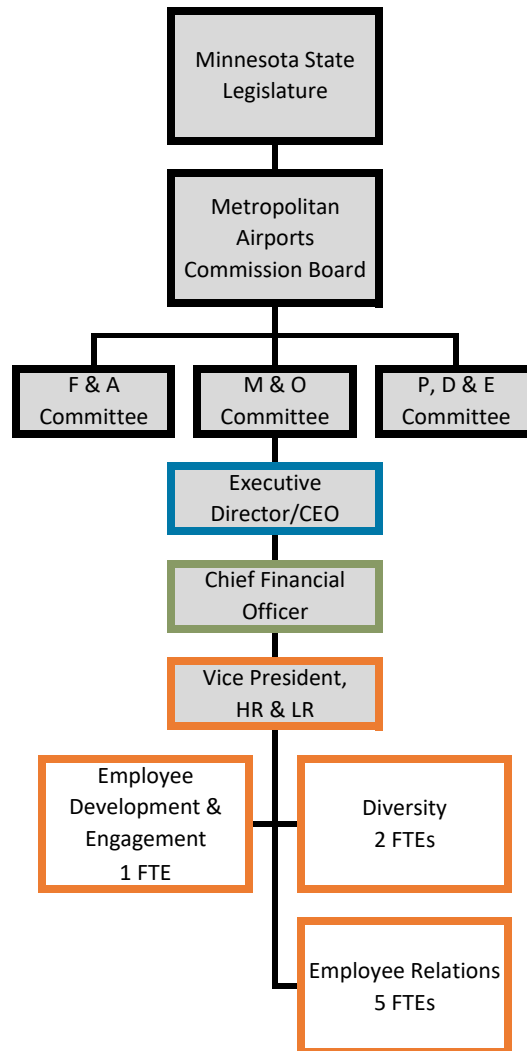
### 2019 SERVICE CENTER OBJECTIVE

<b>Objective:</b>	Ensure that 75% of department staff receive at least one training opportunity in their subject area by the close of 2019.
<b>Organizational Strategic Goal:</b>	Talent
<b>Organizational Strategic Objective:</b>	Be a model employer

**SERVICE CENTER PERFORMANCE MEASURES***Gross revenue generated*

# Human Resources & Labor Relations Division

## Division Organizational Chart



### Legend



**Notations to Service Center Summaries:**

- Variance (dollars and %) is computed between 2018 Budget and 2019 Budget amounts
- Explanations for the variances are based upon the 2018 Budget and 2019 Budget amounts
- Negative variances, in most cases, are the result of reductions in one-time expenses or budget reductions
- The FTE count in each service center is as of January 1, 2019. The FTE budget was calculated in 2018 and may not reflect the budgeted FTE count for some service centers.
- The Commission's organizational structure is in a period of transition. There will continue to be adjustments to this organizational chart in upcoming budget documents. Each division's organization chart is presented at the beginning of each division. The charts include the service centers managed within each division and the FTE counts within those divisional service centers. The charts are current as of January 1, 2019.

## HUMAN RESOURCES & LABOR RELATIONS

Human Resources & Labor Relations is responsible for two main areas. Human Resources facilitates the continuation of the MAC as a high-performing organization where employees experience excellence in leadership, challenging work and opportunities for growth and development while being rewarded competitively. This area is responsible for the oversight and management of human resources, products and services delivered by Employee Relations, Employee Development & Engagement and the Office of Diversity. Each of these areas has a separate budget. The Labor Relations area negotiates and administers 13 labor contracts at the Commission. Labor Relations also interacts with and mediates disputes between outside unions and contractors that could jeopardize Commission operations.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	482,527	479,776	490,751	10,975	2.3%
Administrative Expenses	17,027	15,410	15,250	(160)	-1.0%
Professional Services	69,169	80,000	33,000	(47,000)	-58.8%
Utilities	840	840	600	(240)	-28.6%
Operating Services/Expenses	625	32,000	61,500	29,500	92.2%
Maintenance					
Other					
<b>Total Budget</b>	<b>570,188</b>	<b>608,026</b>	<b>601,101</b>	<b>(6,925)</b>	<b>-1.1%</b>

Full-time Equivalent (FTE) Total

5

5

5

### BUDGET HIGHLIGHTS

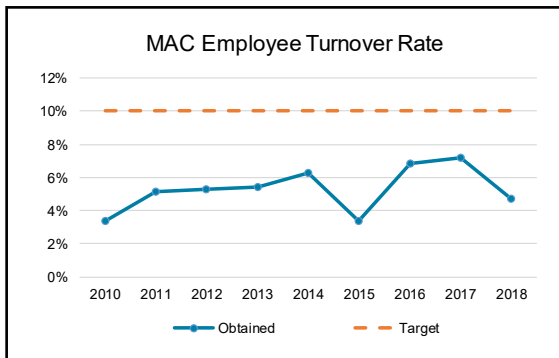
- Personnel The increase in Personnel is attributable to wage structure adjustments and step increases.
- Professional Services The reduction in Professional Services expense is the result of transferring expenses for recruiting and employment fees to Employee Relations, the service center responsible for this function.
- Utilities The decrease in Utilities expense is the result of a reduction in the stipend given for mobile devices.
- Operating Services/Expenses Operating Services/Expenses increases result from transferring retirement awards from Employee Development & Engagement to Human Resources & Labor Relations. Additional increases are attributed to the 2019 rollout of new recognition programs developed through the employee engagement initiative.

### 2018 SERVICE CENTER OBJECTIVE RESULTS

- Objective:** Form and lead a committee whose objective will be to establish an employee recognition program for the MAC
- Organizational Strategic Goal:** Cultivate an engaged workforce
- Organizational Strategic Objective:** Be a model employer
- Results:** A new employee recognition program has been created and will be rolled out in 2019 with a peer-to-peer recognition program and a MAC Values recognition program.

### 2019 SERVICE CENTER OBJECTIVE

- Objective:** Set bargaining strategy with MAC leadership and begin bargaining with the seven bargaining units whose contracts expire on December 31, 2019.
- Organizational Strategic Goal:** Talent
- Organizational Strategic Objective:** Be a model employer

**SERVICE CENTER PERFORMANCE MEASURES**

*Percentage rate of employee turnover*

## EMPLOYEE DEVELOPMENT & ENGAGEMENT

Employee Development & Engagement is responsible for the facilitation of employee development throughout the organization. This includes live and on-line training programs, coaching, mentorship and individual development plans. The service center also works with Human Resources & Labor Relations and Employee Relations on performance improvement plans and workforce planning.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	354,632	225,029	268,297	43,268	19.2%
Administrative Expenses	1,777	12,300	12,650	350	2.8%
Professional Services		25,000	15,000	(10,000)	-40.0%
Utilities					
Operating Services/Expenses	5,831	6,500		(6,500)	-100.0%
Maintenance					
Other					
<b>Total Budget</b>	<b>362,240</b>	<b>268,829</b>	<b>295,947</b>	<b>27,118</b>	<b>10.1%</b>

### Full-time Equivalent (FTE) Total

3                      1                      1

### BUDGET HIGHLIGHTS

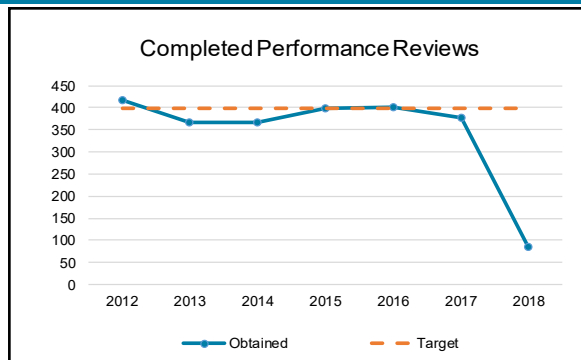
- **Personnel**                      The increase in Personnel is attributable to wage structure adjustments, step increases and increased funds available for executive leadership training and coaching.
- **Professional Services**                      The decrease in Professional Services expense is attributable to eliminating the Employee Engagement Survey from 2019, as the survey is conducted every two years.
- **Operating Services/Expenses**                      Operating Services/Expenses decreased as a result of moving the recognition program and retirement awards program to the Human Resources & Labor Relations service center.

### 2018 SERVICE CENTER OBJECTIVE RESULTS

- Objective:** Re-design the MAC's competency architecture to improve how employees are selected, developed and evaluated
- Organizational Strategic Goal:** Be a model employer
- Organizational Strategic Objective:** Invest in training and professional development opportunities that align with our goals
- Results:** At the close of 2018, the redesign of the performance review process to improve organization-wide understanding of the MAC's strategic goals was 75% complete.

### 2019 SERVICE CENTER OBJECTIVE

- Objective:** Support employee engagement by conducting employee engagement survey with all full-time MAC staff by December 31, 2019
- Organizational Strategic Goal:** Talent
- Organizational Strategic Objective:** Be a model employer

**SERVICE CENTER PERFORMANCE MEASURES**

*Number of employee performance reviews  
completed across the MAC*

## DIVERSITY

Diversity is responsible for training and assists with building applicant pools, workplace investigations and federal and state reporting on workforce. Affirmative Action is one of the service center responsibilities, including Americans with Disabilities Act and English as a Second Language. Customers include the traveling public, the Commission, internal staff, business owners, vendors, contractors and consultants. Contract compliance responsibilities include working with Targeted Group Business (TGB) and Disadvantaged Business Enterprise (DBE). In addition, contract compliance does community relations with business owners, training, certification and state and federal reporting. The TGB/DBE programs provide business opportunities for firms owned by women, minorities and persons with disabilities.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	208,907	214,678	296,654	81,976	38.2%
Administrative Expenses	13,320	34,675	15,460	(19,215)	-55.4%
Professional Services	15,000				
Utilities	840	850	600	(250)	-29.4%
Operating Services/Expenses	2,367	4,000	1,500	(2,500)	-62.5%
Maintenance					
Other					
<b>Total Budget</b>	<b>240,435</b>	<b>254,203</b>	<b>314,214</b>	<b>60,011</b>	<b>23.6%</b>

### Full-time Equivalent (FTE) Total

2

2

2

### BUDGET HIGHLIGHTS

- Personnel The increase in Personnel is attributable to wage structure adjustments, step increases, additional budget for temporary employees and interns and management training.
- Administrative Expenses Administrative Expenses decreased as a result of moving budgeted funds for a intern recruitment program to Personnel, where it is more appropriately categorized.
- Utilities The decrease in Utilities expense is the result of a decrease in the stipend for mobile devices.
- Operating Services/Expenses The Operating Services/Expenses decrease is attributable to a lower anticipated need for employment advertising by this service center.

### 2018 SERVICE CENTER OBJECTIVE RESULTS

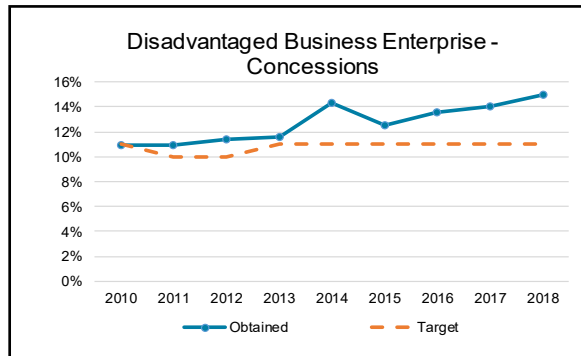
<b>Objective:</b>	Establish a diverse, inclusive and local talent pipeline for future maintenance hires representing economically disadvantaged neighborhoods around Minneapolis-St. Paul International Airport; finalize the MAC's Diversity and Inclusion Plan and present to MAC employees and Commissioners
<b>Organizational Strategic Goal:</b>	Be a model employer
<b>Organizational Strategic Objective:</b>	Increase diversity, inclusion, and equity at MAC
<b>Results:</b>	Establishing a pipeline of diverse and inclusive local talent has met with limited success; currently, just two people are enrolled in a MAC Maintenance pipeline program. Finalization of the MAC's Diversity and Inclusion Plan has been delayed due to competing priorities.

**2019 SERVICE CENTER OBJECTIVE****Objective:**

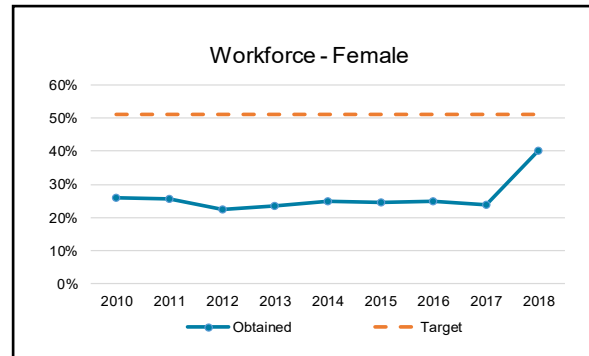
Continue to develop a diverse, inclusive and local talent pipeline for future maintenance hires representing economically disadvantaged neighborhoods around Minneapolis-St. Paul International Airport. By the end of 2019, onboard up to four candidates through a pilot program for the MAC's operational areas

**Organizational Strategic Goal:**

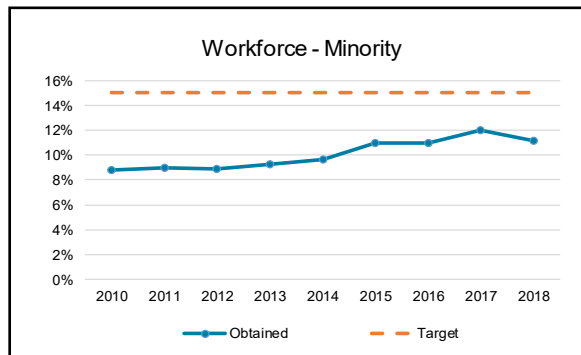
Talent

**Organizational Strategic Objective:** Be a model employer**SERVICE CENTER PERFORMANCE MEASURES**

*Percentage of concession dollars generated by DBEs*



*Percentage of MAC workforce that is female*



*Percentage of MAC workforce that is minority*

## EMPLOYEE RELATIONS

Employee Relations staff are responsible for: 1) administering compensation programs for all employees; 2) maintaining all personnel data, personnel files and the Human Resource Information System (HRIS); 3) developing, maintaining and distributing personnel policies and management reports; 4) counseling management and non-management employees with regard to Human Resource policies and practices; 5) working with supervisors and leaders to strengthen skills related to employee relations issues; and 6) administering all policies related to recruitment and staffing for open positions.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	352,023	553,181	713,492	160,311	29.0%
Administrative Expenses	10,424	15,607	12,770	(2,837)	-18.2%
Professional Services	94,423	80,000	104,000	24,000	30.0%
Utilities			1,200	1,200	100.0%
Operating Services/Expenses	4,644	9,500	8,500	(1,000)	-10.5%
Maintenance					
Other					
<b>Total Budget</b>	<b>461,514</b>	<b>658,288</b>	<b>839,962</b>	<b>181,674</b>	<b>27.6%</b>

Full-time Equivalent (FTE) Total

3

5

5

### BUDGET HIGHLIGHTS

- Personnel The increase in Personnel is attributable to wage structure adjustments and step increases. It also includes wages for interns which were budgeted within individual service centers in 2018.
- Administrative Expenses In compliance with the 2019 budget reduction goals, Administrative Expenses decreased as a result of better aligning budgeted expenses with prior years' actual spending and by prioritizing projects.
- Professional Services Professional Services increased in anticipation of greater staffing and recruiting activity in 2019.
- Utilities Utilities expense increased as a result of adding cellular service for two service center employees.
- Operating Services/Expenses Operating Services/Expenses decreased as a result of aligning budgeted costs with previous years' actual costs.

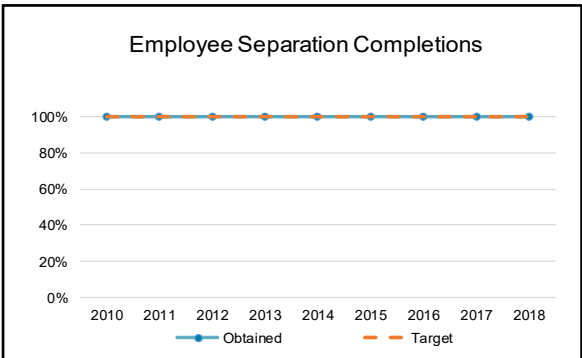
### 2018 SERVICE CENTER OBJECTIVE RESULTS

- Objective:** Develop and implement a social media policy throughout the MAC
- Organizational Strategic Goal:** Be a model employer
- Organizational Strategic Objective:** Cultivate an engaged workforce
- Results:** A social media policy was reviewed and approved by MAC departments and senior staff.

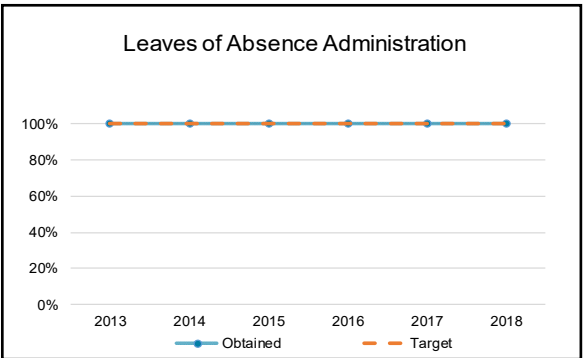
### 2019 SERVICE CENTER OBJECTIVE

- Objective:** In order to enhance the candidate experience and create efficiencies in the process, launch the NEO Gov onboarding platform by end of 2019
- Organizational Strategic Goal:** Innovation
- Organizational Strategic Objective:** Innovate through opportunities in technology and sustainability

SERVICE CENTER PERFORMANCE MEASURES



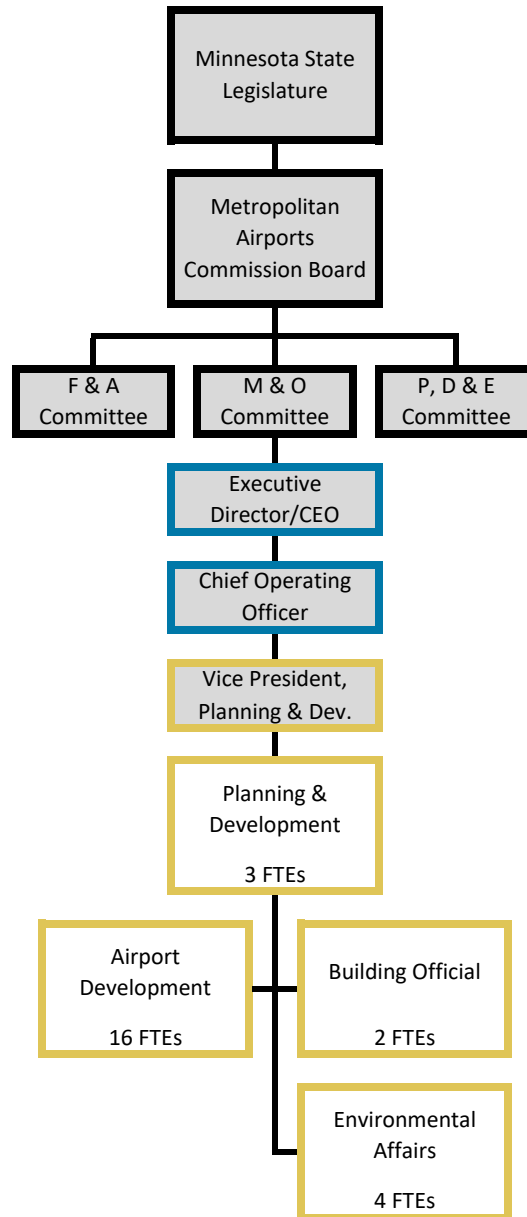
Employee separation completions according to policies, procedures and law



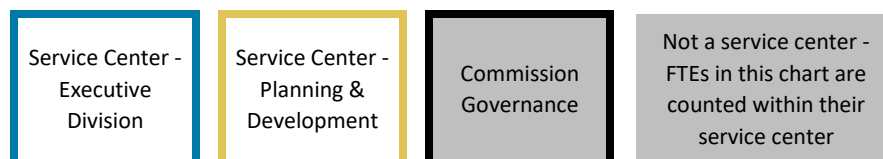
Leaves of absence administration - return employees to active employment status upon receipt of employee medical clearance

# Planning & Development Division

## Division Organizational Chart



### Legend



**Notations to Service Center Summaries:**

- Variance (dollars and %) is computed between 2018 Budget and 2019 Budget amounts
- Explanations for the variances are based upon the 2018 Budget and 2019 Budget amounts
- Negative variances, in most cases, are the result of reductions in one-time expenses or budget reductions
- The FTE count in each service center is as of January 1, 2019. The FTE budget was calculated in 2018 and may not reflect the budgeted FTE count for some service centers.
- The Commission's organizational structure is in a period of transition. There will continue to be adjustments to this organizational chart in upcoming budget documents. Each division's organization chart is presented at the beginning of each division. The charts include the service centers managed within each division and the FTE counts within those divisional service centers. The charts are current as of January 1, 2019.

## PLANNING & DEVELOPMENT

The Planning & Development Division supervises property acquisition, planning & design, engineering, architecture, construction of all Commission facilities and grants management. Planning and Development also supervises the Building Official and Environmental Affairs business units. In addition, the division is responsible for maintaining good relationships with local, state and federal government partners and airport stakeholders. The Vice President of Planning & Development is the staff liaison to the Commission's Planning, Development & Environment Committee.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	222,366	232,608	353,477	120,869	52.0%
Administrative Expenses	5,888	12,800	13,200	400	3.1%
Professional Services	188,077	195,000	195,500	500	0.3%
Utilities	840	840	1,200	360	42.9%
Operating Services/Expenses	253,372	240,000	274,000	34,000	14.2%
Maintenance					
Other					
<b>Total Budget</b>	<b>670,542</b>	<b>681,248</b>	<b>837,377</b>	<b>156,129</b>	<b>22.9%</b>

### Full-time Equivalent (FTE) Total

2

2

3

### BUDGET HIGHLIGHTS

- Personnel The increase in Personnel is attributable to wage structure adjustments, step increases and the addition of one FTE for an Airport Planner.
- Utilities Utilities expense increased as a result of adding cellular service for an additional service center employee.
- Operating Services/Expenses The Operating Services/Expenses increase is due to required advertising expenses for Airport Zoning Board public hearings.

