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Introduction



Budget Message

We are pleased to present the 1993 Metropolitan Airports Commission operating budget that was adopted by the Commission on November 16, 1992. Total operating revenue for 1993 is projected to be \$68,542,671 and operating expense is \$68,037,616. In the 50 year history of the Commission, no annual budget has been through more scrutiny or repeated cuts in proposed expenditures.

U.S. commercial aviation is in the midst of the most serious economic slump since the industry began in the 1920s. In the past year, only one major airline, Southwest, operated profitably. At Minneapolis/St. Paul, three of its major airline tenants are in Chapter 11 bankruptcy proceedings, and the MAC's major tenant, Northwest Airlines, has had significant financial difficulties.

The economic condition of the carriers has a profound impact on the MAC and its ability to fund both operational activities and capital improvements for 1993 and beyond. With this in mind, the 1993 Operating Budget was prepared with the following guidelines in mind:

1. A tax would not be levied to support our operations.
2. There would be net revenues available to pay debt service and construction costs.
3. The MAC would continue to provide quality service to our tenants and the traveling public.
4. Airline rates and charges would to be reasonable.
5. We would maintain our AAA bond rating.
6. The MAC would continue to operate a safe and efficient system of airports.

The objectives were achieved, but the budgeting process itself ended up to be very difficult. Expenses were increasing at a higher rate than revenue, and net income as a percentage of operating revenue was declining. Industry conditions coincided with planned investments in public infrastructure (roadways/ground transportation) with little or no revenue potential to offset the expense. Many of the increases in the 1993 budget were beyond MAC's control or influence. For example, depreciation rose \$2.2 million over last year while payments to one of MAC's pension funds and sales tax assessments have increased expenses by \$500,000 each. As a result, for 1993, we found ourselves at what essentially is a break even budget. It is clear that if we continued along this path, expenses for 1994 would exceed revenue resulting in an operating deficit.

When situations like this arise there is a tendency to mandate across the boards cuts. The Commission, however, realized that this form of expense reduction could have serious implications on the level of service we provide to our tenants and the traveling public. Rather than making random expense cuts, the Commission established a Budget Task Force whose purpose is to review and recommend potential revenue enhancements and expense reductions. The delivery of services and options to the current methods will also be evaluated.

The Budget Task Force is made up of six commissioners. At their first meeting the Task Force established the following goals and objectives:

1. To increase net revenues for the MAC in 1993 from the budgeted \$500,000 by \$800,000 for a target net income of \$1,300,000 for 1993.
2. To establish a revised budgeting process and guidelines to ensure Commission input for the 1994 Operating Budget.

These are ambitious goals that are meant to tackle a serious challenge. In order to avoid a budget deficit in 1994 and the years that follow, we need to plan now. Several significant steps have already been taken. A hiring freeze has been placed on the organization since mid-December. In addition, some planned construction projects have been delayed and/or scaled down. In order to secure our financial health, now and going into the future, we will need to evaluate the cost and method of delivery for the services we provide. This is not a short term problem. The solutions will extend into 1994 and beyond.

MAC has a reputation of being one of the best run airports in the country. In order to keep this reputation and to continue down the road to improved quality and customer service, we will need to work together to ensure our continued financial health.

Budget Message CONTINUED

As previously stated, the 1993 budget is essentially a break even budget. It does, however, represent our continued reliance on user fees to support our operations. The 1993 budget document has incorporated a number of changes in both format and content with respect to revenue and expense.

At the recommendation of our auditors, Deloitte & Touche, our annual financial statement format has been revised. All rentals which had previously been categorized as Self-Liquidating leases have been reclassified from Operating Income to Interest Income. Self-Liquidating leases are for the rental of facilities which were financed by the MAC and constructed for a specific tenant. Depreciation and interest on these facilities are no longer recorded under Operating Expense. Interest on bonds used to construct these facilities is now recorded under Bond Interest Expense. The budget format has been revised and all previous years have been restated to incorporate these changes.