## AIRPORT DEVELOPMENT

Airport Development develops and implements the Commission's Capital Improvement Program (CIP). Within the CIP, the service center supervises the planning, design, engineering, architecture and construction of all Commission facilities at MSP and the Commission's six Reliever Airports.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	672,572	641,326	657,389	16,063	2.5%
Administrative Expenses	22,582	43,800	39,300	(4,500)	-10.3%
Professional Services	458,176	400,000	400,000		
Utilities	6,545	6,720	3,600	(3,120)	-46.4%
Operating Services/Expenses	1,484	18,120	10,000	(8,120)	-44.8%
Maintenance					
Other	10,378	9,500		(9,500)	-100.0%
<b>Total Budget</b>	<b>1,171,738</b>	<b>1,119,466</b>	<b>1,110,289</b>	<b>(9,177)</b>	<b>-0.8%</b>

### Full-time Equivalent (FTE) Total

15

16

16

### BUDGET HIGHLIGHTS

- Personnel The increase in Personnel is attributable to wage structure adjustments and step increases.
- Administrative Expenses The decrease in Administrative Expenses is attributable to reduced office supplies needs, business-related travel and information sources. Additionally, professional license conference registration fees were properly transferred to Personnel.
- Utilities The decrease in Utilities expense is the result of a reduction in the stipend given for mobile devices.
- Operating Services/Expenses The decrease in Operating Services/Expenses is a result of reduced advertising requirements and scanning project needs.
- Other The decrease in Other expenses is a result of eliminating a one-time expense that was completed in 2018.

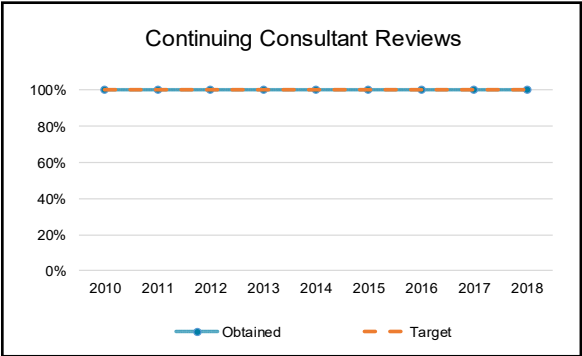
### 2018 SERVICE CENTER OBJECTIVE RESULTS

- Objective:** Complete the Airport Development restructuring effort with staff input on roles and responsibilities
- Organizational Strategic Goal:** Be a model employer
- Organizational Strategic Objective:** Cultivate an engaged workforce
- Results:** Throughout 2018 Project Management staff continued to work on process documentation as part of restructuring efforts.

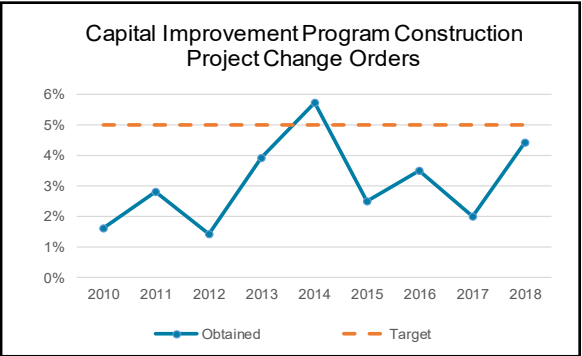
### 2019 SERVICE CENTER OBJECTIVE

- Objective:** Airport Development Project Managers will attend at least four safety training sessions with MAC Trades, relevant to work efforts or areas (e.g., roof access and fall protection, confined spaces) during 2019. Other Airport Development staff may attend if available and interested.
- Organizational Strategic Goal:** Talent
- Organizational Strategic Objective:** Be a model employer

SERVICE CENTER PERFORMANCE MEASURES



Percentage of annual performance reviews completed by year-end



Percentage of CIP construction projects within historic change order parameters

## BUILDING OFFICIAL

The Building Official is responsible for the overall administration of the Metropolitan Airports Commission (MAC) building code ordinance. Service center responsibilities include the application, administration, implementation and enforcement of the State of Minnesota building code and the MAC construction standards and procedures, design standards and guidelines. Duties include plan review, issuance of permits, inspections and retention of inspection history and building construction plans. In addition, the service center provides construction coordination for retail, food and beverage construction build-outs and remodeling of existing tenant spaces within MSP's Terminal 1-Lindbergh and Terminal 2-Humphrey.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	156,665	204,554	179,189	(25,366)	-12.4%
Administrative Expenses	21,429	4,710	4,710		
Professional Services					
Utilities	1,506	900	900		
Operating Services/Expenses		100	100		
Maintenance					
Other					
<b>Total Budget</b>	<b>179,600</b>	<b>210,264</b>	<b>184,899</b>	<b>(25,366)</b>	<b>-12.1%</b>

### Full-time Equivalent (FTE) Total

1

2

2

### BUDGET HIGHLIGHTS

- Personnel The decrease in Personnel is attributable to employee turnover. It is offset by wage structure adjustments and step increases.

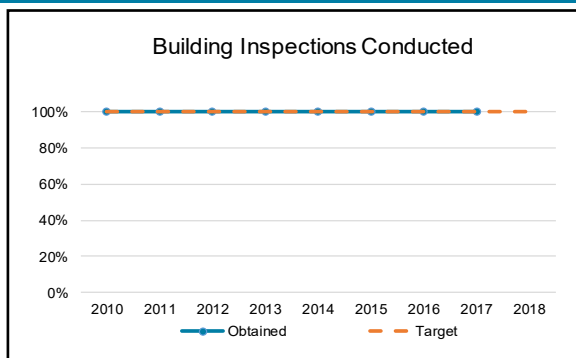
## 2018 SERVICE CENTER OBJECTIVE RESULTS

<b>Objective:</b>	Receive and review at least 50% of submitted construction plans electronically
<b>Organizational Strategic Goal:</b>	Innovate through opportunities in technology and sustainability
<b>Organizational Strategic Objective:</b>	Modernize and accelerate technology use, enabling enterprise solutions
<b>Results:</b>	Throughout 2018, 70% or more of submitted construction plans were received and reviewed electronically.

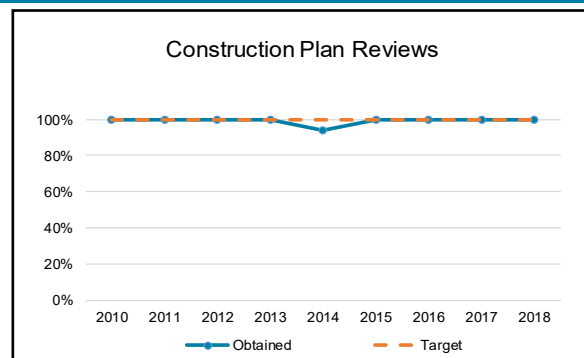
## 2019 SERVICE CENTER OBJECTIVE

<b>Objective:</b>	Receive and review at least 75% of submitted construction plans electronically
<b>Organizational Strategic Goal:</b>	Innovation
<b>Organizational Strategic Objective:</b>	Innovate through opportunities in technology and sustainability

## SERVICE CENTER PERFORMANCE MEASURES



Conduct inspections within 24 hours of the request



Conduct Plan Reviews on construction plans within 14 days of submittals

## ENVIRONMENTAL AFFAIRS

Environmental Affairs facilitates compliance with local, state and federal environmental regulations at MAC-owned facilities. Environmental Affairs maintains programs that document environmental impacts related to construction projects, complies with stormwater and soil management requirements, administers underground and aboveground storage tank rules, monitors and reports on air quality and hazardous waste management, implements pollution prevention programs and performs environmental investigations and audits.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	322,134	405,360	415,162	9,802	2.4%
Administrative Expenses	6,317	8,055	10,805	2,750	34.1%
Professional Services	382,730	587,600	661,600	74,000	12.6%
Utilities	2,893	3,200	3,200		
Operating Services/Expenses	1,737,307	1,589,900	1,659,100	69,200	4.4%
Maintenance					
Other	7,877	19,850	19,850		
<b>Total Budget</b>	<b>2,459,258</b>	<b>2,613,965</b>	<b>2,769,717</b>	<b>155,752</b>	<b>6.0%</b>

### Full-time Equivalent (FTE) Total

3

4

4

### BUDGET HIGHLIGHTS

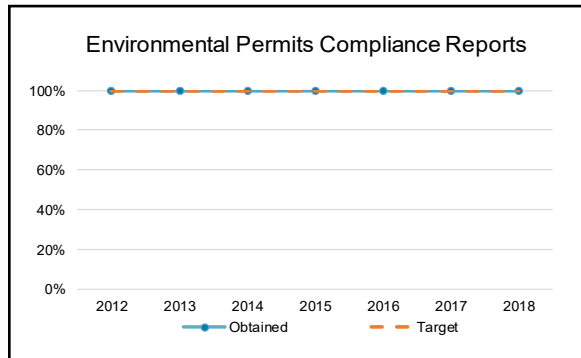
- Personnel The increase in Personnel is attributable to wage structure adjustments and step increases.
- Administrative Expenses The Administrative Expenses increase is a result of additional planned travel for staff training.
- Professional Services The increase in Professional Services is driven by an addition of funds to be used for waste program oversight and management, implementation of compliance program audit suggestions, continuing waste program assessment and special waste projects and recommendations.
- Operating Services/Expenses Increases in Operating Expenses are attributed to better aligning budgeted costs to previous years' actual costs. A three-year average of actual costs was used in calculations. The most significant increase was to the Glycol Impacted Storm Water Compliance Management Program.

### 2018 SERVICE CENTER OBJECTIVE RESULTS

<b>Objective:</b>	Continue to reduce MSP environmental impacts by developing and implementing a plan to enhance solid waste, recycling, and organics management through a Waste Management Program Assessment
<b>Organizational Strategic Goal:</b>	Innovate through opportunities in technology and sustainability
<b>Organizational Strategic Objective:</b>	Integrate sustainability into our culture
<b>Results:</b>	Meetings between MAC staff and consultants were held to continue work on the assessment. Audits of MSP food and beverage concessionaire waste management performance were conducted; a Municipal Solid Waste Specialist position was created and posted for hiring; and a final report of the assessment's findings was produced.

### 2019 SERVICE CENTER OBJECTIVE

<b>Objective:</b>	Develop robust and consistent engagement with Reliever Airports staff to identify and address environmental compliance concerns at the MAC's Reliever Airports
<b>Organizational Focus Area:</b>	Grow stakeholder and community engagement

**SERVICE CENTER PERFORMANCE MEASURES**

*Percentage of regularly-scheduled compliance reports submitted to regulating agencies*

## Division Organizational Chart



**Notations to Service Center Summaries:**

- Variance (dollars and %) is computed between 2018 Budget and 2019 Budget amounts
- Explanations for the variances are based upon the 2018 Budget and 2019 Budget amounts
- Negative variances, in most cases, are the result of reductions in one-time expenses or budget reductions
- The FTE count in each service center is as of January 1, 2019. The FTE budget was calculated in 2018 and may not reflect the budgeted FTE count for some service centers.
- The Commission's organizational structure is in a period of transition. There will continue to be adjustments to this organizational chart in upcoming budget documents. Each division's organization chart is presented at the beginning of each division. The charts include the service centers managed within each division and the FTE counts within those divisional service centers. The charts are current as of January 1, 2019.

## MANAGEMENT & OPERATIONS

The Management & Operations Division is responsible for oversight and administration of the service centers that manage the day-to-day operations of the MAC's system of airports. The Vice President of Management & Operations is the staff liaison to the Commission's Management & Operations Committee. This service center oversees and is responsible for all operations-related issues and for participating at the senior staff level in policy development, strategic planning and interdepartmental coordination.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	361,388	380,254	236,534	(143,720)	-37.8%
Administrative Expenses	16,294	10,050	10,050		
Professional Services	21,500	24,000	24,000		
Utilities	1,680	1,700	1,700		
Operating Services/Expenses					
Maintenance					
Other					
<b>Total Budget</b>	<b>400,862</b>	<b>416,004</b>	<b>272,284</b>	<b>(143,720)</b>	<b>-34.5%</b>

<b>Full-time Equivalent (FTE) Total</b>	3.5	3.5	1.5
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### BUDGET HIGHLIGHTS

- Personnel The decrease in Personnel is due to the transfer of two FTEs to the new service center, Customer Data & Analytics. This was offset by an increase attributable to wage structure adjustments, step increases and the addition of executive coach services.

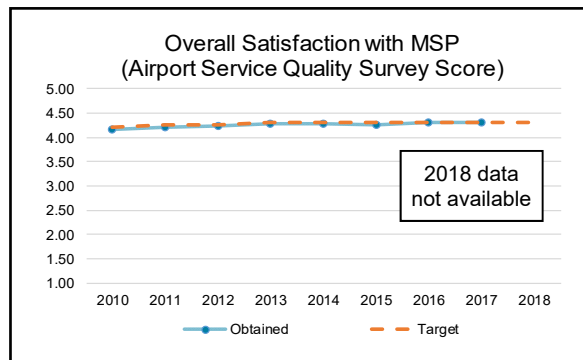
### 2018 SERVICE CENTER OBJECTIVE RESULTS

<b>Objective:</b>	Develop a comprehensive airport evacuation plan, conduct an airport-wide emergency exercise, and develop enhanced security measures for airport stakeholders
<b>Organizational Strategic Goal:</b>	Keep our airports safe and secure
<b>Organizational Strategic Objective:</b>	Engage, support, and expand emergency preparedness and response training for the airport community
<b>Results:</b>	MSP Airport enhanced security measures for employee screening processes to include dedicated employee screening lanes and reductions of access points. Work continues on the development of the comprehensive airport evacuation plan and an in-terminal training exercise to address potential threats. Additional planning is on-going to continuously address new security threats and to posture the airport to respond to any type of emergency or incident.

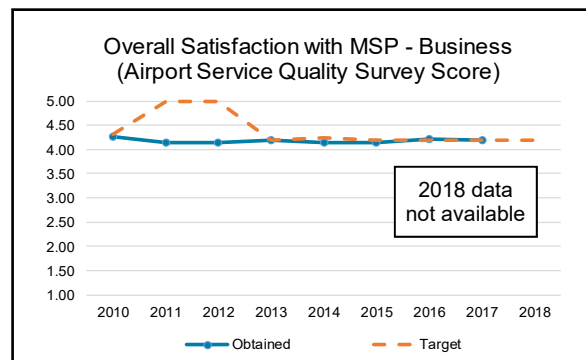
### 2019 SERVICE CENTER OBJECTIVE

<b>Objective:</b>	Complete a planning process yielding an M&O division plan that effectively prioritizes, resources and executes division/department initiatives/tactics that effectively advance the MAC's enterprise strategy including the development of the MSP AOC Concept of Operations
<b>Organizational Strategic Goal:</b>	Safety, security and preparedness
<b>Organizational Strategic Objective:</b>	Keep our airports safe and secure

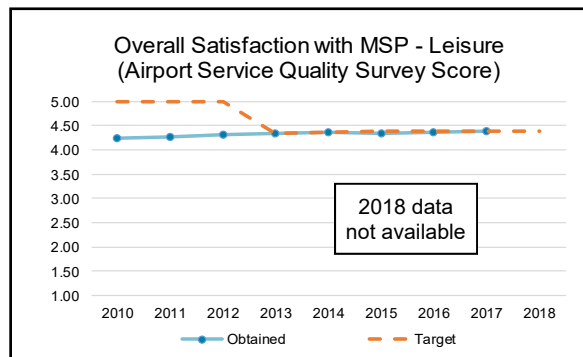
## SERVICE CENTER PERFORMANCE MEASURES



Airport Service Quality Survey Score: 5-point scale  
(5 = excellent, 1 = poor)



Airport Service Quality Survey Score: 5-point scale (5 = excellent, 1 = poor)



Airport Service Quality Survey Score: 5-point scale  
(5 = excellent, 1 = poor)

## CUSTOMER EXPERIENCE

Minneapolis-St Paul International Airport (MSP) Customer Experience develops, implements and improves customer experience programs. This service center serves as the primary contact at the MAC for customer experience initiatives with airlines, tenants, government agencies and the Airport Foundation MSP. It acts as an operational liaison to the MSP Customer Service Action Council (CSAC), facilitating the integration of customer experience initiatives into the operation of MSP.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	369,070	396,344	281,578	(114,766)	-29.0%
Administrative Expenses	48,379	47,370	48,400	1,030	2.2%
Professional Services	44,146	38,920	15,000	(23,920)	-61.5%
Utilities	6,018	5,294	4,250	(1,044)	-19.7%
Operating Services/Expenses	137,297	132,850	87,940	(44,910)	-33.8%
Maintenance	35,030				
Other	12,099	10,029	12,000	1,971	19.7%
<b>Total Budget</b>	<b>652,039</b>	<b>630,807</b>	<b>449,168</b>	<b>(181,639)</b>	<b>-28.8%</b>

Full-time Equivalent (FTE) Total

3

3

2

### BUDGET HIGHLIGHTS

- Personnel The decrease in Personnel is attributable to the transfer of one FTE to the Police service center. It is partially offset by wage structure adjustments and step increases.
- Professional Services The decrease in Professional Services is a result of transferring survey expenses to the new Customer Data & Analytics service center.
- Utilities The decrease in Utilities is a result of transferring cellular and satellite phone expenses for one employee to the Police service center.
- Operating Services/Expenses The decrease in Operating Services/Expenses is a result of transferring Customer Service Action Council expenses to the new Customer Data & Analytics service center.
- Other The increase in Other expense is based upon emergency training and tabletops for the MSP Assist Team.

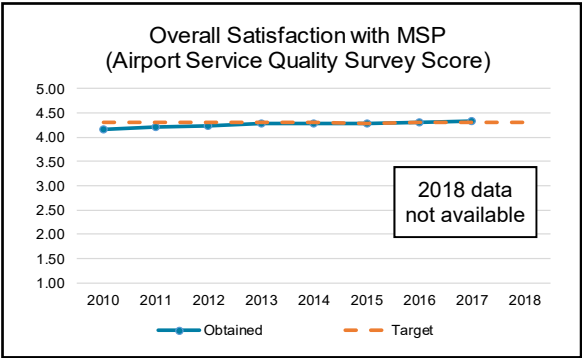
### 2018 SERVICE CENTER OBJECTIVE RESULTS

<b>Objective:</b>	Partner with Open Doors Organization (ODO) to host the 2018 Universal Access in Airports Conference, an open exchange of ideas and best practices on customer service and accessibility for travelers with disabilities and aging adults, at MSP
<b>Organizational Strategic Goal:</b>	Delight our passengers
<b>Organizational Strategic Objective:</b>	Advance the culture of customer experience at our airports
<b>Results:</b>	The 2018 Universal Access in Airports Conference was held during 2018; over 150 people from around the world attended this event.

### 2019 SERVICE CENTER OBJECTIVE

<b>Objective:</b>	Complete a department plan, centering on the organizational focus area, "One Journey" customer experience, which aligns with the M&O division plan to effectively advance the MAC's enterprise strategy
<b>Organizational Strategic Goal:</b>	Customer Experience
<b>Organizational Strategic Objective:</b>	Delight our passengers

SERVICE CENTER PERFORMANCE MEASURES



Airport Service Quality Survey Score: 5-point scale  
(5 = excellent, 1 = poor)

## LANDSIDE - ADMINISTRATION

Landside-Administration is responsible for managing and operating public and employee parking, revenue control systems and associated parking and transportation infrastructure at MSP. The service center oversees the permitting and regulatory requirements of charter buses, shuttles, limousines, taxicabs and transportation network companies. The service center also manages the MSP's lost and found office and passenger service assistance personnel, who answer customer questions and assist with the onboarding of taxicabs and transportation network companies at the airport.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	2,121,911	2,384,081	2,369,984	(14,097)	-0.6%
Administrative Expenses	65,960	59,352	63,440	4,088	6.9%
Professional Services			25,000	25,000	100.0%
Utilities	8,852	10,704	8,000	(2,704)	-25.3%
Operating Services/Expenses	9,820,133	10,732,437	10,218,050	(514,387)	-4.8%
Maintenance	124,840	209,232	219,810	10,578	5.1%
Other	3,689	1,440	26,485	25,045	1739.2%
<b>Total Budget</b>	<b>12,145,385</b>	<b>13,397,246</b>	<b>12,930,769</b>	<b>(466,477)</b>	<b>-3.5%</b>

### Full-time Equivalent (FTE) Total

36.5

37.5

38

### BUDGET HIGHLIGHTS

- Personnel The decrease in Personnel is attributable to removing temporary staff from the budget and fewer local training sessions. It is partially offset by wage structure adjustments, step increases, and the addition of .5 FTE.
- Administrative Expenses The increase in Administrative Expenses is attributable to including business-related travel for one additional employee during 2019.
- Professional Services Professional Services increased due to budgeted carpet replacement and painting.
- Utilities The decrease in Utilities expense is the result of a reduction in the stipend for mobile devices and the elimination of three stipends from the budget.
- Operating Services/Expenses The Operating Services/Expenses decrease is attributable to transferring a major parking contract to Information Technology, which has taken over management of the contract. It also includes a reduction in the payment processing and advertising contracts, which were offset by annual increases in contracts for parking management consultants.
- Maintenance The Maintenance increase is attributable to additional satellite restrooms for holding lots.
- Other The Other expense increase is attributable to enterprise parking research for revenue development and parking initiatives.

### 2018 SERVICE CENTER OBJECTIVE RESULTS

<b>Objective:</b>	Conduct a 2018 benchmarking study and plan to visit Phoenix, Denver, Dallas-Ft. Worth, Indianapolis, Tampa, Nashville, Raleigh Durham, and Baltimore-Washington International Airports, and Portland International Jetport
<b>Organizational Strategic Goal:</b>	Delight our passengers
<b>Organizational Strategic Objective:</b>	Reimagine and renew our airports to continually evolve our customer experience
<b>Results:</b>	The 2018 benchmarking study was completed; results indicate the need to continue exploring technologies to improve customer experience - such as parking guidance systems, signage, parking reservation systems, and yield management - cell phone lot options, curbside congestion mitigation, and the parking management services contract.

## 2019 SERVICE CENTER OBJECTIVE

**Objective:**

Complete a department planning process yielding a department strategy that effectively prioritizes, resources and executes department initiatives/tactics achieving relevant M&O division goals that effectively advance the MAC's enterprise strategy including contribution to the development of the MSP AOC Concept of Operations

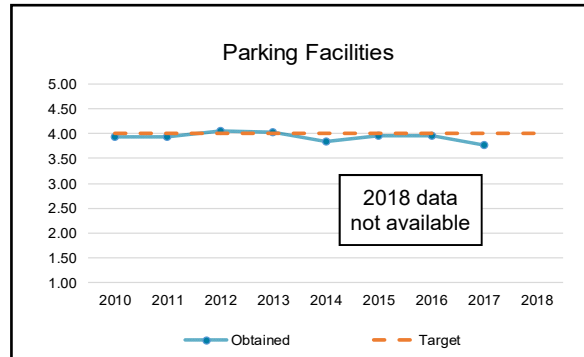
**Organizational Strategic Goal:**

Keep our airports safe and secure

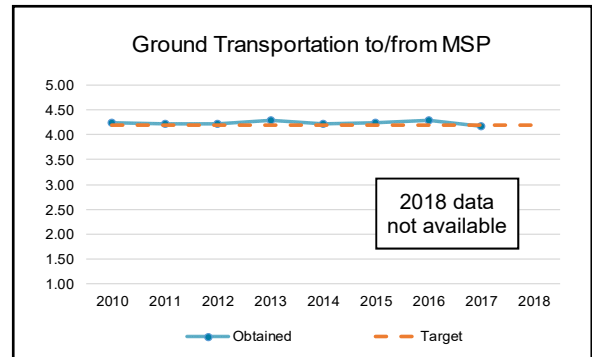
**Organizational Strategic Objective:**

Safety, security and preparedness

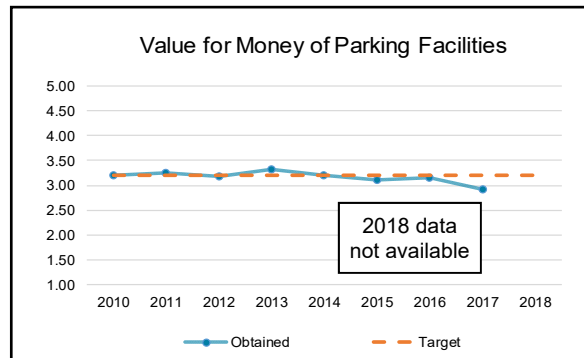
## SERVICE CENTER PERFORMANCE MEASURES



Airport Service Quality Survey Score: 5-point scale  
(5 = excellent, 1 = poor)



Airport Service Quality Survey Score: 5-point scale  
(5 = excellent, 1 = poor)



Airport Service Quality Survey Score: 5-point scale  
(5 = excellent, 1 = poor)

## FACILITIES-TERMINAL 2

Facilities-Terminal 2 is responsible for daily operations management, maintenance and planning of all MSP common-use facilities and related equipment. These responsibilities include all of Terminal 2-Humphrey, common use gates at Terminal 1-Lindbergh, and U.S. Customs inspections facilities in both Terminal 1 and Terminal 2. The service center shares responsibility with the MAC Information Technology service center for planning, implementation, operation and support of the many critical MAC common-use and shared-use computer systems and equipment.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	665,550	682,952	680,214	(2,737)	-0.4%
Administrative Expenses	7,645	14,050	11,584	(2,466)	-17.6%
Professional Services					
Utilities	1,680	2,900	1,800	(1,100)	-37.9%
Operating Services/Expenses	261,055	6,875	5,746	(1,129)	-16.4%
Maintenance	293,532	1,266,450	1,284,750	18,300	1.4%
Other	2,782	20,400	6,150	(14,250)	-69.9%
<b>Total Budget</b>	<b>1,232,244</b>	<b>1,993,627</b>	<b>1,990,244</b>	<b>(3,382)</b>	<b>-0.2%</b>

### Full-time Equivalent (FTE) Total

9                      9                      9

### BUDGET HIGHLIGHTS

- Personnel                      The decrease in Personnel is attributable to employee turnover. It is offset by wage structure adjustments and step increases.
- Administrative Expenses                      The Administrative Expenses decrease is a result of aligning budgeted costs with previous years' actual spending.
- Utilities                      The decrease in Utilities expense is the result of a reduction in the stipend for mobile devices.
- Operating Services/Expenses                      The Operating Services/Expenses decrease is attributable to transferring baggage system support costs to the Maintenance category, which is the appropriate categorization for this expense.
- Maintenance                      The Maintenance increase is a result of transferring the baggage system support costs from the Operating Services/Expenses section. Budgeted maintenance and support costs for new unstaffed exit equipment was also added to this category.
- Other                      The decrease in Other expense is a result of eliminating the cost for a one-time expenditure for furniture replacement in 2018.

### 2018 SERVICE CENTER OBJECTIVE RESULTS

- Objective:** Manage the successful startup of JetBlue operations at Terminal 2-Humphrey
- Organizational Strategic Goal:** Grow and enhance air service at MSP
- Organizational Strategic Objective:** Increase competition, attract new airlines, and expand service for non-stop destinations
- Results:** JetBlue began service at Terminal 2-Humphrey during 2018.

**2019 SERVICE CENTER OBJECTIVE****Objective:**

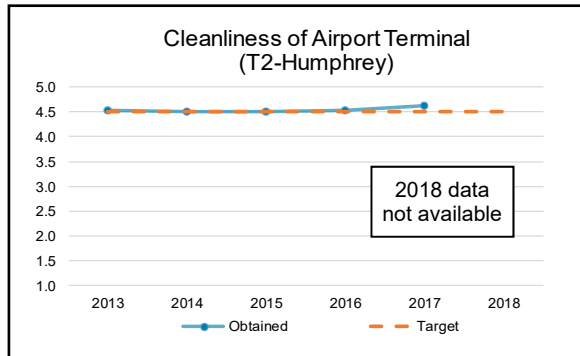
Complete a department planning process and Information Technology roadmap that yields a department strategy that effectively prioritizes, resources and executes department initiatives and tactics that support the advancement of M&O division goals, the MAC's enterprise strategy and development of the MSP AOC concept of Operations

**Organizational Strategic Goal:**

Safety, security and preparedness

**Organizational Strategic Objective:**

Keep our airports safe and secure

**SERVICE CENTER PERFORMANCE MEASURES**

Airport Service Quality Survey Score: 5-point scale  
(5 = excellent, 1 = poor)

## FACILITIES - TERMINAL 1

Facilities-Terminal 1 is responsible for the operation, maintenance and cleaning of the Terminal 1 facilities and all MAC campus buildings, with oversight responsibility for the Energy Management Center and the Trades work groups. Facilities also provides management oversight for various service, operation and management contracts. The service center responds to both immediate and long-term tenant and public concerns. Facilities-Terminal 1 works with MAC Airport Development staff to ensure that Capital Improvement Projects are completed with the least amount of disruption to the traveling public and terminal building operations in order to maintain MSP at a level consistent with the expectations of its internal and external customers and partners.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	731,336	744,500	761,443	16,943	2.3%
Administrative Expenses	6,677	10,000	10,650	650	6.5%
Professional Services	319,831	342,894	346,414	3,520	1.0%
Utilities	7,263	7,584	7,500	(84)	-1.1%
Operating Services/Expenses	4,382,214	4,507,529	4,237,761	(269,768)	-6.0%
Maintenance	24,343,572	24,370,443	26,425,345	2,054,902	8.4%
Other		6,850	5,400	(1,450)	-21.2%
<b>Total Budget</b>	<b>29,790,891</b>	<b>29,989,800</b>	<b>31,794,513</b>	<b>1,804,713</b>	<b>6.0%</b>

Full-time Equivalent (FTE) Total

7

9

9

### BUDGET HIGHLIGHTS

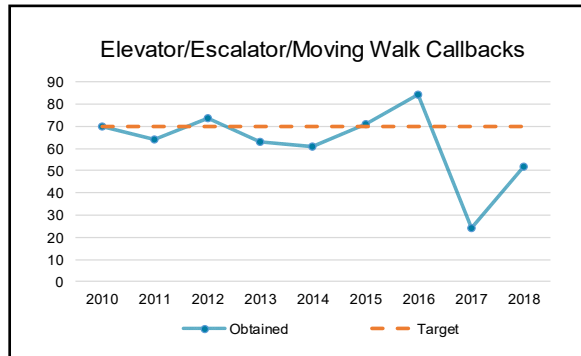
- Personnel The increase in Personnel is attributable to wage structure adjustments and step increases.
- Professional Services Professional service increases were kept to a minimum. The primary increase is related to consulting services for trams, moving walks, escalators and elevators.
- Operating Services/Expenses The 2018 budget for this category contained funds for expenses related to Super Bowl LII. The decrease in Operating Services/Expenses results from eliminating this expense from the 2019 budget. The decrease was offset by increases in the queue line management contract and additional carts needed to serve the Federal Inspection Services area.
- Maintenance The Maintenance category increase is primarily attributable to service contracts containing yearly fee increases and additional janitorial services. These increases were partially offset by decreases in costs due to the change in MAC's responsibility for maintenance of the inbound carousel and conveyor system.
- Other In compliance with the 2019 budget reduction goals, Other expenses decreased as a result of better aligning budgeted expenses with prior years' actual spending and by prioritizing projects.

### 2018 SERVICE CENTER OBJECTIVE RESULTS

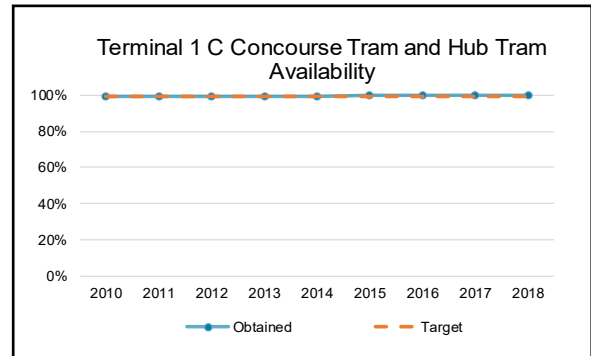
<b>Objective:</b>	Develop and implement a key management database that will increase staff efficiency, reduce paper use for key approvals, and improve customer service for our internal and external stakeholders
<b>Organizational Strategic Goal:</b>	Innovate through opportunities in technology and sustainability
<b>Organizational Strategic Objective:</b>	Integrate sustainability into our culture
<b>Results:</b>	A beta version of the key database was developed by year-end. MAC IT will roll out the new database during 2019.

**2019 SERVICE CENTER OBJECTIVE**

<b>Objective:</b>	Complete a department planning process and Information Technology roadmap that yields a department strategy that effectively prioritizes, resources and executes department initiatives and tactics that support the advancement of M&O division goals, the MAC's enterprise strategy and development of the MSP AOC Concept of Operations
<b>Organizational Strategic Goal:</b>	Safety, security and preparedness
<b>Organizational Strategic Objective:</b>	Keep our airports safe and secure

**SERVICE CENTER PERFORMANCE MEASURES**

*Number of times the vendor is called back to a unit for service for equipment-related failures, averaged by quarter*



*Average percent availability of both the C Concourse and Hub trams*

## FACILITIES - ENERGY MANAGEMENT CENTER

The Energy Management Center (EMC) is responsible for the heating, ventilation and air conditioning (HVAC) of all MAC facilities. A staff of 22 provide 24/7 service. Staff operate and maintain boilers with jet fuel backup, chillers, cooling towers and numerous miscellaneous components to provide a comfortable environment for all MSP customers, tenants and staff. The EMC utilizes an Intelligent Monitoring and Control System to operate and maintain the complex and growing airport HVAC systems; monitors 200 carbon monoxide sensors spread around the MSP campus; responds to all incoming HVAC-related calls; keeps detailed records of gas, oil, water and steam usage; and tracks all repair work and preventative maintenance.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	1,744,537	1,829,547	1,839,251	9,704	0.5%
Administrative Expenses	6,064	4,013	3,491	(522)	-13.0%
Professional Services	45,585	47,911	48,000	89	0.2%
Utilities	10,231	7,177	7,531	354	4.9%
Operating Services/Expenses	177				
Maintenance	1,929,580	1,869,597	1,877,441	7,844	0.4%
Other	19,150	12,280	6,477	(5,803)	-47.3%
<b>Total Budget</b>	<b>3,755,322</b>	<b>3,770,525</b>	<b>3,782,191</b>	<b>11,666</b>	<b>0.3%</b>

Full-time Equivalent (FTE) Total

22

22

22

### BUDGET HIGHLIGHTS

- Personnel The increase in Personnel is attributable to wage structure adjustments and step increases.
- Administrative Expenses In compliance with the 2019 budget reduction goals, Administrative Expenses decreased as a result of better aligning budgeted expenses with prior years' actual spending and by prioritizing projects.
- Maintenance Maintenance expense increased as a result of better aligning budgeted expenses with prior years' actual spending.
- Other In compliance with the 2019 budget reduction goals, Other expense decreased as a result of better aligning budgeted expenses with prior years' actual spending and by prioritizing projects.

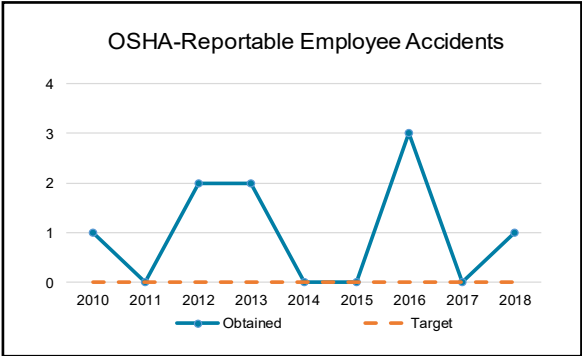
### 2018 SERVICE CENTER OBJECTIVE RESULTS

<b>Objective:</b>	Install long-life, high-efficiency air filters in all Terminal 1-Lindbergh air handling units that will accept the new-style filter; replace 25% of replaceable filters each quarter in 2018 with a goal of 100% replacement by year-end
<b>Organizational Strategic Goal:</b>	Innovate through opportunities in technology and sustainability
<b>Organizational Strategic Objective:</b>	Integrate sustainability into our culture
<b>Results:</b>	At the close of 2018, 85% of eligible filters were replaced. Several air handling units are slated to be replaced during near-future construction projects. Those units will have the new high-efficiency filters in them when installed.

### 2019 SERVICE CENTER OBJECTIVE

<b>Objective:</b>	Support the department planning process and Information Technology roadmap that yields specific goals, objectives and tactics for the EMC to further the advancement of M&O division goals, the MAC's enterprise strategy and development of the MSP AOC Concept of Operations
<b>Organizational Strategic Goal:</b>	Safety, security and preparedness
<b>Organizational Strategic Objective:</b>	Keep our airports safe and secure

SERVICE CENTER PERFORMANCE MEASURES



Employee accidents

## TRADES - ADMINISTRATION

Trades-Administration is responsible for the administration and coordination of the carpenters, electricians, painters and plumbers. The service center works on construction projects, enforces the construction standards, conducts construction inspections and oversees the computerized maintenance management system. Trades-Administration represents the Trades in the Capital Improvement Plan process and interfaces with consultants and vendors on behalf of the Trades group. It is also responsible for the oversight of the MSP Terminal 1-Lindbergh and Terminal 2-Humphrey emergency generators and uninterruptible power supply contracts.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	184,698	177,368	182,691	5,323	3.0%
Administrative Expenses	6,350	7,790	7,720	(70)	-0.9%
Professional Services	257,429	275,799	282,600	6,801	2.5%
Utilities	770	1,000	600	(400)	-40.0%
Operating Services/Expenses	33,080	38,902	40,327	1,425	3.7%
Maintenance	558,620	387,795	900,625	512,830	132.2%
Other	23,789	36,000	31,500	(4,500)	-12.5%
<b>Total Budget</b>	<b>1,064,736</b>	<b>924,654</b>	<b>1,446,063</b>	<b>521,409</b>	<b>56.4%</b>

### Full-time Equivalent (FTE) Total

2

2

2

### BUDGET HIGHLIGHTS

- Personnel The increase in Personnel is attributable to wage structure adjustments and step increases.
- Professional Services The Professional Services increase is due to the additional scope added to service contracts for generator maintenance, electrical gear maintenance and fire alarm testing and maintenance.
- Utilities The decrease in Utilities expense is the result of a reduction in the stipend for mobile devices.
- Operating Services/Expenses The Operating Services/Expenses increase is attributable to contract fee increases.
- Maintenance The Maintenance expense contract increase is a result of additional responsibilities added to the service center for fire alarm testing requirements.
- Other The Other expense decrease is a result of eliminating the budget for office furniture purchased in 2018 and aligning the budgeted amount with previous years' actual spending.

### 2018 SERVICE CENTER OBJECTIVE RESULTS

- Objective:** Develop and implement a paperless work order system for all Trades departments, to increase efficiency in providing quality customer service to those we serve
- Organizational Strategic Goal:** Delight our passengers
- Organizational Strategic Objective:** Reimagine and renew our airports to continually evolve our customer experience
- Results:** By the close of 2018, MAC IT had ordered devices and were in the last phase of testing for the Mobile E1 Work Order application.

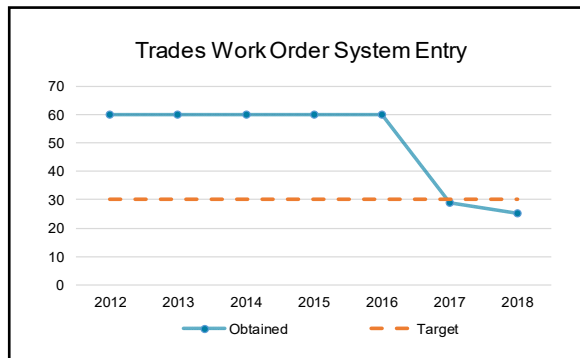
**2019 SERVICE CENTER OBJECTIVE****Objective:**

Support the department planning process and Information Technology roadmap that yields specific goals, objectives and tactics for Trades to further the advancement of M&O division goals, the MAC's enterprise strategy and development of the MSP AOC Concept of Operations

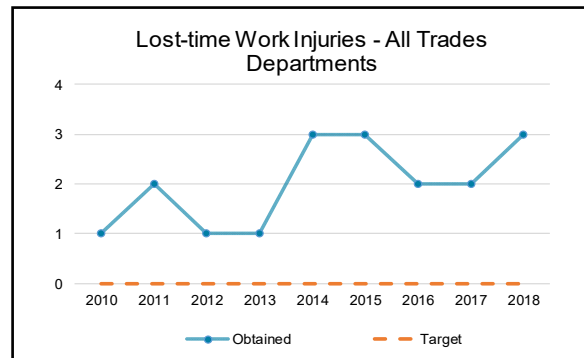
**Organizational Strategic Goal:**

Safety, security and preparedness

**Organizational Strategic Objective:** Keep our airports safe and secure

**SERVICE CENTER PERFORMANCE MEASURES**

*Total number of minutes per day spent by the Foreperson entering data into the Work Order System*



*Total number of on-the-job injuries sustained by all Trades departments combined*

## TRADES - ELECTRICIANS

Trades-Electricians provides maintenance and repairs of electrical equipment and lighting fixtures throughout the MSP campus and Reliever Airports system. Electricians are responsible for the maintenance and repair of all directional signage and runway/taxiway lighting to comply with specific Federal Aviation Administration regulations throughout all MAC airports. Trades-Electricians also maintains and tests airfield lighting regulators, emergency generator buildings and associated lighting and electrical work within MAC parking facilities. Additional responsibilities include security gates and electronic card readers throughout the MAC's airports system, fire alarms and oversight and repair responsibility for the Light Rail Transit Platform.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	2,096,342	2,177,525	2,252,383	74,857	3.4%
Administrative Expenses	927	250	250		
Professional Services					
Utilities	14,185	20,000	17,500	(2,500)	-12.5%
Operating Services/Expenses	294,643	313,000	250,069	(62,931)	-20.1%
Maintenance	1,133,448	1,452,531	1,296,767	(155,764)	-10.7%
Other	3,825	31,900	26,900	(5,000)	-15.7%
<b>Total Budget</b>	<b>3,543,370</b>	<b>3,995,206</b>	<b>3,843,869</b>	<b>(151,338)</b>	<b>-3.8%</b>

Full-time Equivalent (FTE) Total

19

19

19

### BUDGET HIGHLIGHTS

- Personnel The increase in Personnel is attributable to wage structure adjustments and step increases.
- Utilities The decrease in Utilities expense is the result of a reduction in the stipend for mobile devices.
- Operating Services/Expenses The Operating Services/Expenses decrease is a result of reduced contract fees.
- Maintenance The Maintenance decrease is largely a result of the elimination of annual re-lamping in MSP parking ramps due to recently installed LED units. Additionally, decreases are attributable to reduced contract fees and aligning budgeted amounts with previous years' actual spending.
- Other The decrease in Other expense is a result of aligning budgeted amounts with previous years' actual spending.

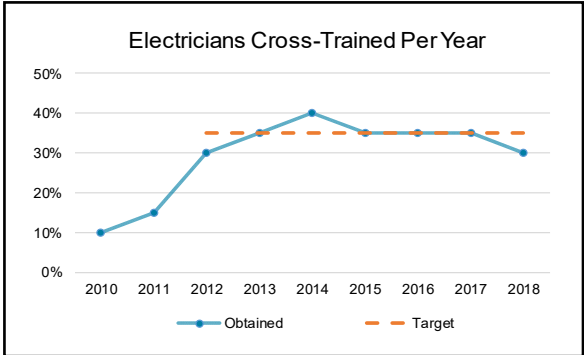
### 2018 SERVICE CENTER OBJECTIVE RESULTS

- Objective:** Make an initial response to all work orders within 48 hours of receipt of the order
- Organizational Strategic Goal:** Delight our passengers
- Organizational Strategic Objective:** Reimagine and renew our airports to continually evolve our customer experience
- Results:** An initial response was made to all work orders within 48 hours of their receipt throughout 2019.