Interest Income consists of interest earned on all Self-Liquidating leases and interest earned on investments held in the Operating Fund. Bond Interest Expense represents the actual interest to be paid in 1993 on all outstanding bonds of the MAC. The increase in both Interest Income and Bond Interest Expense from 1992 to 1993 is due to the issuance of General Obligation Revenue Bond Series 8 and 9. Series 8 was issued for capital improvements, and Series 9 was issued as a part of the Northwest Airlines financing.

In addition to the changes above, Reimbursed Expense, which was previously recorded in the budget as a revenue item, is now a direct reduction to Operating Expense. Reimbursed Expenses are costs that are initially paid by the MAC and then billed back to tenants.

As a result of these changes, the year end financial statements and the budget will be presented in a consistent format. The table below is a summary of Actual 1991, Estimated 1992 and Budgeted 1993 revenues and expenses. (All figures are rounded to thousands of dollars.)

	<u>Actual 1991</u>	<u>Estimated 1992</u>	<u>Budgeted 1993</u>	<u>%92 to 93 Change</u>
Revenue				
Traffic	18,481	19,087	21,698	13.68%
Concessions	26,409	29,357	29,662	1.04%
Rentals	13,348	14,691	14,848	1.07%
Other	<u>2,201</u>	<u>2,707</u>	<u>2,335</u>	<u>-13.74%</u>
Total Operating Revenue	60,439	65,842	68,543	4.10%
Expenses				
Personnel	21,168	21,341	23,954	12.24%
Administrative Expenses	668	1,014	1,129	11.34%
Professional Services	3,731	4,245	4,267	0.52%
Utilities	3,665	4,065	4,100	.086%
Operating Services	5,581	5,733	6,403	11.69%
Maintenance	7,004	7,028	7,555	7.50%
Depreciation	16,209	18,200	20,383	11.99%
Other	<u>276</u>	<u>(128)</u>	<u>247</u>	<u>-292.97%</u>
Total Operating Expenses	<u>58,302</u>	<u>61,498</u>	<u>68,038</u>	<u>10.63%</u>
Operating Income	<u>2,137</u>	<u>4,344</u>	<u>505</u>	<u>-88.37%</u>
Other Revenues (Expenses)				
Interest Income	15,838	31,477	38,713	
Bond Interest Expense ()	<u>(9,430)</u>	<u>(29,915)</u>	<u>(35,565)</u>	
Net Income	<u>8,545</u>	<u>5,906</u>	<u>3,653</u>	

Budget Message CONTINUED

AWARDS

The Government Finance Officers Association of the United States and Canada presented a Distinguished Budget Presentation Award to the Minneapolis-St. Paul Metropolitan Airports Commission for its annual budget for fiscal year 1992. To qualify for this award, the government unit must publish a budget document that meets program criteria as a policy document, an operations guide, a financial plan and a communications medium. We believe our 1993 budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.

ACKNOWLEDGMENTS

Finally, this budget is the result of countless hours of hard work by the entire staff of the Finance Department. We deeply appreciate the efforts of everyone who worked on this project and to the Commissioners who are joining with the staff in helping make MAC the most efficient and cost effective airport administrator in U.S. aviation.

Respectfully submitted,

Denise Kautzer

Denise A. Kautzer
Director of Finance



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**Minneapolis/St. Paul Metropolitan Airports
Commission, Minnesota**

**For the Fiscal Year Beginning
January 1, 1992**

Jeffrey L. Esser
President Executive Director

1992 Overview

In 1991, MAC staff developed a series of "areas of emphasis" on which the commission would focus unusual effort and attention over the following year. Determining these areas of emphasis has been highly beneficial in providing assistance and guidance for staff in developing both Operating and Capital Improvement budgets and providing directions to the various departments in determining their own departmental goals and objectives for the year.

The staff identified the following 1992 Areas of Emphasis and their status is as follows:

DECISION PROCESS IMPROVEMENT

Goal:

The MAC committed to four tasks during 1992 to improve its decision making processes.

They are:

- 1) Identify the "critical processes" used by MAC in accomplishing its mission.
- 2) Identify those processes most in need of immediate improvement.
- 3) Revise or modify at least two processes in 1992.
- 4) Establish a more formal mechanism to continue the process improvement effort.

Achievements:

An extensive effort was begun by an employee team to document the way decisions are made and the location of decision making responsibility. This work has become the basis for the analysis and identification of MAC's critical processes.

The two processes with the highest priority for review identified by the team were personnel activities and purchasing.

Activities so far this year have centered upon the processes which are part of the Strategic Information Plan as it develops a new Human Resources Information System. The processes under review include timekeeping, payroll, employee benefits, and hiring. The focus of this effort is to review and improve all of the processes associated with data used by various departments related to our employees. The analysis of purchasing examines the processes MAC uses for procuring goods and services.

Several other processes also are being reviewed as a result of activities related to 1992 department objectives. The Maintenance department has completed an analysis of its snow removal process and trade department facilities. The reliever airports and finance departments are evaluating the rates and charges process. The Properties department is studying terminal concessions and services.

DUAL TRACK AIRPORT PLANNING PROCESS

Goal:

The Dual Track Process was established by the legislature in 1989 to determine whether development of MSP or a new airport is needed to meet the region's aviation needs. The plan for MSP was completed in 1991 and work in 1992 focused on the new airport and includes the following activities:

- 1) Initiate the site selection portion of the work program.
- 2) Coordinate a community involvement process to receive input from citizen and local, regional, state and federal agencies during the site selection process.
- 3) Provide information periodically on the program's progress.

Achievements:

Significant work was completed on the Dual Track Process during 1992. Site selection work began early in the year. The focus now is on updating, refining and expanding the data base developed for the Dakota Search Area by the Metro Council. Information regarding the natural environment is being developed by the Minnesota Department of Natural Resources through the agreement approved by the Commission. This work incorporates rare, threatened or endangered flora and fauna, and focuses on identifying biotic communities within the search area.

1992 Overview CONTINUED

An agreement between the MAC and the Metro Council involves preparation of parts of the environmental process related to economic issues and to community and regional impacts. Issues to be evaluated later include the overall development strategy for development around a new airport, as well as evaluating the impacts of moving the airport, both on those communities currently around the airport and those communities adjacent to a new airport.

HUMAN RESOURCES

Goal:

Recruit, develop and maintain a highly trained, motivated and diverse work force within the MAC that is prepared to meet current and future demands on the individual and on the organization. To accomplish that goal, staff will:

- 1) Establish a formal training assessment program that identifies the training needs of all employees in their present jobs.
- 2) Develop a catalogue of training and education resources to help employees meet the challenges of a continuously changing, more complex work environment.
- 3) Make available those resources required to meet the training needs of MAC's employees, provide training opportunities for those employees and establish and maintain records of training activity.
- 4) Actively seek qualified minority, female and disabled job applicants for the MAC, and develop and maintain a more diverse work force through recruitment career tracking, training and monitoring relationships.

Achievements:

To achieve Human Resource Development goals and objectives, the following activities were accomplished:

- 1) A formal training program was established through the performance management process that identifies the training needs of employees in their present positions. The training activity is directly related to current professional development needs noted on the performance and development appraisal form. Training activity for non-supervisory employees is identified as well.
- 2) The Personnel Department expanded its library of training and skill development program materials including audio and video cassette tapes. These resources are available to all employees and have been organized by skill category for easy reference.
- 3) MAC has actively sought qualified minority, female and disabled job applicants. As a result of these efforts the MAC hired two female carpenters, two female firefighters, two female field maintenance workers and one minority male plumber over an 18 month period.

ENVIRONMENTAL AFFAIRS

Goal:

Improve and expand existing environmental programs with particular emphasis on continued improvement of noise abatement programs.