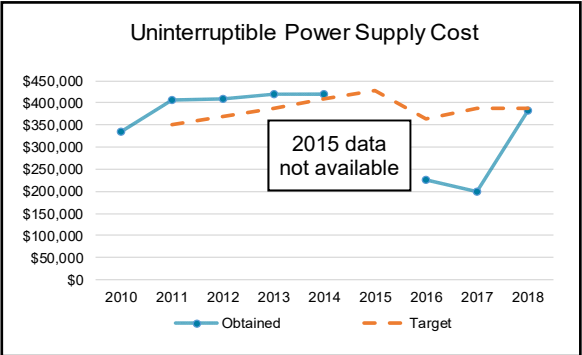
### 2019 SERVICE CENTER OBJECTIVE

- Objective:** Support the department planning process and Information Technology roadmap that yields specific goals, objectives and tactics for the Electricians to further the advancement of M&O division goals and the MAC's enterprise strategy, and successfully leverages technology, equipment, and personnel
- Organizational Strategic Goal:** Innovation
- Organizational Strategic Objective:** Innovate through opportunities in technology and sustainability

SERVICE CENTER PERFORMANCE MEASURES



Percent of electricians cross-trained on a discipline or task they normally don't encounter



Total amount of the yearly contract spent on maintenance

## TRADES - PAINTERS

The primary role of Trades-Painters is to ensure a full service life to a multitude of surfaces by protecting them from corrosion and deterioration. Additionally, MAC Painters maintain a clean, comfortable, visually pleasing and safe environment for the traveling public and meet all Federal Aviation Administration (FAA)-mandated Airport Operations Area markings at MSP and the Reliever Airports. The Painters are responsible for all paint maintenance on buildings, for the correct markings used on public roadways and parking ramps and for the maintenance of runways/taxiways in accordance with FAA regulations. The Painters insure that the most appropriate and safest materials are utilized and disposed of in an environmentally responsible manner. The sign shop within this service center is responsible for regulatory roadway, interior and exterior signage; vehicle graphics; and security and directional signage at MSP and the Reliever Airports.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	954,621	1,033,191	1,042,988	9,797	0.9%
Administrative Expenses					
Professional Services					
Utilities	1,163	1,300	1,300		
Operating Services/Expenses					
Maintenance	193,826	298,742	249,460	(49,282)	-16.5%
Other	2,816	4,403	13,900	9,497	215.7%
<b>Total Budget</b>	<b>1,152,427</b>	<b>1,337,636</b>	<b>1,307,648</b>	<b>(29,988)</b>	<b>-2.2%</b>

### Full-time Equivalent (FTE) Total

10

9

9

### BUDGET HIGHLIGHTS

- Personnel The increase in Personnel is attributable to wage structure adjustments and step increases.
- Maintenance In compliance with the 2019 budget reduction goals, Maintenance expenses decreased as a result of better aligning budgeted expenses with prior years' actual spending and by prioritizing operating expenses.
- Other The increase in Other expense is attributable to the anticipated purchase of minor equipment to meet service center needs.

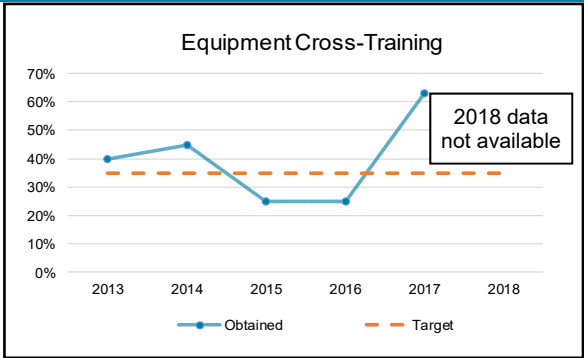
### 2018 SERVICE CENTER OBJECTIVE RESULTS

<b>Objective:</b>	Reduce hazardous and non-hazardous waste 10% compared to 2017
<b>Organizational Strategic Goal:</b>	Delight our passengers
<b>Organizational Strategic Objective:</b>	Reimagine and renew our airports to continually evolve our customer experience
<b>Results:</b>	Data not available

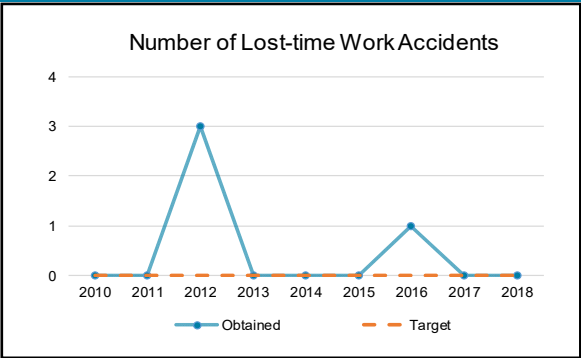
### 2019 SERVICE CENTER OBJECTIVE

<b>Objective:</b>	Support the department planning process and Information Technology roadmap that yields specific goals, objectives and tactics for the Painters to further the advancement of M&O division goals and the MAC's enterprise strategy, and successfully leverages technology, equipment, and personnel
<b>Organizational Strategic Goal:</b>	Innovation
<b>Organizational Strategic Objective:</b>	Innovate through opportunities in technology and sustainability

SERVICE CENTER PERFORMANCE MEASURES



Percentage of MAC Painters receiving equipment cross-training



Lost days to work accidents

## TRADES - CARPENTERS

Trades-Carpenters ensures that all of the MAC's terminals and facilities are safe, secure and aesthetically pleasing for the MAC, its tenants and the traveling public. This service center provides high-quality service to all MAC service centers and airport tenants in a timely manner and at a cost savings. Responsibilities include repair and maintenance of a wide variety of facility finishes; securing and separating "non-secured" areas from "secured" areas; and specialty projects such as upholstery, cabinet making, office remodeling and naming/numbering doors and concession spaces with identification tags.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	973,601	982,703	1,098,428	115,725	11.8%
Administrative Expenses	101	4,473	4,320	(153)	-3.4%
Professional Services					
Utilities	8,686	12,396	8,686	(3,710)	-29.9%
Operating Services/Expenses	95,885		33,000	33,000	100.0%
Maintenance	393,131	308,164	299,161	(9,003)	-2.9%
Other	16,756	27,698	27,698		
<b>Total Budget</b>	<b>1,488,159</b>	<b>1,335,434</b>	<b>1,471,293</b>	<b>135,859</b>	<b>10.2%</b>

### Full-time Equivalent (FTE) Total

10

10

10

### BUDGET HIGHLIGHTS

- Personnel The increase in Personnel is attributable to wage structure adjustments, step increases and increased overtime.
- Utilities Utilities expense decreased as a result of better aligning budgeted expenses with prior years' actual spending and by prioritizing projects.
- Operating Services/Expenses Operating Services/Expenses increased in anticipation of additional 2019 carpet replacement prior to the influx of travelers for the 2019 Final Four.
- Maintenance In compliance with the 2019 budget reduction goals, Maintenance expense decreased as a result prioritizing maintenance needs.

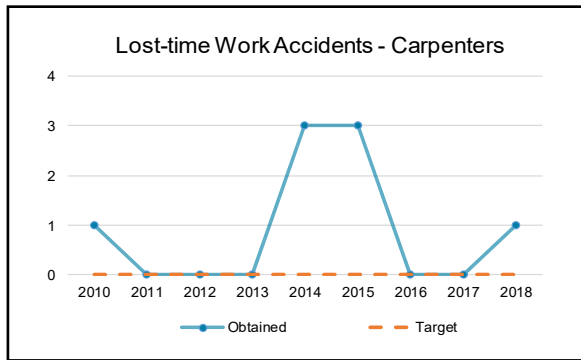
### 2018 SERVICE CENTER OBJECTIVE RESULTS

- Objective:** Complete preventative maintenance work orders to reduce service interruptions, down time and call backs
- Organizational Strategic Goal:** Delight our passengers
- Organizational Strategic Objective:** Reimagine and renew our airports to continually evolve our customer experience
- Results:** At the close of 2018, all preventative maintenance on auto doors and restrooms had been completed.

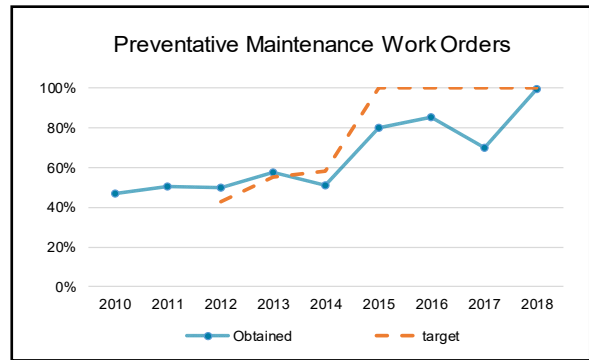
### 2019 SERVICE CENTER OBJECTIVE

- Objective:** Support the department planning process and Information Technology roadmap that yields specific goals, objectives and tactics for the Carpenters to further the advancement of M&O division goals and the MAC's enterprise strategy, and supports the customer experience and the MAC's focus area of delivering a "One Journey Experience" for MSP passengers
- Organizational Focus Area:** Deliver a seamless "one journey" experience for MSP passengers

## SERVICE CENTER PERFORMANCE MEASURES



Total number of lost-time work accidents



Percentage of submitted work orders completed

## TRADES - PLUMBERS

Trades-Plumbers is responsible for the water supply available to MSP users, tenants and MAC personnel. This is accomplished through the maintenance, repair and ongoing preventive measures of the potable water systems, sanitary and storm sewer systems, building plumbing systems, irrigation systems and fire sprinkler systems. The Plumbers are also responsible for completing plumbing inspections, locating appropriate utility lines and reviewing plumbing schematics for new projects.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	1,434,863	1,657,986	1,728,201	70,215	4.2%
Administrative Expenses	927	4,200	500	(3,700)	-88.1%
Professional Services	31,523	30,000		(30,000)	-100.0%
Utilities	8,405	8,400	9,300	900	10.7%
Operating Services/Expenses	270	13,500	6,000	(7,500)	-55.6%
Maintenance	306,370	410,150	403,937	(6,213)	-1.5%
Other	13,020	11,500	19,425	7,925	68.9%
<b>Total Budget</b>	<b>1,795,377</b>	<b>2,135,736</b>	<b>2,167,363</b>	<b>31,627</b>	<b>1.5%</b>

### Full-time Equivalent (FTE) Total

10                      9                      9

### BUDGET HIGHLIGHTS

- Personnel                      The increase in Personnel is attributable to wage structure adjustments and step increases.
- Administrative Expenses                      The Administrative Expenses decrease is attributable to the elimination of a one-time expense completed in 2018.
- Professional Services                      The Professional Services decrease is a result of eliminating the budget for a multi-year project that was completed in 2018.
- Utilities                      The Utilities increase is attributable to addition phone lines for monitoring and recording new irrigation control systems.
- Operating Services/Expenses                      The Operating Services/Expenses decrease is primarily a result of eliminating costs associated with Super Bowl LII in 2018.
- Maintenance                      The Maintenance expense decrease is a result of aligning the budgeted amount with previous years' actual spending.
- Other                      The Other expense increase is a result of new and replacement minor equipment required by the service center.

### 2018 SERVICE CENTER OBJECTIVE RESULTS

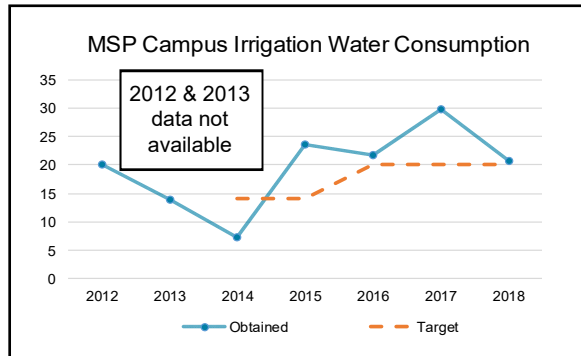
- Objective:** During 2018, replace 5% of existing drinking fountains within Terminal 1-Lindbergh and Terminal 2-Humphrey with refillable bottle filling stations
- Organizational Strategic Goal:** Delight our passengers
- Organizational Strategic Objective:** Reimagine and renew our airports to continually evolve our customer experience
- Results:** At the close of 2018, more than 5% of existing drinking fountains within Terminal 1-Lindbergh and Terminal 2-Humphrey had been replaced with refillable bottle filling stations.

**2019 SERVICE CENTER OBJECTIVE****Objective:**

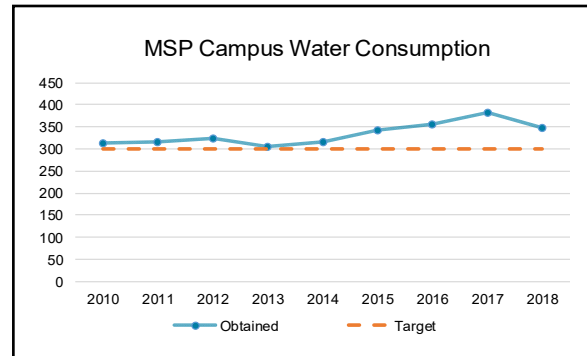
Support the department planning process and Information Technology roadmap that yields specific goals, objectives and tactics for the Plumbers to further the advancement of M&O division goals and the MAC's enterprise strategy, and supports the customer experience and the MAC's focus area of delivering a "One Journey Experience" for MSP passengers

**Organizational Focus Area:**

Deliver a seamless "one journey" experience for MSP passengers

**SERVICE CENTER PERFORMANCE MEASURES**

Total gallons, in millions, of irrigation water usage on the MSP campus



Total gallons of water, in millions, consumed on the Minneapolis-St. Paul International Airport

## FIELD MAINTENANCE

Field Maintenance is responsible for pavement maintenance, pollution control, landscape/grounds maintenance, security fence and access gate maintenance, traffic control installation, signage installation, parking ramp maintenance and refuse removal. Winter responsibilities include the removal of snow from runways, taxiways, ramps, aircraft parking areas, airside roadways, public roadways, terminal sidewalks and MAC buildings. Maintenance personnel supervise contracted snow removal operators who remove snow from parking ramps and landside parking areas. Field Maintenance maintains and repairs a fleet of more than 500 vehicles and partners with other MAC service centers to procure vehicles and related equipment.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	9,013,311	9,700,841	9,673,121	(27,721)	-0.3%
Administrative Expenses	81,228	59,100	64,050	4,950	8.4%
Professional Services	40,803	132,000	20,500	(111,500)	-84.5%
Utilities	18,241	21,700	18,750	(2,950)	-13.6%
Operating Services/Expenses	96,879	66,400	93,700	27,300	41.1%
Maintenance	4,629,144	4,890,200	4,717,156	(173,044)	-3.5%
Other	72,754	74,600	217,060	142,460	191.0%
<b>Total Budget</b>	<b>13,952,361</b>	<b>14,944,841</b>	<b>14,804,337</b>	<b>(140,505)</b>	<b>-0.9%</b>

### Full-time Equivalent (FTE) Total

109

110

110

### BUDGET HIGHLIGHTS

- Personnel The 2018 budget included additional overtime pay and temporary workers for Super Bowl LII. The decrease in the 2019 budget is attributable to the removal of these costs. It is partially offset by wage structure adjustments and step increases.
- Administrative Expenses The increase in Administrative Expenses is a result of additional equipment training needed for service center employees.
- Professional Services The decrease in Professional Services results from eliminating a strategic planning consultant that will not be used in 2019.
- Utilities Utilities expenses decreased as a result of better aligning cellular phone budgeted expenses with prior years' actual spending.
- Operating Services/Expenses Operating Services/Expenses increased as a result of significantly greater costs for pollution control booms and materials.
- Maintenance Maintenance expense decreased as a result of better aligning budgeted expenses with three prior years' actual spending.
- Other Other expense increased as a result of anticipated safety equipment needs. Additionally, the increase includes budgeted carpet replacement and painting.

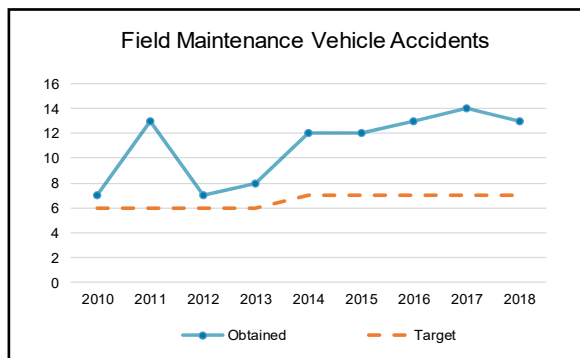
## 2018 SERVICE CENTER OBJECTIVE RESULTS

<b>Objective:</b>	Ensure all department members attend monthly training meetings for work performance subject areas at least 75% of the time
<b>Organizational Strategic Goal:</b>	Be a model employer
<b>Organizational Strategic Objective:</b>	Invest in training and professional development opportunities that align with our goals
<b>Results:</b>	In 2018, the Field Maintenance department began monthly crew training sessions on the third Wednesday of each month. Each assistant manager is responsible for scheduling and gathering information pertaining to the curriculum of their choosing, which benefits the crew. During the training sessions, the crew and management are encouraged to pause from normal duties in order to focus on the training, which is specific to areas above the monthly safety training. This was an item identified by the crew during crew listening sessions in 2017. At the end of 2018, 10 of 12 months had training with topics such as CDL practical course, re-generation and diesel engines, pavement repair, pesticide and insecticide mixing and familiarization, utility locates, and CDL log book familiarization. Eighty-five percent of department members attended monthly training meetings.

## 2019 SERVICE CENTER OBJECTIVE

<b>Objective:</b>	Complete a department planning process yielding a department strategy that effectively prioritizes, resources and executes department initiatives/tactics achieving relevant M&O division goals that effectively advance the MAC's enterprise strategy including contribution to the development of the MSP AOC Concept of Operations
<b>Organizational Strategic Goal:</b>	Safety, security and preparedness
<b>Organizational Strategic Objective:</b>	Keep our airports safe and secure

## SERVICE CENTER PERFORMANCE MEASURES



Total number of preventable vehicle accidents involving Field Maintenance vehicles

## AIRSIDE OPERATIONS

Airside Operations' three primary charges are regulatory compliance, safety and operational efficiency. Airside Operations is responsible for ensuring that MSP is in compliance with federal and state regulations, particularly Federal Aviation Regulations Part 139-Airport Certification; conducts airfield safety inspections to determine the operating status of the airport; and coordinates airfield activities with Federal Aviation Administration Air Traffic Control facilities and air carrier tenants. Airside Operations is responsible for managing the snow and ice control plan, the wildlife control program, construction safety and the airfield driver's training/testing program. Airside Operations is the 24/7 non-emergency point-of-contact for MSP airport tenants.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	1,665,064	1,546,958	1,599,841	52,883	3.4%
Administrative Expenses	82,215	104,189	100,189	(4,000)	-3.8%
Professional Services	145,739	113,140	119,657	6,517	5.8%
Utilities	18,759	20,202	20,202		
Operating Services/Expenses	85,689	87,865	10,000	(77,865)	-88.6%
Maintenance	13,024	12,000	12,000		
Other	19,453	26,000	25,000	(1,000)	-3.8%
<b>Total Budget</b>	<b>2,029,942</b>	<b>1,910,354</b>	<b>1,886,889</b>	<b>(23,465)</b>	<b>-1.2%</b>

### Full-time Equivalent (FTE) Total

15

15

16

### BUDGET HIGHLIGHTS

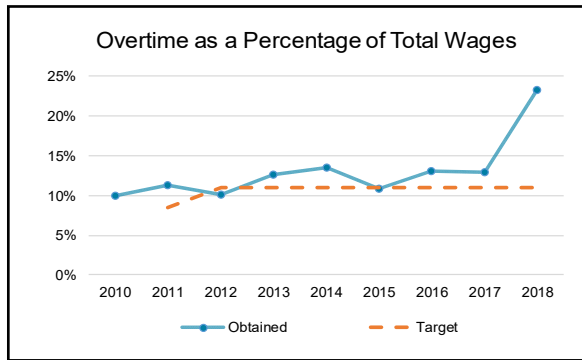
- Personnel The increase in Personnel is attributable to wage structure adjustments, step increases, and the addition of one new FTE.
- Administrative Expenses The decrease in Administrative Expenses is a result of reduced cost for news and weather information sources.
- Professional Services The Professional Services increase is due to the annual contract increase for wildlife management and weather services.
- Operating Services/Expenses The decrease in Operating Services/Expenses is attributed to transferring technology-related expenses to the Information Technology service center.