- 1) *Implement the Off-Airport Noise and Operations Monitoring System*
Officially titled the Airport Noise and Operations Monitoring System (ANOMS) this project was substantially complete by Jan. 1, 1992. Approval for use of the ARTS III data from the FAA was received in June 1992 and the acceptance testing phase began during the summer. Enhancements to the System are being integrated to include automated complaint handling and a geographic information system link.
- 2) *Proceed with the FAR 150 Land Use Compatibility Program*
Since the initial Part 150 "design" phase (April 1991- March 1992) was completed, MAC has begun the Sound Insulation and Land Acquisition programs for eligible areas within Minneapolis, Richfield, Bloomington, Eagan, and Mendota Heights. Sound insulation modifications to 275 homes in Minneapolis, Richfield, Bloomington and Eagan, scheduled for 1992 but delayed because of higher-than-expected bids, will begin in 1993 following modifications to the specifications. The projects originally planned for 1993 should be completed as scheduled.

1992 Overview CONTINUED

In addition to sound insulation MAC is completing design plans for the Part 150 Land Acquisition program to acquire two homes in Mendota Heights and six homes in Bloomington in 1993.

3) *Develop Noise Abatement Plans for All Reliever Airports*

A noise abatement plan has been implemented at St. Paul Downtown Airport. A noise abatement *rule* becomes an official noise abatement *plan* when the commission approves the rule. Noise abatement rules are being developed at Flying Cloud and Airlake, but require certain refinements before they are presented to the commission for approval.

The Reliever Airports Department and the Noise Program staff will develop rules and plans at each of the relievers. Full-time noise and operations monitoring was done at Flying Cloud with noise briefings given to both commercial operators and individual pilots. Noise personnel attend reliever airport users groups at St. Paul Downtown Airport and at Airlake.

RELIEVER AIRPORTS

Goal:

- 1) Formalize relationships with all departments having responsibilities on the reliever airports to improve communication between departments, and between the MAC, its tenants, and airport users.
- 2) Analyze needs of the reliever airports and identify resources required to meet those needs by incorporating areas identified by staff and surveying airport tenants for their assessment of services and facilities provided.
- 3) Establish a formal decision making process that ensures all parties impacted by those decisions are informed and have input into the process.
- 4) Develop a plan that promotes the reliever airports and establishes a positive image of those facilities among tenants, potential users of the facilities locally and throughout the nation, and among MAC's employees.

Achievements:

1) *Formalize Relationships*

Reliever Airport staff is more intimately and regularly involved with the Airport Development department to establish and determine priorities for capital improvement projects on the reliever airports.

Reliever Airport staff and the Finance Department will jointly establish new rates and charges for reliever airport tenants.

Discussions were held between the Director of Airports and the Director of Properties to revise responsibilities for property leasing on the relievers. Reliever staff now establishes and maintains all lease documents for reliever airport tenants.

Staff helped form the Lake Elmo Pilots' Association which provides both tenant and staff access to information helpful for their mutual concerns. This group resembles other reliever airport groups which greatly improve the communication process between the MAC and its tenants.

2) *Analyze Needs. Identify Resources*

Reliever staff uses tenant associations to help determine equipment and service needs at MAC airports. Staff analysis and tenant input results in improved service by maintenance crews and upgraded NAVAIDS available for tenant use.

A long-term need on the relievers has been minimum standards for commercial tenants. MAC is responsible for establishing high service standards. The Minimum Standards Ordinance became effective in March and helps ensure that quality of service. MAC commercial tenants assisted with the ordinance and are aware of their status and future requirements. A variance process is available to tenants.

1992 Overview CONTINUED

The issue of illegal commercial operators is being aggressively attacked. A series of meetings with Fixed Base Operators was held resulting in a plan that was presented to the commission in April 1992. Follow-up meetings are being held to ensure timely implementation of the plan (badging, education, advertising, etc.) and to resolve the most difficult question of flying clubs and the problems they represent.

Early in 1992 the MSP narcotics interdiction effort was expanded to include the reliever airports. Currently MAC narcotics officers are working with local law enforcement agencies near the reliever airports and with airport tenants to interdict drug traffic on the reliever system.