### 2018 SERVICE CENTER OBJECTIVE RESULTS

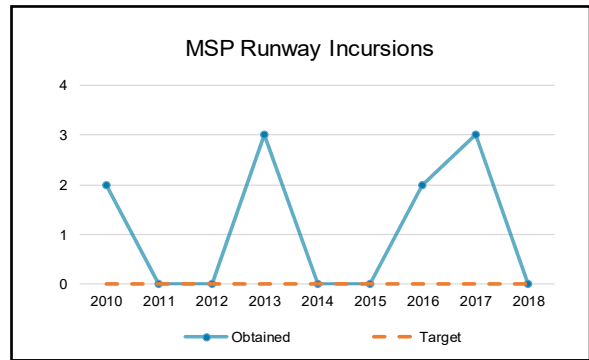
<b>Objective:</b>	Work with the MAC Information Technology Department to replace the "end of life" Woolpert Electronic Logging and Inspection System with a new Airport Operations Database application
<b>Organizational Strategic Goal:</b>	Innovate through opportunities in technology and sustainability
<b>Organizational Strategic Objective:</b>	Modernize and accelerate technology use, enabling enterprise solutions
<b>Results:</b>	Airside Operations selected a vendor for the new Airport Operations Database and continued to work with MAC Information Technology and other MAC departments, focusing on GIS needs and capabilities of the MAC GIS system

### 2019 SERVICE CENTER OBJECTIVE

<b>Objective:</b>	Complete a department planning process yielding a department strategy that effectively prioritizes, resources and executes department initiatives/tactics achieving relevant M&O division goals that effectively advance the MAC's enterprise strategy including contribution to the development of the MSP AOC Concept of Operations
<b>Organizational Strategic Goal:</b>	Safety, security and preparedness
<b>Organizational Strategic Objective:</b>	Keep our airports safe and secure

**SERVICE CENTER PERFORMANCE MEASURES**

*Overtime as a percentage of total department wages*



*Total number of vehicle/pedestrian runway incursions over which the MAC has control*

## RELIEVERS - ADMINISTRATION

Relievers-Administration is responsible for the operation, management and maintenance of the MAC's six reliever airports. The service center is also responsible for the administration of over 800 tenant leases and contracts on the airport properties.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	729,008	830,385	840,885	10,501	1.3%
Administrative Expenses	13,314	23,725	23,125	(600)	-2.5%
Professional Services	38,360	45,000	45,000		
Utilities	6,415	6,720	5,700	(1,020)	-15.2%
Operating Services/Expenses	5,317	1,500	1,700	200	13.3%
Maintenance					
Other					
<b>Total Budget</b>	<b>792,414</b>	<b>907,330</b>	<b>916,410</b>	<b>9,081</b>	<b>1.0%</b>

Full-time Equivalent (FTE) Total

7

8

8

### BUDGET HIGHLIGHTS

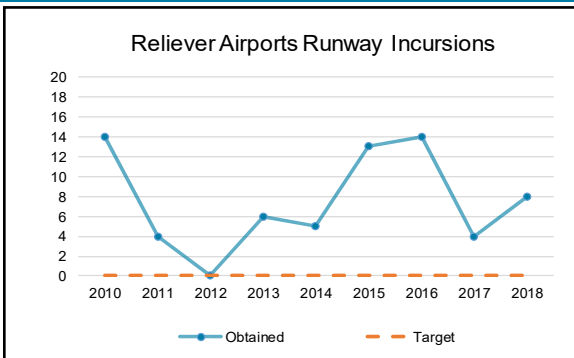
- Personnel The increase in Personnel is attributable to wage structure adjustments and step increases.
- Utilities The decrease in Utilities expense is the result of a reduction in the stipend for mobile devices.
- Operating Services/Expenses The Operating Services/Expenses increase is attributed to additional handouts required for airport promotional events.

### 2018 SERVICE CENTER OBJECTIVE RESULTS

<b>Objective:</b>	Implement a departmental employee recognition program
<b>Organizational Strategic Goal:</b>	Be a model employer
<b>Organizational Strategic Objective:</b>	Cultivate an engaged workforce
<b>Results:</b>	By the close of 2018, a plan for employee recognition had been developed. It is anticipated the plan will be implemented beginning 2019.

### 2019 SERVICE CENTER OBJECTIVE

<b>Objective:</b>	Complete a department planning process yielding a department strategy that effectively prioritizes, resources and executes department initiatives/tactics achieving relevant M&O division goals that effectively advance the MAC's enterprise strategy including contribution to the development of the MSP AOC Concept of Operations
<b>Organizational Strategic Goal:</b>	Customer Experience
<b>Organizational Strategic Objective:</b>	Delight our passengers

**SERVICE CENTER PERFORMANCE MEASURES**

Total vehicle/pedestrian runway incursions, across all MAC-owned Reliever Airports with FAA towers

## RELIEVERS - ST. PAUL DOWNTOWN

Relievers-St. Paul Downtown is responsible for the operation, maintenance and administration of the St. Paul Downtown Airport. The service center staff manage the properties, including the administration of leases. They also respond to tenant, airport user and community issues and concerns.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	574,636	675,999	742,562	66,563	9.8%
Administrative Expenses	7,919	4,250	7,400	3,150	74.1%
Professional Services	5,674	15,000	12,500	(2,500)	-16.7%
Utilities	1,918	1,800	1,800		
Operating Services/Expenses	11,997	57,000	9,000	(48,000)	-84.2%
Maintenance	166,397	163,200	183,850	20,650	12.7%
Other	2,157	1,300	2,150	850	65.4%
<b>Total Budget</b>	<b>770,697</b>	<b>918,549</b>	<b>959,262</b>	<b>40,713</b>	<b>4.4%</b>

### Full-time Equivalent (FTE) Total

7

7

7

### BUDGET HIGHLIGHTS

- Personnel The increase in Personnel is attributable to wage structure adjustments, step increases and additional overtime.
- Administrative Expenses The Administrative Expenses increase is attributable to increased business-related travel, additional memberships to professional industry organizations and increased costs for print media subscriptions.
- Professional Services The Professional Services decrease is attributable to lower costs for wildlife control.
- Operating Services/Expenses The decrease in Operating Services/Expenses is a result of eliminating budgeted funds related to Super Bowl LII 2018.
- Maintenance The Maintenance expense increase is due to additional services required to maintain the Holman Administration Building for new tenants, including janitorial services, window cleaning and terrazzo floor scrubbing. Increased costs for equipment and airfield maintenance is also included.
- Other The Other expense increase is due to anticipated safety supply purchases.

**RELIEVERS - LAKE ELMO**

Relievers-Lake Elmo is responsible for the operation, maintenance and administration of the Lake Elmo Airport. The service center staff manage the properties, including the administration of leases. They also respond to tenant, airport user and community issues and concerns.

**BUDGET SUMMARY**

	<b>2017 Actual</b>	<b>2018 Budget</b>	<b>2019 Budget</b>	<b>\$ Variance</b>	<b>% Variance</b>
Personnel	101,327	113,812	122,245	8,432	7.4%
Administrative Expenses	251	320	320		
Professional Services	5,399	12,000	12,500	500	4.2%
Utilities	617	616	620	4	0.6%
Operating Services/Expenses					
Maintenance	18,115	43,600	42,500	(1,100)	-2.5%
Other	27	500	500	0	0.0%
<b>Total Budget</b>	<b>125,736</b>	<b>170,848</b>	<b>178,685</b>	<b>7,836</b>	<b>4.6%</b>

**Full-time Equivalent (FTE) Total**

1

1

1

**BUDGET HIGHLIGHTS**

- Personnel

The increase in Personnel is attributable to wage structure adjustments, step increases and additional overtime.

## RELIEVERS - AIRLAKE

Relievers-Airlake is responsible for the operation, maintenance and administration of the Airlake Airport. The service center staff manage the properties, including the administration of leases. They also respond to tenant, airport user and community issues and concerns.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	95,231	110,247	123,033	12,785	11.6%
Administrative Expenses	413	367	362	(5)	-1.4%
Professional Services	5,399	12,500	19,500	7,000	56.0%
Utilities	617	617	617		
Operating Services/Expenses					
Maintenance	25,896	25,629	27,029	1,400	5.5%
Other	660	456	462	6	1.3%
<b>Total Budget</b>	<b>128,217</b>	<b>149,816</b>	<b>171,003</b>	<b>21,186</b>	<b>14.1%</b>

### Full-time Equivalent (FTE) Total

1                      1                      1

### BUDGET HIGHLIGHTS

- Personnel                      The increase in Personnel is attributable to wage structure adjustments, step increases, additional overtime and increased temporary personnel.
- Professional Services                      The Professional Services increase is a result of an additional wildlife consultant technician to complete the consulting work.
- Maintenance                      The Maintenance expense increase is a result of transitioning to a more environmentally friendly runway deicing product and greater costs for cleaning supplies, laundry services, oil and filters.

## RELIEVERS - FLYING CLOUD

Relievers-Flying Cloud is responsible for the operation, maintenance and administration of the Flying Cloud Airport. The service center staff manage the properties, including the administration of leases. They also respond to tenant, airport user and community issues and concerns.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	286,798	350,856	404,930	54,074	15.4%
Administrative Expenses	5,327	1,285	3,375	2,090	162.6%
Professional Services	9,999	12,500	19,500	7,000	56.0%
Utilities	309	1,175	1,210	35	3.0%
Operating Services/Expenses	220	40,000		(40,000)	-100.0%
Maintenance	82,703	78,860	103,035	24,175	30.7%
Other	175	500	515	15	3.0%
<b>Total Budget</b>	<b>385,531</b>	<b>485,176</b>	<b>532,565</b>	<b>47,389</b>	<b>9.8%</b>

### Full-time Equivalent (FTE) Total

4

4

4

### BUDGET HIGHLIGHTS

- Personnel The increase in Personnel is attributable to wage structure adjustments, step increases and additional overtime.
- Administrative Expenses The Administrative Expenses increase is a result of adjusting office supply costs to reflect previous years' actual spending. Additional expenses are due to anticipated lodging costs for professional organization conferences.
- Professional Services The Professional Services increase is a result of an additional wildlife consultant technician to complete the consulting work.
- Operating Services/Expenses The decrease in Operating Services/Expenses is a result of eliminating budgeted funds related to Super Bowl LII in 2018.
- Maintenance The Maintenance expense increase is a result of transitioning to a more environmentally friendly runway deicing product; greater costs for oil, filters and tires; and replacement parts for shop equipment.

## RELIEVERS - CRYSTAL

Relievers-Flying Crystal is responsible for the operation, maintenance and administration of the Crystal Airport. The service center staff manage the properties, including the administration of leases. They also respond to tenant, airport user and community issues and concerns.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	278,908	312,570	328,791	16,221	5.2%
Administrative Expenses	500	1,435	1,385	(50)	-3.5%
Professional Services	5,968	12,074	19,500	7,426	61.5%
Utilities	938	1,249	1,200	(49)	-3.9%
Operating Services/Expenses	7				
Maintenance	63,870	67,035	103,940	36,905	55.1%
Other	1,203	500	500		
<b>Total Budget</b>	<b>351,395</b>	<b>394,863</b>	<b>455,316</b>	<b>60,453</b>	<b>15.3%</b>

### Full-time Equivalent (FTE) Total

3                      3                      3

### BUDGET HIGHLIGHTS

- Personnel                      The increase in Personnel is attributable to wage structure adjustments, step increases and additional overtime.
- Professional Services                      The Professional Services increase is a result of an additional wildlife consultant technician to complete the consulting work.
- Maintenance                      The Maintenance expense increase is a result of costs associated with new pollution control requirements and additional runway deicer to accommodate winter events.

## RELIEVERS - ANOKA COUNTY-BLAINE

Relievers-Anoka County-Blaine is responsible for the operation, maintenance and administration of the Anoka County-Blaine Airport. The service center staff manage the properties, including the administration of leases. They also respond to tenant, airport user and community issues and concerns.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	251,353	299,671	317,951	18,280	6.1%
Administrative Expenses	2,055	1,625	1,900	275	16.9%
Professional Services	5,588	28,000	35,500	7,500	26.8%
Utilities	637	650	600	(50)	-7.7%
Operating Services/Expenses	160,515	206,500	164,077	(42,423)	-20.5%
Maintenance	84,309	86,200	99,465	13,265	15.4%
Other	5,807	800	800		
<b>Total Budget</b>	<b>510,264</b>	<b>623,446</b>	<b>620,293</b>	<b>(3,153)</b>	<b>-0.5%</b>

### Full-time Equivalent (FTE) Total

3                      3                      3

### BUDGET HIGHLIGHTS

- Personnel                      The increase in Personnel is attributable to wage structure adjustments, step increases and additional overtime.
- Administrative Expenses                      The increase in Administrative Expenses reflects professional membership dues after hiring a new airport manager.
- Professional Services                      The Professional Services increase is a result of an additional wildlife consultant technician to complete the consulting work.
- Operating Services/Expenses                      The decrease in Operating Services/Expenses is a result of eliminating budgeted funds related to Super Bowl LII in 2018.
- Maintenance                      The Maintenance expense increase is a result of costs associated with new pollution control requirements and additional runway deicer to accommodate winter events.

## FIRE

The MSP Airport Fire Department is responsible for providing aircraft rescue and firefighting (ARFF), structural firefighting and first response emergency medical services to the MSP campus and some adjacent areas under agreement. The department is also responsible for fire code enforcement, investigation of all fires that occur within the service area, maintenance of Federal Aviation Administration ARFF training and response requirements and proper documentation for state and federal reporting requirements.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	4,784,458	5,337,084	5,399,497	62,413	1.2%
Administrative Expenses	11,829	59,815	15,640	(44,175)	-73.9%
Professional Services	18,299	76,860	101,860	25,000	32.5%
Utilities	16,791	15,360	17,800	2,440	15.9%
Operating Services/Expenses	40,594	34,000	31,000	(3,000)	-8.8%
Maintenance	5,817	5,100	6,300	1,200	23.5%
Other	75,678	124,500	112,300	(12,200)	-9.8%
<b>Total Budget</b>	<b>4,953,467</b>	<b>5,652,719</b>	<b>5,684,397</b>	<b>31,678</b>	<b>0.6%</b>

### Full-time Equivalent (FTE) Total

50

51

54

### BUDGET HIGHLIGHTS

- Personnel The increase in Personnel is attributable to wage structure adjustments, step increases and three new FTEs. This was offset by a decrease in budgeted overtime.
- Administrative Expenses The decrease in Administrative Expenses is primarily attributable to reduction in travel costs that were associated with the off-site FAA live fire training requirement for 2018. This training will be held on site in 2019.
- Professional Services The increase in Professional Services is for the addition of fire protection engineering services support for the increased demand on existing fire protection systems, review for code compliance and system documentation.
- Utilities Utilities expense increased as a result of better aligning cellular phone budgeted expenses with prior years' actual spending.
- Operating Services/Expenses Operating Services/Expense decreased as a result of better aligning budgeted expenses with prior years' actual spending.
- Maintenance Maintenance increases are due to additional costs for cleaning supplies and station upkeep.
- Other Other expense decreased as a result of eliminating one-time purchases made in 2018 from the 2019 budget.

### 2018 SERVICE CENTER OBJECTIVE RESULTS

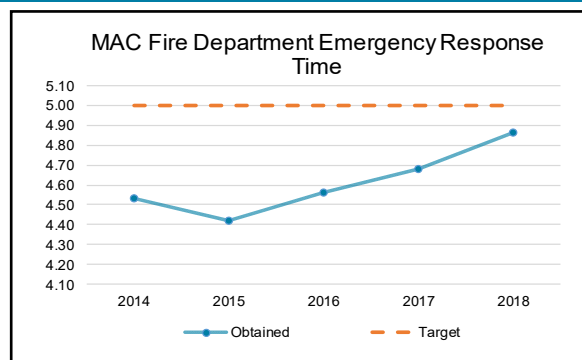
<b>Objective:</b>	Develop an implementation plan to expand the inventory control project to include fire extinguishers, personal protective equipment, and other inspection programs
<b>Organizational Strategic Goal:</b>	Innovate through opportunities in technology and sustainability
<b>Organizational Strategic Objective:</b>	Modernize and accelerate technology use, enabling enterprise solutions
<b>Results:</b>	By the close of 2018, system software and server adjustments for the inventory control project were completed by MAC IT. This program will continue to be evaluated for use in 2019.

**2019 SERVICE CENTER OBJECTIVE**

**Objective:** Evaluate and develop a firefighter decontamination policy/procedure for limiting potential cancer-causing exposure to firefighters during firefighting activities

**Organizational Strategic Goal:** Talent

**Organizational Strategic Objective:** Be a model employer

**SERVICE CENTER PERFORMANCE MEASURES**

*Average response time to all emergencies from time of dispatch to arrival on scene, in minutes*

## POLICE

With public service as the foundation, every member of the Airport Police Department is committed to the preservation of peace, order and safety. Police are dedicated to the protection of life and property, the prevention of crime and the deterrence of terrorism. The Emergency Communications Center (ECC) is the 911 center for the MSP airport community. ECC staff make critical decisions to ensure the safety of both the traveling public, MSP employees and public safety personnel. The department's vision is to be the standard of excellence in aviation policing throughout North America.

### BUDGET SUMMARY

	2017 Actual	2018 Budget	2019 Budget	\$ Variance	% Variance
Personnel	13,522,777	14,747,581	15,795,901	1,048,320	7.1%
Administrative Expenses	261,174	290,382	251,991	(38,391)	-13.2%
Professional Services	58,633	96,906	110,074	13,168	13.6%
Utilities	78,041	74,984	62,030	(12,954)	-17.3%
Operating Services/Expenses	1,129,510	1,842,382	3,057,790	1,215,408	66.0%
Maintenance	27,549	58,677	36,208	(22,469)	-38.3%
Other	227,699	254,888	238,420	(16,468)	-6.5%
<b>Total Budget</b>	<b>15,305,384</b>	<b>17,365,800</b>	<b>19,552,414</b>	<b>2,186,614</b>	<b>12.6%</b>

<b>Full-time Equivalent (FTE) Total</b>	132	141	171
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### BUDGET HIGHLIGHTS

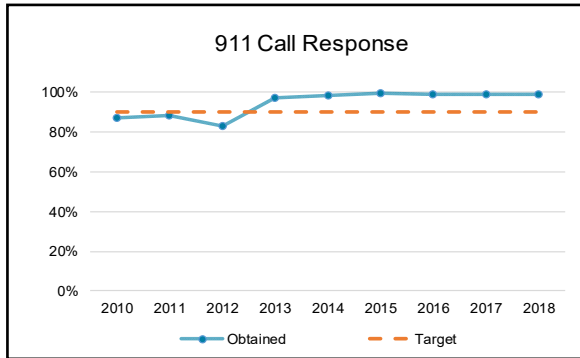
- **Personnel** Twenty-seven provisional employees became full-time to comply with federal regulations. Also, two new FTEs are budgeted, along with one transfer FTE. The increase in Personnel also includes wage structure adjustments and step increases.
- **Administrative Expenses** The Administrative Expenses decrease is a result of reducing the miscellaneous supplies budget to align with previous years' actual spending.
- **Professional Services** The Professional Services increase is due to greater costs for annual training.
- **Utilities** The decrease in Utilities expense is the result of a reduction in the stipend for mobile devices and a lower number of devices used within the service center.
- **Operating Services/Expenses** The Operating Services/Expenses increase is attributable to additional security staffing for areas throughout the MSP campus.
- **Maintenance** The Maintenance reduction is a result of eliminating a one-time purchase that was completed in 2018 and a decreased need for squad replacement supplies in 2019.
- **Other** The decrease in Other expense is a result of eliminating a one-time equipment purchase in 2018.

### 2018 SERVICE CENTER OBJECTIVE RESULTS

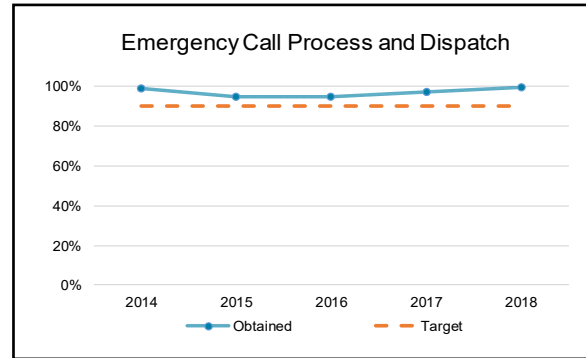
- Objective:** Participate in the planning, training, and execution of MSP's tri-annual emergency drill; exercise the Continuity of Operations Plan for the Emergency Communications Center; continue to work with the MSP Emergency Manager on the development of evacuation plans for both terminals; and sponsor training for general airport staff on personal and airport safety and security
- Organizational Strategic Goal:** Keep our airports safe and secure
- Organizational Strategic Objective:** Engage, support, and expand emergency preparedness and response training for the airport community
- Results:** After completing the other objectives for 2018, department leadership met and reviewed evacuation plans, and provided additional guidance to help finalize the plans.

**2019 SERVICE CENTER OBJECTIVE**

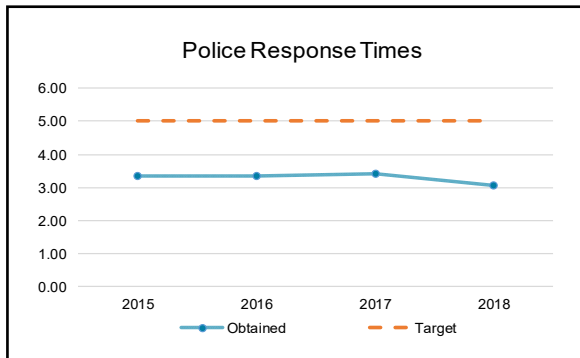
<b>Objective:</b>	Continue to mitigate potential security vulnerabilities through enhanced employee screening processes and reduced access points to increase airport safety/security
<b>Organizational Strategic Goal:</b>	Safety, security and preparedness
<b>Organizational Strategic Objective:</b>	Keep our airports safe and secure

**SERVICE CENTER PERFORMANCE MEASURES**

Percentage of 911 calls answered in 10 seconds or fewer, per year



Percentage of emergency calls processed and dispatched within 60 seconds, per year



Response times, in minutes, from dispatch to arrival for Priority 1 and Priority 2 calls

## Statistics & Informative Facts

The Statistics and Informative Facts sections are:

1. Historical Operating Revenue/Operating Expense and Facility Comparisons
2. Activity/Operations Statistics
3. National Comparisons
4. Informative Facts about Minnesota

### Historical Operating Revenue/Operating Expense and Facility Comparisons

The table below compares the years 2008 and 2017 and emphasizes the changes that occurred when comparing the percentage in each category to the total. The average annual percentage increase in Total Operating Revenue from 2008 to 2017 of 4.3% is greater than the annual percentage increase in Total Operating Expenses of 3.8% from 2008 to 2017.

HISTORICAL OPERATING REVENUE & OPERATING EXPENSE SUMMARY 2008 VS 2017						
(\$ = 000)						
	2008		2017		2008-2017	Annual
	\$	% of Total	\$	% of Total	Change	% Change
<b>Operating Revenue</b>						
Airline Rates & Charges	\$ 87,244	36.1%	\$ 113,056	31.9%	\$ 25,812	2.9%
Concessions	112,230	46.5%	172,476	48.7%	60,246	4.9%
Rentals/Fees	28,763	11.9%	49,970	14.1%	21,207	6.3%
Utilities & Other Revenue	13,182	5.5%	18,442	5.2%	5,260	3.8%
<b>Total Operating Revenue</b>	<b>\$ 241,419</b>	<b>100.0%</b>	<b>\$ 353,944</b>	<b>100.0%</b>	<b>\$ 112,525</b>	<b>4.3%</b>
<b>Operating Expenses</b>						
Personnel	\$ 59,811	47.2%	\$ 81,313	45.9%	\$ 21,502	3.5%
Administrative Expenses	1,298	1.0%	1,993	1.1%	695	4.9%
Professional Services	4,161	3.3%	6,151	3.5%	1,990	4.4%
Utilities	18,089	14.3%	19,619	11.1%	1,530	0.9%
Operating Services/Expenses	17,540	13.8%	26,073	14.7%	8,533	4.5%
Maintenance	22,140	17.5%	36,293	20.5%	14,153	5.6%
Other	3,696	2.9%	5,610	3.2%	1,914	4.7%
<b>Total Operating Expenses</b>	<b>\$ 126,735</b>	<b>100.0%</b>	<b>\$ 177,052</b>	<b>100.0%</b>	<b>50,317</b>	<b>3.8%</b>
(excludes depreciation and noise amortization)						
<b>Operating Income (Loss)</b>	<b>\$ 114,684</b>		<b>\$ 176,892</b>		<b>\$ 62,208</b>	<b>4.9%</b>
(excludes non operating)						

### Operating Revenue

In 2008, a major upgrade in the financial software program provided an opportunity to improve revenue reporting. The following explanations for the changes in revenue are general in the categories represented. Changes in revenue are as follows:

- The average annual percentage increase for Airline Rates and Charges is 2.9% between the years of 2008 and 2017. This is due in part to landing fees and expanded terminal facilities necessary to accommodate the growth in passenger activity between 2008 and 2017. Landing fees are calculated on a breakeven basis with revenue and expense being equal. The increase between 2008 and 2017 also results from changes in the 2007 Amendment to the Airline Use Agreement and new facilities that have become operational.
- The Concessions category increase of 4.9% resulted from increased auto parking fees and new revenue from transportation network companies. In addition, changes/renewals to auto rental contracts and the wide variety of new and improved concessions in the terminal buildings operated by various firms increased revenue.
- The average annual percentage increase for Rentals/Fees is 6.3% between the years of 2008 and 2017. This growth is attributable to increased building rentals, including the Federal Express and UPS building/facilities and additional hangar and lot rent at Reliever Airports.

- In Utilities & Other Revenue, the annual average percentage increase is 3.8%. Concession Utility revenue and Maintenance Cleaning Distribution fees have grown with the expansion of facilities and concession stores. Climbing miscellaneous revenue and reimbursed expenses played a part in the increase.

## Operating Expenses

Expense changes are as follows:

- Personnel expenses increased from 2008 to 2017 by \$21.5 million. This equates to an average annual increase of 3.5%. Full Time Equivalents (FTEs) in 2008 were at 565 while FTE positions in 2017 were at 613. This is a direct result of Terminal 1-Lindbergh and Terminal 2-Humphrey expansions as well as the addition of a number of other facilities. Information Technology staff has increased substantially in recent years to stay ahead of new and emerging technology. In addition, more fire and police FTEs have been hired for emergencies and safety throughout the campus.
- Administrative Expenses had an average annual increase of 4.9%, resulting from the higher costs related to business-related travel expenses and computer software for the growing technology needs of the MAC's airports system.
- Professional Services increased 4.4% when comparing 2008 actual expenses to the total expenses for 2017. The majority of the increase relates to consulting for technology requirements, general legal service and construction and environmental engineering.
- Utilities increased 0.9% between 2008 and 2017, reflecting the addition of facilities and the higher costs of natural gas and electricity.
- Operating Services increased 4.5% between the years 2008 and 2017 due to additional contracts. This included the implementation of porter service in baggage claim, management of shuttle buses, management queue lines and increases in security and other services requested by airlines.
- Maintenance increased 5.6% between 2008 and 2017 due to additional facilities and runway surfaces. Contracted maintenance also increased for building mechanical areas including automated people movers, elevators, escalators and moving walks.
- Other Expenses increased 4.7%, primarily the result of increasing costs for minor assets such as computers annualized between the years 2008 and 2017.

The chart below compares the development and expansion of the major facilities at MSP between 2009 and 2018. The significance of this growth affects 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 the MAC are impacted by changes in facilities.

<b>Facility Expansion</b>				
<b>Terminal 1-Lindbergh and Terminal 2-Humphrey</b>				
	2009	2018	Increase	% Increase
<b>Terminal 1-Lindbergh</b>				
Terminal Square Footage	2,838,242	2,841,143	2,901	0.1%
Number of Gates (Aircraft Loading Positions)	117	104	-13	-11.1%
Ramp Lineal Footage	11,302	11,001	-301	-2.7%
<b>Terminal 2-Humphrey</b>				
Terminal Square Footage	399,503	626,165	226,662	56.7%
Number of Gates	10	14	4	40.0%
<b>Parking (All Facilities)</b>	25,532	23,364	-2,168	-8.5%

The following table identifies major new facilities completed since 2009.

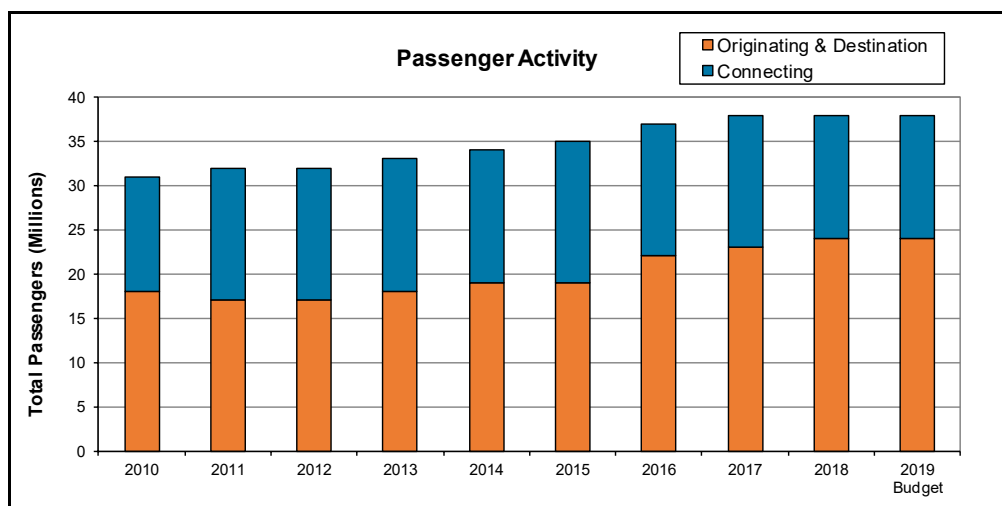
Major New Facilities Completed 2009 through 2018			
New Facilities	Closing Date	New Facilities	Closing Date
Runway 12L/30R Reconstruction - Segment 2	2009	2014 Pavement Rehabilitation-Aprons	2014
North/South Runway-Bloomington Land Acquisition	2009	Terminal 1-Lindbergh Checked Baggage Inspection System	2014
HHH Terminal Parking Facility Expansion	2009	Terminal 1-Lindbergh Bag Claim Fire Protection System	2014
St. Paul Downtown Airport - Flood Protection: Perimeter Dike	2009	Terminal 2-Humphrey Auto Rental Facility	2014
Lindbergh Sprinkle System - Phase 3	2009	2012 iMSN Projects (CCTV) Phase 1&2, Camera Replacements	2014
MUFIDS Phase 2	2010	Solar Panels on Blue/Red Parking Ramp	2015
Lindbergh Terminal Carpet	2010	Terminal 1-Lindbergh FIS Expansion Gate 8 Holding Room	2015
HHH Skyway Expansion	2010	2014 Airline Accommodations	2015
Flying Cloud Airport -Runway 10R/289L Extension	2010	2014 iMSN-CCTV Improvements	2015
2008/2009 Part 150 Noise Sound Insulation Program	2010	2015 Terminal 1 Modular Cooling Tower Installment	2015
Concourse G Expansion Site Preparation	2011	Terminal 2-Humphrey Checked Baggage Inspection System	2016
Taxiway C Extension to HHH Remote	2011	Terminal 2-Humphrey Gate Expansion	2016
Lindbergh Sprinkle System - Phase 4	2011	Terminal 1-Lindbergh Checkpoint Consolidation	2016
FAA Building Upgrades	2011	Terminal 1-Lindbergh 2014/2015 Restrooms Upgrade	2016
2008/2012 Part 150 Noise Sound Insulation Program	2012	Solar Panels on Terminal 2-Humphrey Parking Ramp	2016
Terminal 2-Humphrey Phase A Security Checkpoint	2012	2015 Pavement Rehabilitation-Aprons	2016
Terminal 2-Humphrey Fuel Facility Relocation	2012	2016 Passenger Boarding Bridge-Phase 2	2017
Terminal 1-Lindbergh Folded Plate Drain Roof Repair	2012	2016 Terminal 1-Lindbergh Restrooms Upgrade	2017
Perimeter Fence Security Improvement	2012	2016 iMSN (CCTV) Improvements	2017
Terminal 1-Lindbergh Jet Bridge Replacements	2012	2016 Concourse A/B Pre-Conditioned Air Upgrades	2017
Terminal 1-Lindbergh South Baggage Screening – Phase 2	2013	2016 Food Court Service Elevator Replacement	2017
IT Data Center Facility – Phase 1 & 2	2013	2017 Automated Security Lanes (ASLs)	2017
Terminal 2-Humphrey Apron Expansion	2013	2017 Parking Structure Rehabilitation	2017
I-494/34 <sup>th</sup> Ave. Interchange (Diverging Diamond)	2013	2016 Vertical Circulation Improvements	2018
Concourse G Roof Replacements	2013	2016 Concourse A-G Connector Bridge Phase 1	2018
North Side Storm Sewer (Ponds 3 & 4)	2013	2016 Mezz. HVAC/AHU Replacements & Penthouses	2018
Post Road Fuel Farm Fire Protection Improvement	2013	2018 Taxiway S Reconstruction	2018
Conveyance System Upgrades	2013	2017 Concourse G Rehabilitation	2018

Note: Lindbergh=Terminal 1-Lindbergh    HHH=Terminal 2-Humphrey

### Activity/Operations Statistics

This section contains the historical and forecasted levels of activity for the period 2010 through 2019 in the MAC's system of airports.

The below chart illustrates passenger activity at MSP International Airport during the period 2010 to projected 2019.



The following highlights recent activity affecting passenger activity.

- 2013-2017 - Increase in passengers due to a strengthening economy after the recession in 2009
- 2019 - Budget projects an increase in passenger activity of 1% over 2018 actual based upon airline projections and a slowing economy

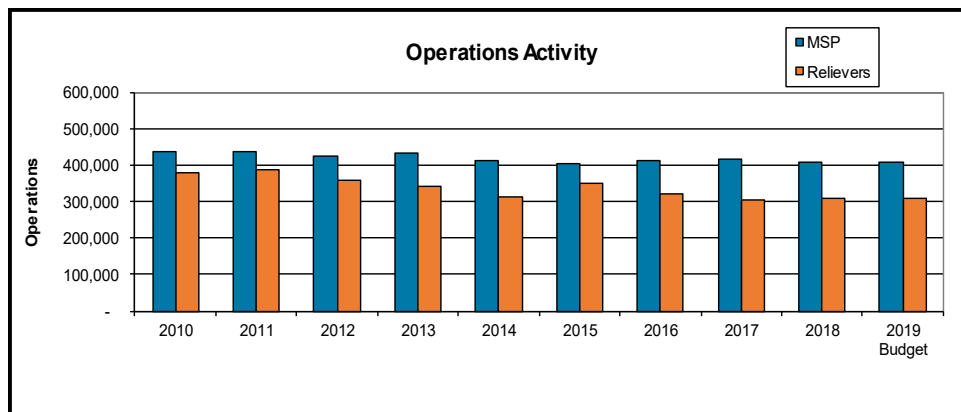
Estimates of passenger activity form an important element in forecasting revenue each year. The following chart represents actual passenger statistics for 2015 through 2018, with an estimate for the 2019 budget.

Passenger Type 2015 to 2019					
Passenger Type	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Budget
Enplaned	9,791,389	10,500,930	11,032,337	11,523,760	11,638,998
Connecting	15,878,034	15,319,644	14,705,634	13,717,296	13,854,469
Deplaned	9,825,002	11,684,947	12,296,370	12,796,325	12,924,288
<b>Total Passengers</b>	<b>35,494,425</b>	<b>37,505,521</b>	<b>38,034,341</b>	<b>38,037,381</b>	<b>38,417,755</b>

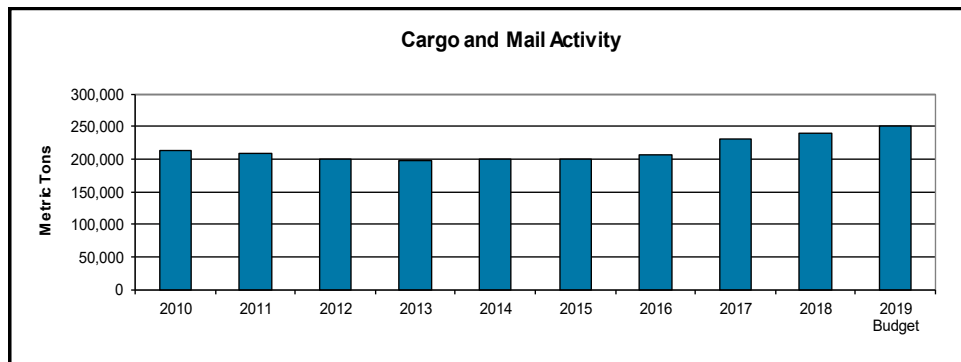
The following categories are each used in a specific manner when calculating revenue:

- 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/conveyor, porter services and queue line management percentages for airline billing.

The following Operations Activity chart depicts the total operations activity for both MSP and the Reliever Airports. Airlines continue to manage their fleets to operate close to capacity and use larger aircraft on certain routes. This contributes to the number of operations forecast for 2019 being substantially similar to the number of operations conducted in 2018.



The Cargo and Mail Activity chart shows a decrease in activity from 2010 to 2013, resulting from the shipping industry turning to trucks or rail for cost savings and security, airline bankruptcy issues and the economy. Cargo and mail delivery is expected to continue growing in 2019 due to the increased shipping activity associated with consumer online shopping.

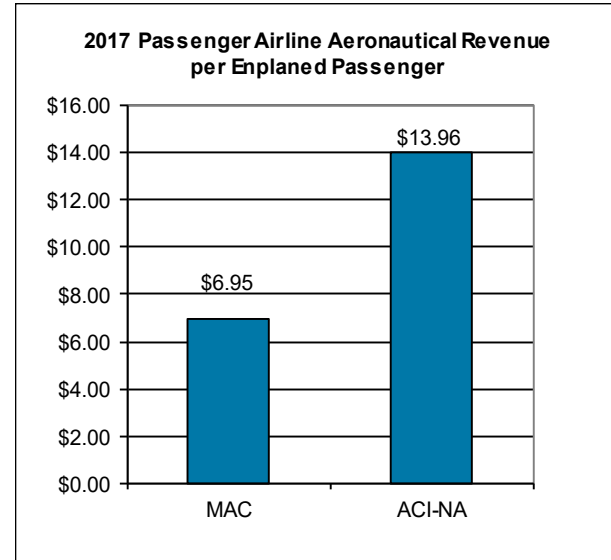
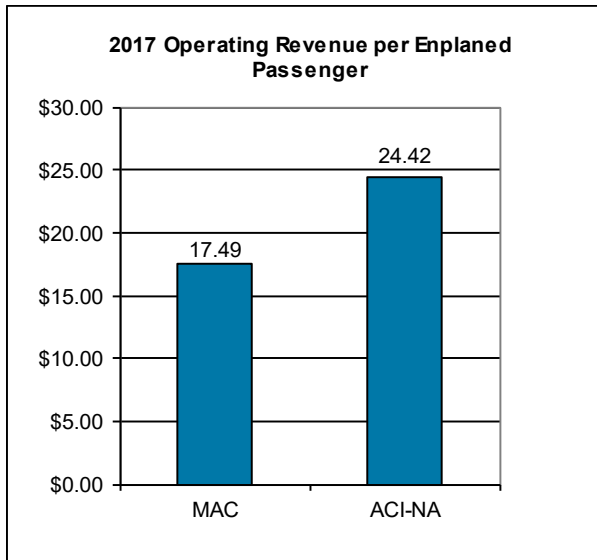


## National Comparisons

The national comparisons below will be in revenue and other areas. The information presented is from the most recent National Airport Survey prepared by Airports Council International-North America (ACI-NA) and provides 2017 data. This survey grouped hub airports into three categories: large, medium and small; MSP is a large hub airport.

## Industry Revenue Comparisons

Illustrated below are Revenue per Enplaned Passenger and Airline Aeronautical Revenue. The following charts compare the MAC's revenue with ACI-NA survey results for 2017:



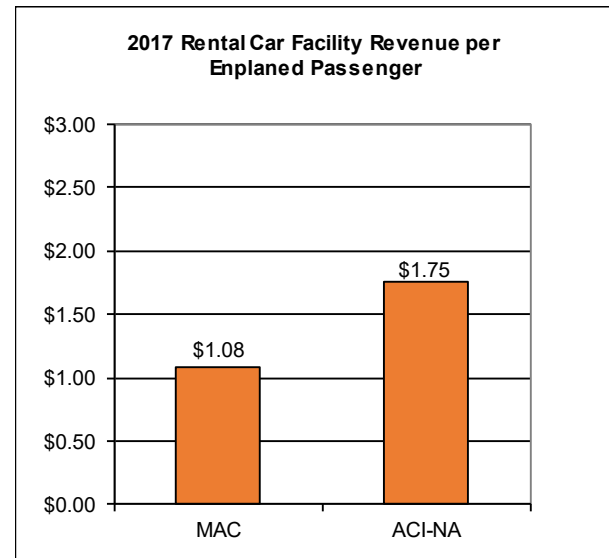
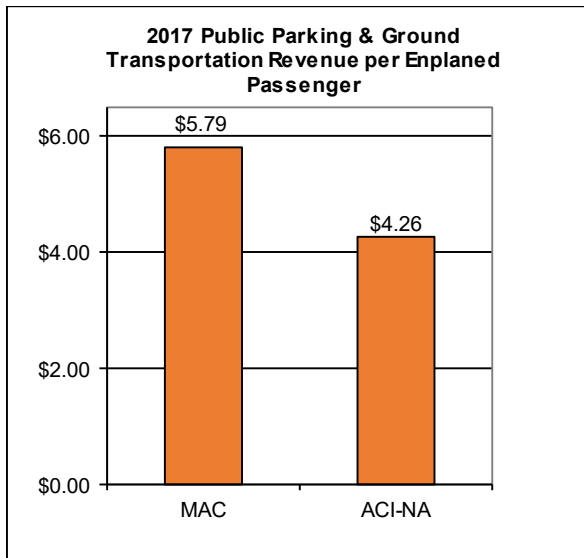
Operating Revenue per Enplaned Passenger compares the MAC's revenue of \$17.49 per enplaned passenger to other large hub airports of \$24.42. The difference is primarily attributable to the MAC's lower operating costs, as these costs are used to calculate airline rates and charges.

Passenger Airline Aeronautical Revenue per Enplaned Passenger in the above chart measures how much airlines pay the airport on a per enplaned passenger basis. Cargo revenue is not included. The MAC's ratio is less than the median by \$7.01/enplanement. The primary reason is the MAC's lower operating costs. In addition, the Third Amendment for the airlines established a concessions credit, lowering the airline cost. Airline bankruptcies led to amending the Airline Use Agreement. Rate methodology, lease adjustments and other calculations changed in the amended agreement. See Operating Budget Revenue section for further details.

The following table presents historical concession revenues from 2010 to 2017, estimates for 2018 and budgeted revenue for 2019. The largest categories of concession revenue are Parking, Rental Car and Ground Transportation. See Operating Budget Revenue for additional details.

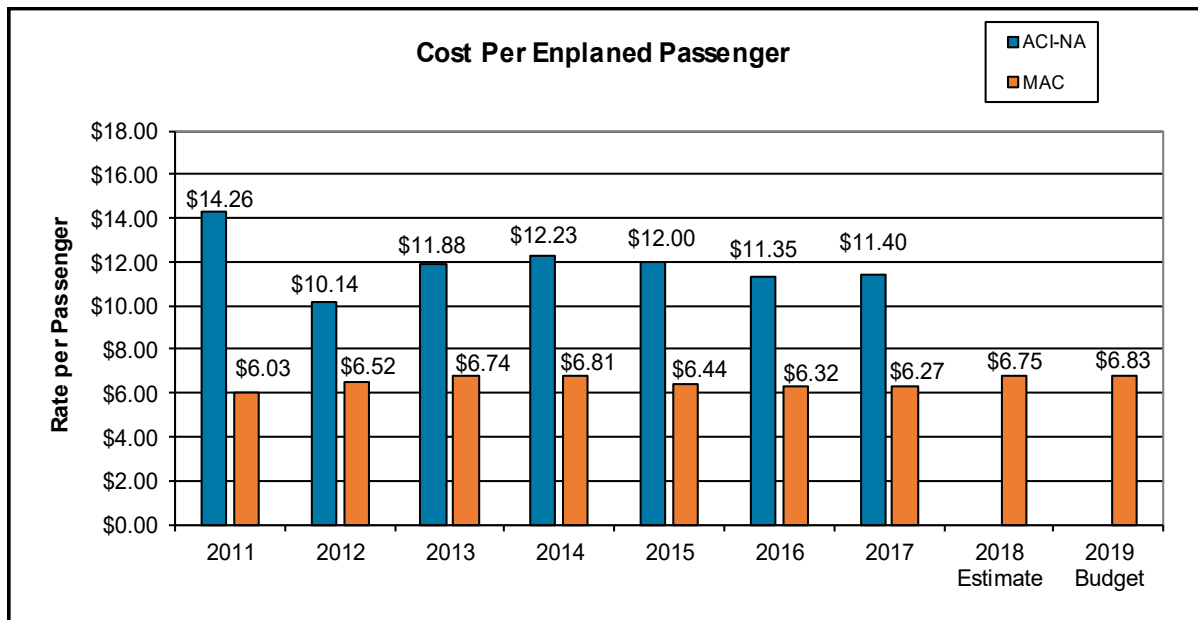
Year	Parking	Rental Car & Ground Trans.	Food & Beverage	News & Retail	Other	Total
2010	66,151	19,616	12,957	8,028	5,752	112,504
2011	69,190	22,246	13,398	8,373	5,585	118,792
2012	75,550	22,574	13,808	8,607	5,860	126,399
2013	78,983	23,133	14,743	8,489	5,973	131,321
2014	83,575	23,751	16,128	8,245	4,745	136,444
2015	90,906	24,694	16,836	8,191	6,266	146,893
2016	94,888	27,783	21,044	8,702	8,274	160,691
2017	99,332	30,907	23,137	10,171	8,929	172,476
2018 Estimate	97,000	32,400	23,830	10,540	9,180	172,950
2019 Budget	104,348	33,596	23,449	10,350	9,316	181,059

The following two charts represent MSP's comparison of revenue per enplaned passenger with other large hub airports for Parking and Ground Transportation and Rental Car Facility. In 2017, MSP was higher than the national average for parking and ground transportation by \$1.53. However, MSP is lower than average for generating revenue from rental car facilities by \$0.67.



### Industry Comparisons – Other

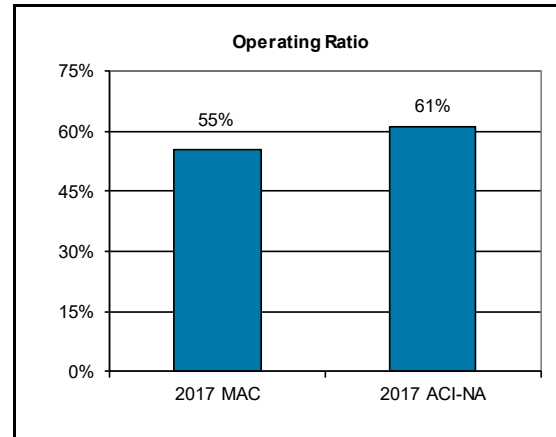
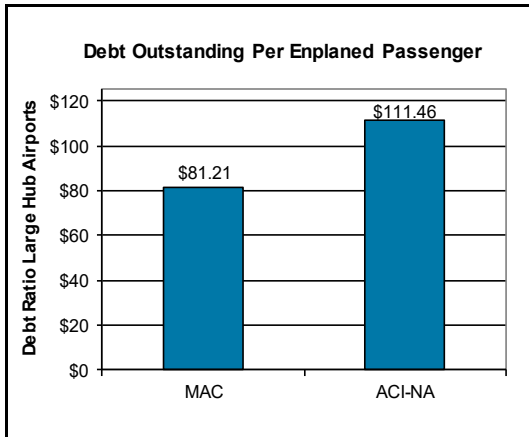
The following section compares the MAC to industry performance ratios. These ratios are based on 2017 industry financial and operating data, the most recent available and is used for purposes of comparison. All MAC data are based upon actual 2017 information.



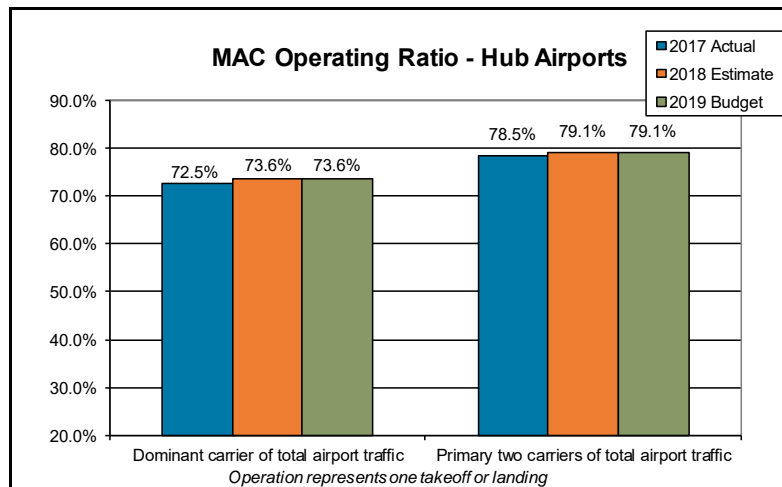
The previous chart, Cost per Enplaned Passenger, compares historical operating expenses per enplaned passenger for airlines at MSP to the average cost as indicated in the ACI-NA report. The rate includes airline costs for airfield, ramp, terminal buildings and international facilities. The MAC's 2017 expense of \$6.27 per passenger is in the lower third of large hub airports. It is less than the national average of \$11.40 for large hub airports in 2017 and is attributable to the MAC's lower operating costs.

Debt Outstanding per Enplaned Passenger is calculated by dividing total outstanding General Airport Revenue Bond (GARB) debt by the number of enplaned passengers. The chart below uses the average for Debt per Enplaned Passenger as published by the ACI-NA for large hub airports. Due to bond refundings, the MAC's ratio of debt per enplaned passenger is below the industry average.

The 2017 Operating Ratio is calculated by dividing total operating expenses, excluding depreciation, by total operating revenues. As shown below, the MAC's operating ratio indicates that operating expenses are a slightly higher percentage of the total operating revenue than the national average. The Commission strives to keep costs low.



The dominant carrier at MSP is Delta Air Lines. As shown below, the 2019 budget is projecting no change in the Delta percentages from the 2018 estimate. The second largest carrier in 2017 was American Airlines with 5.5% of total airport traffic.



### **Informative Facts about Minnesota**

Minnesota is a dynamic and flourishing state for a variety of reasons. The state's culture promotes financial prosperity, as evidenced by the nineteen Fortune 500 companies located within Minnesota. Education rates in the state exceed the national average. This, in turn, reduces the state unemployment rate, increases per capita income and provides the opportunity to choose from many large employers for employment. The Minneapolis-St. Paul International Airport is the only large hub airport serving scheduled air commerce in the Minneapolis-St. Paul-Bloomington/MN-WI Metropolitan Statistical Area (MSA). Furthermore, the Minneapolis-St. Paul International Airport ranks among the top airports in key areas.

To gain a better understanding of Minnesota, the following information is presented in this section.

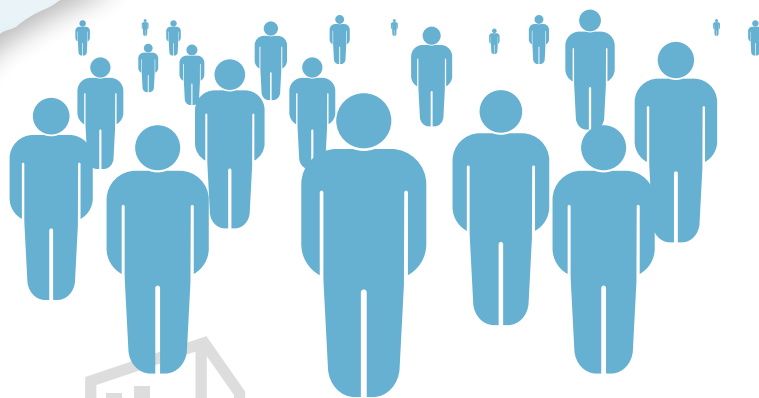
- Population
- Employers
- Employment
- Income and Education
- Tourism and Attractions
- Interesting Facts about Minneapolis-St Paul International Airport



# Minnesota

AT A  
GLANCE

POPULATION  
**5.6** MILLION



FORTUNE 500 COMPANIES

**19** generating  
\$542.7 billion  
in revenue

SMALL BUSINESSES

**513K**



**FARMS**  
**73,200**

PER CAPITA  
INCOME

**\$54,359**



**35%**  
of adults hold a  
Bachelors Degree  
or higher

**93%**  
of adults hold a  
High School Diploma  
or higher



## Population

Minnesota's population continues to grow each year. The table below presents the population for the United States, Minnesota and the MSA. The MSA is composed of 11 counties located in the east-central region of the state and two counties in the western portion of Wisconsin. According to the U.S. Census Bureau, Minnesota is the 22<sup>nd</sup> most populous state in the nation, with a 5.8% increase since 2010. The Minnesota Department of Natural Resources website states a population density of 66.6 persons per square mile. Much of the recent population growth is attributable to immigration, births and new residents. According to the U.S. Census Bureau, the state population consist of 82.1% White Non-Hispanic, 5.3% African American, 5.1% Hispanic or Latino and 4.1% Asian Non-Hispanic people, with the remaining 3.4% of the population representing a variety of other races. As indicated in the table below, approximately 65% of Minnesota's population lives in the MSA.

POPULATION As of December 31 (In thousands)					
Calendar Year	United States	Minnesota	Minneapolis St. Paul MSA	MSA** as % of US	MSA as % of Minnesota
2007	301,580	5,198	3,208	1.1%	61.7%
2008	304,375	5,231	3,238	1.1%	61.9%
2009	307,007	5,266	3,270	1.1%	62.1%
2010	309,326	5,303	3,349	1.1%	63.2%
2011	311,583	5,347	3,389	1.1%	63.4%
2012	313,874	5,380	3,422	1.1%	63.6%
2013	316,129	5,420	3,459	1.1%	63.8%
2014	318,857	5,457	3,428	1.1%	62.8%
2015	322,871	5,490	3,495	1.1%	63.7%
2016	324,304	5,520	3,551	1.1%	64.3%
2017	326,971	5,577	3,601	1.1%	64.6%
2018	328,227	5,611	§	§	§

Source: US Department of Commerce, Bureau of the Census accessed 1/29/19  
 \*\*MSA=Metropolitan Statistical Area, Minneapolis-St. Paul-Bloomington, MN-WI Metro Area  
 § Data not available at time of printing

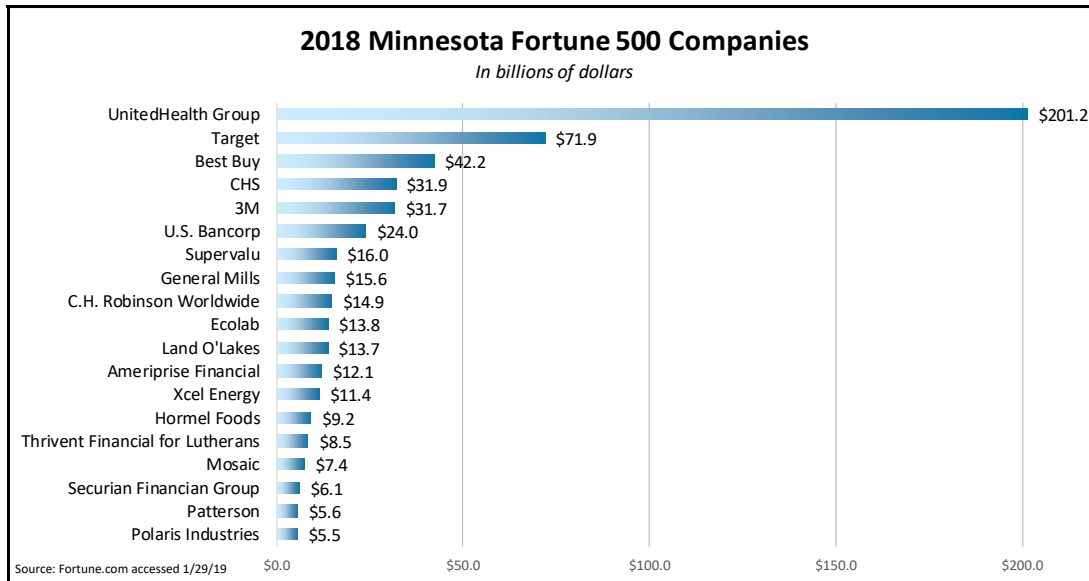
## Employers

Many large, prominent companies are based in Minnesota and reap the benefits of the state's talent, innovation and trade. In 2018, Mayo Clinic was at the top of the Largest Minnesota Employer listing with 41,691 in-state employees. State and Federal Governments are close behind in the ranking with 40,293 and 34,427 Minnesota employees, respectively. Target Corporation is still holding strong as one of the top employers and Delta Air Lines, Inc. is a big player with 8,000 in-state employees.

Minnesota Top 20 largest Employers Ranked by instate employees		
Employer	Number of Minnesota Employees	Industry
Mayo Clinic	41,691	Health Services
State of Minnesota	40,293	Governmental Services
US Federal Government	34,427	Governmental Services
Fairview Health Services	33,350	Health Services
Allina Health System	28,465	Health Services
Target Corporation	27,000	Retail
University of Minnesota	26,900	Education
HealthPartners Inc.	24,310	Health Services
Wells Fargo Minnesota	19,000	Financial Services
UnitedHealth Group	18,000	Health Services
Minnesota State Colleges & Universities	16,184	Education
3M Company	15,000	Manufacturing
United States Postal Service	13,320	Postal Services
U.S. Bancorp	13,000	Financial Services
CentraCare Health	12,523	Health Services
Essentia Health	10,998	Health Services
Medtronic	10,000	Health Services
Supervalu Inc	9,385	Retail
Hennepin County	9,139	Governmental Services
Hormel Foods Corp.	8,831	Food Manufacturing

Source: Minneapolis/St. Paul Business Journal

The companies on the Fortune 500 list total \$12.8 trillion in revenues and 28.2 million worldwide employees. Minnesota is home to nineteen Fortune 500 companies, representing a wide variety of industries including health services, financial services, retail sales, manufacturing, distribution and food processing. These companies brought in \$542.7 billion in revenue in 2018. The following chart recognizes the 2018 Minnesota Fortune 500 Companies ranked by revenue. UnitedHealth Group tops the chart with \$201.2 billion in revenue, followed by Target Corporation with \$71.9 billion. Best Buy and CHS are next in line with \$42.2 and \$31.9 billion, respectively. In addition, Minnesota is home to more than 513,000 small businesses and 73,200 farms.



## Employment

The civilian unemployment table reveals that Minnesota and the MSA have historically low unemployment rates. The Minnesota rate has been below the national rate for all years shown except for 2007 and 2008. During those years, a recession from poor housing, credit and financial markets led to the highest unemployment rate in Minnesota in 22 years. However, the unemployment rate for the MSA was lower than the national unemployment rate in every year shown. According to the Bureau of Labor Statistics, Minnesota's current 2.8% unemployment rate was the 7<sup>th</sup> lowest in the nation in December of 2018. In 2010, the unemployment rate began to decline in Minnesota and the MSA, but it did not decline for the United States until the following year. Unemployment continues to remain low for the United States, Minnesota and the MSA.

The Minnesota Department of Employment and Economic Development (DEED) statistics show that the state continues to add jobs annually. According to DEED projections, Minnesota will reach almost 3.3 million jobs by 2026. With the Fortune 500 companies, the large number of employers in the state and new jobs added annually, Minnesota remains economically strong and vibrant.

Civilian Unemployment Rate			
Calendar Year	United States	Minnesota	Minneapolis-St Paul MSA**
2004	5.5%	4.4%	4.4%
2005	5.1%	4.2%	3.9%
2006	4.6%	4.4%	3.8%
*2007	4.6%	4.8%	4.0%
*2008	5.8%	6.5%	5.1%
2009	9.3%	7.7%	7.9%
2010	9.6%	7.0%	7.3%
2011	8.9%	5.8%	6.3%
2012	8.1%	5.4%	5.5%
2013	7.4%	4.7%	4.8%
2014	6.2%	3.6%	3.0%
2015	5.0%	3.5%	2.7%
2016	4.7%	3.8%	3.0%
2017	4.1%	3.1%	2.4%
2018	3.9%	2.8%	2.8%

\*Indicates national recession during all or part of the year  
 \*\*The MSA consists of 13 surrounding counties.  
 Sources: US Department of Labor, Bureau of Labor Statistics accessed 1/29/17,  
 Minnesota Department of Employment and Economic Development accessed 1/29/17

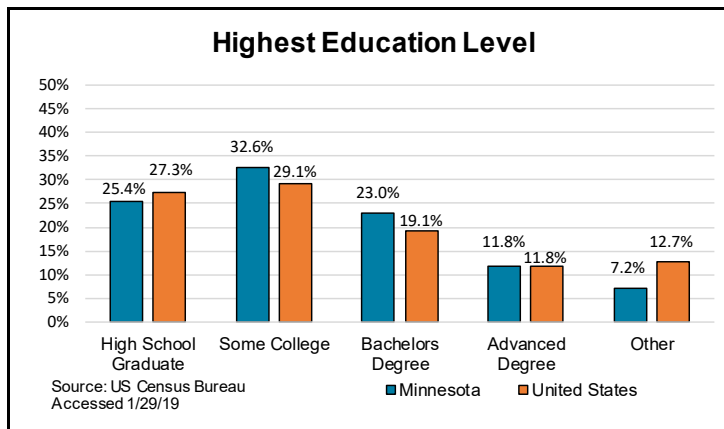
## Income and Education

In 2017, Minnesota ranked 14<sup>th</sup> in the U.S. for per capita personal income. The Minnesota rate increased 3.1% from 2016 to 2017, compared to the national average of 3.6%. Minnesota's \$54,359 per capita personal income was 105.3% of the national average of \$51,640 per the Bureau of Economic Analysis. For every year listed in the following personal income chart, the MSA's per capita personal income has been higher than the per capita personal income amount for both the nation and the state. This higher per capita personal income leads to an average higher discretionary disposable income than others throughout Minnesota and the nation. This relates positively to the demand for air travel.

The following two charts depict comparisons of per capita personal income and the highest attained education levels.

Year	Minnesota	United States	MSA
2008	\$ 42,934	\$ 40,904	\$ 48,207
2009	40,860	39,284	44,977
2010	42,479	40,545	46,498
2011	45,162	42,727	48,657
2012	47,666	44,582	50,260
2013	47,695	44,826	51,183
2014	49,938	47,025	53,166
2015	51,929	48,940	55,599
2016	52,735	49,831	56,723
2017	54,359	51,640	59,736

Source: Bureau of Economic Analysis, US Department of Commerce accessed 1/29/19



Education is important to Minnesotans. As depicted in the education chart above, the state has a well-educated workforce. For adults 25 years of age and over, the percentage of Minnesotans with bachelor and advanced degrees is 3.9% greater than the percentage of the United States population as a whole. Including high school graduates and people with some college education, Minnesota exceeds the nation by 5.5%. Post-secondary education opportunities in the MSA include a variety of institutions: public universities, private colleges and universities, community colleges, technical colleges and post-graduate schools. In addition, several proprietary schools offer trade and technical training in the MSA. These educational opportunities help situate Minnesota in a competitive economic position.

## Tourism and Attractions

The Minneapolis-St Paul area has numerous tourist attractions and local activities:

- The nation's largest shopping center and entertainment complex, the Mall of America receives 40 million visitors per year, 40% of whom are tourists. The 4.2 million square foot facility generates \$2 billion of annual economic activity.
- Nationally renowned cultural organizations include the Guthrie Theater, Children's Theater Company, Minnesota Orchestra, St. Paul Chamber Orchestra, Minnesota Opera, Walker Art Center and Minneapolis Institute of Art.
- Broadway shows and other cultural events are hosted by the State Theater, Orpheum Theatre and Ordway Theatre.
- Six major teams play professional sports in the Twin Cities: the Minnesota Twins (baseball), Minnesota Vikings (football), Minnesota Timberwolves (men's basketball), Minnesota Lynx (women's basketball), Minnesota United (men's soccer) and Minnesota Wild (hockey). In 2016, the brand new U.S. Bank Stadium in downtown Minneapolis hosted its first Minnesota Vikings game. It also hosted the NFL's Super Bowl LII game in 2018 and will host the NCAA Men's Final Four basketball tournament in 2019. Minnesota United will open the 2019 season at the new Allianz Field in St. Paul.
- University of Minnesota Gophers participate in the Big Ten Conference in a number of sports including basketball, hockey, football and soccer.
- Minnesota boasts more than 10,000 lakes and 136,000 acres of parks, trails and wildlife management areas. The state is renowned for its wide variety of outdoor activities, including sailing, fishing, skiing and hunting.
- Popular local activities in Minnesota include the following annual events: Minnesota State Fair, Minneapolis Aquatennial and St. Paul Winter Carnival.

## Interesting Facts about the Metropolitan Airports Commission

### Historical Facts



***Arial View of Snelling Speedway***

The Snelling Speedway auto racing venue was an unsuccessful venture. In 1914, the Minneapolis Aero Club acquired the property, which is now home to the Minneapolis-St. Paul International Airport.

The first hangar was built on the speedway property in 1920. The wooden structure was constructed to accommodate airmail service. The 160-acre property became known as Speedway Field.

In 1926, Northwest Airways won the government's airmail contract and acquired the hangar.



***First U.S. Air Mail Building on Speedway Field***

In 1923, Speedway Field was re-named Wold-Chamberlain Field in honor of two local pilots, Ernest Wold and Cyrus Chamberlain, who lost their lives in combat during World War I.



***Dedication of Wold-Chamberlain Field on July 10, 1923***



***St. Paul Downtown Airport Terminal Building in 1939***

The St. Paul Downtown Airport remains one of the six reliever airports in the Metropolitan Airports Commission's system. Formerly known as Holman Field, the airport is now the metro area's primary facility for private business aviation. A floodwall was installed in 2008 to protect the facility against river flooding.

**Current MSP Information**

- The MSP Airport Surveillance radar sweeps the sky once every 4.8 seconds.
- Runway 17-35 and its taxiways contain enough concrete to build a sidewalk from Minneapolis to New Orleans.
- Runway 12R-30L is 10,000 feet long by 200 feet wide, which equates to two million square feet of concrete. The MAC runway snow removal team can clear the runway of snow in fewer than 10 minutes.
- MSP operates one of the nation's most extensive airport noise mitigation programs. Since 1992, the Commission has spent approximately \$488 million on noise mitigation programs, including insulating over 18,600 single-family and multi-family homes and 19 schools.
- MSP encompasses approximately 3,300 acres. Turf areas, accounting for more than one-third of the campus, require extensive maintenance by the Field Maintenance crew.

**MSP 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 and from MSP or the average regional personal income may affect the level of discretionary travel from MSP.

2017 Ranking of US Airports					
(For the 12 Months ended December 31, 2017)					
Total Passengers <sup>1</sup>			Total Cargo <sup>2</sup>		
(in thousands)			(Freight and mail, in thousands of metric tons)		
Rank	Airport	Passengers	Rank	Airport	Cargo
1	Atlanta (ATL)	103,903	1	Memphis (MEM)	4,337
2	Los Angeles (LA )	84,558	2	Anchorage (ANC)	2,713
3	Chicago (ORD)	79,828	3	Louisville (SDF)	2,603
4	Dallas/Fort Worth (DFW)	67,092	4	Los Angeles (LA )	2,158
5	Denver (DEN)	61,379	5	Miami (MIA)	2,072
6	New York (JF )	59,393	6	Chicago (ORD)	1,722
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15	Newark (EWR)	43,234	25	Denver (DEN)	265
16	Houston (IAH)	40,696	26	Portland (PD )	237
17	Boston (BOS)	38,455	27	Minneapolis (MSP)	229
18	Minneapolis (MSP)	38,034	28	Orlando (MCO)	220
19	Detroit (DTW)	34,701	29	Detroit (DTW)	216
20	Fort Lauderdale (FLL)	32,511	30	Rockford (RFD)	196

<sup>1</sup> arriving and departing passengers and direct transit passengers counted once

<sup>2</sup> loaded and unloaded freight and mail in metric ton

Source: ACI 2017 North American Airport Traffic Summary, accessed 1/29/19

<sup>1</sup> arriving and departing passengers and direct transit passengers counted once

<sup>2</sup> loaded and unloaded freight and mail in metric ton

Source: ACI 2017 North American Airport Traffic Summary, accessed 1/29/19

MSP is one of the highest activity airports in the United States. Approximately 35% of the passengers are connecting while the other 65% are origin-destination. In 2002, MSP held 9<sup>th</sup> place for U.S. airport passenger activity. Several airline bankruptcies and mergers subsequently occurred, as well as a general decline in air travel. This resulted in a drop in rank to 18<sup>th</sup> place, where MSP stood in 2017. This was a slight drop from 17<sup>th</sup> place, where MSP had held steady for several years.

When ranked by total cargo, MSP placed 27<sup>th</sup> in the U.S. for 2017. MSP improved from the 2016 ranking of 29<sup>th</sup> place. MSP increased by a greater weight than either Orlando or Detroit, both of which fell below

MSP. The Amazon Fulfillment Center located in Minnesota was open for a full year for the first time in 2017, which contributed to the increase in cargo at MSP.

The following table indicates which air carriers provide service at MSP. Since January 1, 2017, the airport has added 11 airlines and 45 routes. As of January 1, 2019, MSP was served by 39 air carriers, including 22 U.S. Flag carriers providing scheduled service, ten all-cargo service carriers, and seven foreign-flag carriers. Additionally, 60 of the 167 routes served by the airport are competitive, which means at least two airlines offer scheduled service on the route.

Minneapolis St Paul International Airport Air Carriers Serving the Airport <sup>1</sup> as of January 1, 2019					
U.S. Flag Carriers					
Air Wisconsin*	Boutique Air*	Envoy*	Horizon*	Sun Country*	Southwest*
Air Choice One*	Compass*	ExpressJet*	JetBlue*	Republic Airlines*	Spirit*
Alaska*	Delta*	Frontier*	Mesa*	Sky West*	United*
American*	Endeavor*	Go Jet*	PSA*		
Foreign Flag Carriers					
Air Canada*	Air Georgian*	Condor*	Icelandair*	LM*	Sky Regional*
Air France*					
All Cargo Service					
AB Air*	Bemidji*	FedEx*	alitta*	Suburban	UPS*
Atlas Air Cargo*	CSA Air	IFL	Mountain Air Cargo		

\* Air carriers that are signatory airlines to the Airline Lease Agreement.

<sup>1</sup> Excludes carriers reporting fewer than 1,000 enplaned passengers per annum.

Source: Metropolitan Airports Commission

In addition to the noted air carriers, the Air Force Reserve 934th Tactical Airlift Group, the Marine Air Reserve Training Detachment and the Naval Air Reserve-Twin Cities Center are three branches of the U.S. Armed Forces represented at MSP. The Minnesota Air National Guard 133rd Tactical Airlift Group is also located at MSP.

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## Glossary

**21D: Lake Elmo Airport**

The Lake Elmo Airport is east of St. Paul. It is one of six reliever airports operated by the MAC.

**ACERT: Airport Community Emergency Response Team**

MSP ACERT provides training for basic disaster response skills such as fire safety, light search and rescue, recognizing suspicious behavior, basic first aid and evacuation and shelter-in-place plans.

**accrual basis**

The accrual basis of accounting attempts to record financial transactions during the period in which they occur rather than recording them during the period in which they are paid.

**ACI-NA: Airports Council International-North America**

ACI-NA represents local, regional and state governing bodies that own and operate commercial airports in the United States and Canada.

**ADA: Americans with Disabilities Act**

The ADA prohibits discrimination against people with disabilities in employment, transportation, public accommodation, communications and governmental activities. The ADA also establishes requirements for telecommunications relay services.

**AGIS: Airport Geographic Information System****AHU: air handling unit****ALEC: Airfield Lighting Electrical Center****ALP: Airport Layout Plan****amortization**

Amortization is the systematic allocation of a balance sheet item to expense or revenue on the income statement.

**ANE: Anoka County-Blaine Airport**

Situated in the north metro near the National Sports Center, Anoka County-Blaine Airport is also known as Jane s Field. It is one of six reliever airports operated by the MAC.

**AOA: Airport Operations Area**

Any area of an airport used for landing, takeoff or surface maneuvering of aircraft. The AOA includes runways, taxiways, aprons and other paved or unpaved areas used for the unobstructed movement of aircraft.

**AOC: Airport Operations Center****APD: Airport Police Department****ARFF: Aircraft Rescue Fire Fighting****ASLs: Automated Security Lanes****balanced budget**

In this budget approach, operating revenue is equal to budgeted operating expense plus depreciation.

**bonds**

Bonds are formal promises to pay a specified principal at a future date along with periodic interest on that principal at a specified rate per period.

**budget**

An itemized summary of projected income and expenditure over a specified period.

**capital equipment**

Equipment with a cost of at least \$10,000 will be capitalized and depreciated.

**capital expenditure**

See “capital equipment.”

**capitalized interest**

Interest costs incurred from the commencement date of a capital project through the beneficial occupancy or substantial completion date are capitalized as a project cost.

**CCTV:** closed circuit television

**CDL:** commercial driver's license

**CFC:** customer facility charge

A CFC is an on-airport rental car assessment. The assessment allows the MAC to recover the rental car portion of capital costs associated with the construction of the auto rental/public parking garage adjacent to Terminal 1-Lindbergh, as well as certain maintenance costs related to the auto rental facilities.

**CIP:** Capital Improvement Program

The CIP is a seven-year plan relating to construction projects in the Commission's airport system. The CIP's current budget year includes projects that are reasonably defined for implementation during that year. The next budget year includes projects identified as a need or potential need in that year of the program, but require further study in order to properly determine the scope, feasibility and cost of the project. The final five years consist of projects that appear to be needed during that period. This portion assists in financial planning and meets the requirements of the Metropolitan Council's Investment Framework.

**CLE:** continuing legal education

**CMAA:** Commercial Management and Airline Affairs

**Commission:** Metropolitan Airports Commission

**commercial paper**

A short-term debt obligation sold with maturity dates of 270 days or less.

**concourse**

The long hallway-like structure where loading and unloading of passengers takes place.

**connecting passengers**

Connecting passengers fly to MSP and transfer to another flight in order to reach their final destination.

**Construction Fund**

A special fund where monies are used for capital project expenditures at all Commission facilities.

**CPIT:** Concessions Planning Implementation Team

**CSAC:** Customer Service Action Council

CSAC was created in 1999 in response to the State of Minnesota "quality" initiative. The Commission charged CSAC with leading the MAC's strategic effort to provide world-class, customer-oriented air transportation services at MSP.

**CTX:** Computer Tomography X-Ray

**DBE:** Disadvantaged Business Enterprise

**debt service**

Debt service is an issuer's obligation to repay the principal and interest.

**debt service account**

The MAC is required by law to maintain a debt service account. The balance on hand on October 10<sup>th</sup> of each year must equal all principal and interest due on all Airport Improvement Bonds and General Obligation Revenue Bonds payable through the end of the second following year.

**DEED:** Department of Employment and Economic Development

**defeased**

Bonds are defeased when bond refundings replace old debt with a new debt schedule. Typically, this results in a lower interest rate.

**department**

Departments are usually combinations of service centers. The term is sometimes used interchangeably with the term “service center.”

**depreciation**

This accounting process allocates the cost expiration of tangible plant, property and equipment. The cost is allocated against periodic revenue over the useful life of the asset.

**destination passengers**

Destination passengers arrive at MSP and do not transfer to another flight.

**E1: Enterprise One**

E1 is a software product used by the MAC to handle a variety of administrative and financial functions, including accounting, personnel management, purchasing and lease management.

**EA: Environmental Assessment**

The National Environmental Policy Act requires environmental action prior to beginning an airport development project. Less complex projects in which little to no environmental impact is expected require an Environmental Assessment.

**EAW: Environmental Assessment Worksheet**

EAWS are part of the Minnesota Pollution Control Agency’s environmental review process. The standardized public process begins before the project receives permission to build. It facilitates disclosure of information about the potential environmental effects of a proposed development and ways to avoid or minimize negative effects.

**ECC: Emergency Communications Center****eGIS: Enterprise Geographic Information System**

An Enterprise Geographic Information System provides a common set of geospatial assets for operational and development efficiency.

**EMC: Energy Management Center****encumbered**

Encumbered funds have been committed as payment for goods or services.

**enplaned passengers**

Enplaned passengers are the number of passengers boarding an aircraft, including originating and connecting passengers.

**enterprise fund**

“Enterprise fund” is a governmental accounting term referring to a fund that provides goods or services to the public for a fee, similar to a commercial enterprise. The Commission uses enterprise fund accounting. The Commission’s cost of providing goods or services to the general public on a continuing basis includes expenses and depreciation. These costs are to be financed or recovered primarily through user charges so operating and capital expenses are paid from revenues generated by users.

**EVIDs: Electronic Visual Information Display system**

The Commission operates a variety of EVIDs, including FIDs, MUFIDs, digital directories, LED signs and programmable variable message displays.

**FAA: Federal Aviation Administration**

The FAA’s mission is to provide the safest, most efficient aerospace system in the world. This translates into a variety of roles, including regulating civil aviation; developing and operating a system of air traffic control and navigation; developing and carrying out programs to control environmental effects of civil aviation.

**FAA Regulation Part 150**

This regulation establishes a uniform nationwide system of describing aircraft noise and noise exposure on different communities, describes land-use compatibility for the guidance of local communities and provides technical assistance to airport operators and other governmental agencies to prepare and execute noise compatibility planning.

**F&A:** Finance & Administration**F&A Committee:** Finance & Administration Committee

The F&A Committee is composed of Commissioners meeting on a monthly basis. This Committee is one of the three standing Committees of the Metropolitan Airports Commission. All financial information is reported to the committee and acted upon at this meeting.

**FCM:** Flying Cloud Airport

Flying Cloud Airport is situated in the southwestern corner of the Twin Cities in Eden Prairie. It is the home base for many corporate business jets and turbo-prop planes. It is one of six reliever airports operated by the MAC.

**FIDs:** Flight Information Display system

See “EVIDs.”

**FIS:** Federal Inspection Services**FTE:** full-time equivalent

The Commission allocates employee headcount in terms of the equivalent number of full-time employees.

**Funds**

The Commission segregates its accounting into three funds: Operating, Debt and Construction.

**fund balance**

In a fund at a given point in time, the fund's assets less its liabilities is equal to the fund balance. The fund balance is positive when its assets exceed liabilities. The balance is negative when its liabilities exceed assets. Additionally, a fund balance may be designated as unreserved or reserved. Unreserved fund balances are free to be authorized for future expenditures, while reserved balances may not be designated for future expenditures. Fund balances are residual amounts and may not be a cash amount.

**fund equity**

In government accounting, the term “fund equity” is typically reserved for funds that are operated on a business or accrual basis. See also “fund balance.”

**GAAP:** Generally Accepted Accounting Principles

Generally Accepted Accounting Principles are a set of rules that encompass the details, complexities and legalities of accounting. The Financial Accounting Standards Board uses GAAP as the foundation for its comprehensive set of approved accounting methods and practices.

**GASB:** Governmental Accounting Standards Board**GASB 34**

GASB 34 established comprehensive, new financial reporting requirements for governmental units. Under GASB Statement No. 34, the Commission is a special purpose government unit engaged primarily in business type activities. As a result, the Commission prepares its financial statements using the accrual basis of accounting and the economic resources measurement focus.

**GASB 68**

GASB 68 revised and established new financial reporting requirements for most state and local governments that provide their employees with pension benefits. In compliance with GASB 68, the MAC recognizes its long-term obligation for pension benefits as a liability and takes a more comprehensive measurement of the MAC's annual costs of pension benefits.

**GASB 87**

GASB 87 established revised accounting and financial reporting for leases.

**GARBs:** General Airport Revenue Bonds

GARBs are bonds secured by the pledge of all operating revenues of the Commission. These bonds are subject to the prior pledges of such revenues for payment of GORBs.

**GORBs: General Obligation Revenue Bonds**

GORBs are 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.

**GFOA: Government Finance Officers Association****GIS: Geographic Information System****GO: General Offices of the Metropolitan Airports Commission****GSE: ground service equipment****HFC: Hotel Facility Charge**

HFCs are assessed based on gross receipts from room rentals at the hotel located at Terminal 1-Lindbergh. The proceeds from the HFC will be used to pay debt service for the skyway connector bridge between the hotel and Terminal 1, the roadway modifications associated with accessing the hotel, the portion of the parking facility that is utilized for hotel valet parking, on-going maintenance and associated operating costs.

**HHH: Humbert H. Humphrey**

Renamed to Terminal 2-Humphrey. See "T2."

**HR: human resources****HVAC: heating, ventilation and air conditioning****IAF: International Arrivals Facility****IAQ: Indoor Air Quality****IMACS: Intelligent Monitoring and Control Systems****issuance costs**

Representing costs associated with issuing debt, these include underwriter fees, consultant fees, bond insurance and other fees.

**IT: Information Technology****iViSN: Integrated Video and Information System Network**

This project is a major upgrade of all CCTV network, cameras and systems across MSP and will provide enhanced situational awareness for the airport community.

**LED: light-emitting diode****LITE: lighting infrastructure technology and equipment****LRT: light-rail transit****LTCP: Long Term Comprehensive Plan**

As the 20-year roadmap, the LTCP for each of the MAC's airports assesses facility improvements needed to accommodate projected demand from the traveling public in a safe, efficient, orderly and cost-effective manner. The LTCP goal is to continue to provide a high level of service for all airport users through foresight and careful planning. This process identifies when improvements will be needed. It does not authorize construction, serve as the basis for completing the environmental review process or determine noise mitigation program eligibility.

**LVN: Airlake Airport**

The Airlake Airport is located south of the Twin Cities near Lakeville and Farmington, Minnesota. It is one of six reliever airports operated by the MAC.

**M&O Committee: Management and Operations Committee**

The M&O Committee is composed of Commissioners meeting on a monthly basis. This Committee is one of the three standing Committees of the Metropolitan Airports Commission.

**MAC: Metropolitan Airports Commission**

Created in 1943 by Minnesota state law, the MAC is a public corporation providing coordinated aviation services throughout the Twin Cities metropolitan area. The MAC operates one of the largest airport systems in the nation, which includes MSP and six general aviation airports. A 15-member Board of Commissioners appointed by Minnesota's Governor and the Mayors of Minneapolis and Saint Paul establishes the Commission's policies. These policies are implemented by the Commission's senior leadership and staff.

**MACNet**

The MAC's computer network, which is the system of transmitting information across the MAC community.

**MCD: Maintenance, Cleaning and Distribution**

The MAC provides maintenance and holds the contracts for cleaning and distribution services utilized by food, beverage and retail concessions and airline clubs. These concessionaires pay MCD fees to the MAC in lieu of individually contracting these services.

**MERF: Minneapolis Employees Retirement Fund****Metropolitan Council**

Also known as the Met Council, it is the metropolitan regional planning agency.

**MIC: Crystal Airport**

Located in Crystal, MIC is also adjacent to Brooklyn Park and Brooklyn Center. It is one of six reliever airports operated by the MAC.

**MPCA: Minnesota Pollution Control Agency****MSA: Metropolitan Statistical Area**

A Metropolitan Statistical Area is a core area delineated by the United States Office of Management and Budget and contain substantial population centers. In conjunction with adjacent communities, they have high degrees of economic and social integration with those population centers.

**MSP: Minneapolis-St. Paul International Airport**

"MSP" refers to the total airport facility.

**MUFIDs: Multi-User Flight Information Display systems**

See "EVIDs."

**O&D Passengers: Originating and Destination Passengers****ODO: Open Doors Organization****OPEB: Other Post Employment Benefit Trust****Operating Fund**

A fund used to pay all operating expenses such as personnel, maintenance, utilities, supplies, insurance, miscellaneous and equipment purchases.

**operation**

An aircraft takeoff or landing.

**originating passenger**

A passenger initiating travel from MSP.

**OSHA: Occupational Safety and Health Administration**

OSHA was created by Congress in 1970 to assure safe and healthful working conditions for workers. OSHA sets and enforces standards and provides training, outreach, education and assistance.

**OTA: Other Transaction Agreement****P&I: Principal and Interest****PAM: Public Affairs & Marketing**

**PD&E Committee: Planning, Development & Environment Committee**

The PD&E Committee is composed of Commissioners meeting on a monthly basis. This Committee is one of the three standing Committees of the Metropolitan Airports Commission.

**PFC: Passenger Facility Charge**

An authorization by Congress which allows proprietors of commercial service airports, such as the MAC, to impose a passenger facility charge upon revenue passengers enplaning at those airports. 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.

**PSA: Passenger Service Assistant or Professional Services Authorization****QTA: Quick Turn Around****R & R: Repair and Replacement Surcharges**

Repair and Replacement Surcharges are a component of airline rates and charges.

**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 by the number of lineal feet of ramp space.

**RAC: rental car facility****reimbursed expense**

Reimbursed expenses are costs paid by the Commission which are billed back to tenants or paid to the MAC by outside sources. Reimbursement receipts are recorded in "Other Revenue."

**reliever airports**

These airports provide facilities for general aviation activity and reduce traffic and congestion at large airports. The MAC owns six reliever airports: St. Paul Downtown, Flying Cloud, Crystal, Anoka County-Blaine, Lake Elmo, and Airlake Airports.

**RFP: Request for Proposal****RFQ: Request for Qualifications****self-liquidating**

Self-liquidating fees are received for rental 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 cost center used to track revenue or expenses.

**Seven County Metropolitan Area**

The counties surrounding MSP: Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington Counties. The area includes the cities of Minneapolis and St. Paul.

**signatory carriers/airlines**

Carriers and airlines who have signed the Airline Agreement. They include major, commuter, charter and cargo or freight carrier categories.

**sinking fund**

See "debt redemption fund."

**STP: St. Paul Downtown Airport**

STP is the metro area's primary facility for private business aviation. Also known as Holman Field, it is one of six reliever airports operated by the MAC.

**subledger**

A subledger is a term used by the Commission to group expenses from various service centers to determine rates and charges for tenants and users of the MAC facilities.

**subordinated debt**

Subordinated debt is paid after senior debt obligations have been met.

**surplus**

A surplus represents the positive balance of operating revenues less operating expenses and depreciation.

**taxiway**

Taxiways are paved airfield areas primarily used for ground movements of aircraft to, from and between runways, ramps and storage areas.

**TBD:** *To be determined*

**T1: Terminal 1-Lindbergh**

Terminal 1-Lindbergh is the main terminal where most of the scheduled flights arrive and depart MSP. Originally named after Charles Lindbergh, the building has been designated Terminal 1-Lindbergh to provide further direction and information. It is also referred to as Terminal 1.

**T2: Terminal 2-Humphrey**

Terminal 2-Humphrey is the Common Use Terminal for scheduled and chartered flight activity at MSP. The Hubert H. Humphrey Terminal Building has been designated Terminal 2-Humphrey to provide further direction and information. It is also referred to as Terminal 2.

**TNCs: Transportation Network Companies**

Transportation network companies use apps or websites to pair drivers with passengers.

**TGB:** *Targeted Group Business*

**TREC:** *Telecommunications Room Equipment Continuity*

**TSA:** *Transportation Security Administration*

**Unencumbered**

Funds not yet committed for purchase of goods or services.

**UPS:** *uninterruptible power supply*

**VAV:** *variable air volume*

**WCF: Wold-Chamberlain Field**

Wold-Chamberlain Field is the MSP airfield and is named after Ernest Wold and Cyrus Chamberlain. These two local pilots lost their lives in combat during World War I. The term encompasses the MSP airfield and does not include the terminal buildings.

**working capital**

Working capital is the change in current assets minus the change in current liabilities.

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