3) *Develop a Plan that Promotes the Reliever Airports*

The Public Affairs Department and reliever staff has taken an aggressive approach to the marketing of the reliever airports system. Information brochures were developed and distributed for each of the relievers. A national advertising plan was developed including ads in five national aviation publications. Stories about significant events on the relievers have appeared in both local and national publications. This program played a significant role in the increased awareness of the facilities and services available on the MAC reliever airports, particularly at St. Paul Downtown Airport.

1993 Goals and Objectives

For 1993 the MAC has identified four areas of emphasis on which it will place special attention.

Those areas are:

FOCUS ORGANIZATIONAL VISION

Goal:

Clarify the "vision" for MAC including the major areas of policy direction developed by the commission. To accomplish this goal, the following activities are proposed for 1993:

- 1) Identify the major areas of policy direction that exist today including any areas without the needed direction.
- 2) Document existing policy statements as currently understood.
- 3) Discuss and reach agreement on revised policy statements as required.

Background:

A variety of factors make it increasingly difficult for the commission to carry out its varied and sometimes conflicting responsibilities. The airline industry is experiencing its worst economic crisis in history which has created uncertainty about the future of U.S. aviation. The MAC staff has increased response to the demands placed on the organization, and the commission is experiencing increased competition for scarce resources. To plan for the future and make wise decisions regarding the allocation of resources, the MAC believes a review of its organizational vision is necessary. Much of the commission's past success is attributable to the sound framework of policies and organizational direction formed in the early years of the commission. By reviewing this policy direction, and modifying or redirecting policies as necessary, MAC will be able to better respond to future challenges.

DUAL TRACK AIRPORT PLANNING PROCESS

Goal:

The Dual Track Airport Planning process was established by the Minnesota Legislature in 1989 to determine whether MSP or a new airport would best meet the region's aviation needs. In 1991 a Long Term Comprehensive Plan for MSP was completed, therefore the focus of the work during 1993 will continue to be the new airport option. Specific work items to be accomplished in 1993 include:

- 1) Forecast Update. A joint effort between the MAC and the Metro Council has updated the aviation activity forecasts. This will continue in 1993 when most of the technical work will be completed and the actual forecasts will be produced.
- 2) Socio-economic and Community Impacts. The Metro Council continues to evaluate the differential impacts of a new airport vs. continued development of MSP. As the new site becomes more certain, it will be possible to complete more detailed work regarding the potential impacts on the surrounding area, and it will be possible to begin the work of evaluating the differences between development at MSP and development at the new site. This work will be included in the environmental evaluation, and is being completed under an interagency agreement with the MAC.
- 3) DNR Biological Survey. The DNR will complete its Biological Survey for the search area and the surrounding portions of Dakota County for use in the site selection process. Much of the work in the survey was completed during 1992, however certain portions must wait until 1993 for field work.
- 4) Public Involvement and Information. This process began in 1992 for the new airport work, and continues in 1993. Both a Technical and Policy Committee provide direction in the process, which includes public meetings and workshops. Newsletters and brochures also are used to provide information to all interested parties.
- 5) Environmental Analysis. The MAC will produce the necessary environmental analysis to allow either of the two tracks to be implemented depending on the legislature's decision.

1993 Goals and Objectives CONTINUED

- 6) FAA Capacity Task Force – MSP. The FAA will continue its work on the Capacity Task Force for MSP. This task force is looking at alternative capacity enhancement measures that could be implemented at the airport. This work will be completed in 1993 and will be used to update the Long Term Comprehensive Plan for MSP.
- 7) Site Selection. The specific site within the search area and a proposed runway and support facility configuration will be selected in late 1993. The site work and the airfield configuration are proceeding simultaneously so that alternative configurations for the sites can be considered.

CUSTOMER SERVICE

Goal:

Customer Service Action Plans are a 1993 Area of Special Emphasis. To accomplish this goal the following will be done:

- 1) A Customer Service Action Plan will be prepared as suggested by the Terminal Services and Business Plan study survey findings.
- 2) Staff will develop Customer Service Action Plans carrying forward staff initiatives improving processes and delivering quality service to internal as well as external customers.

Background:

In 1989, MAC began an organized and systematic program to review the effectiveness of the organization. A survey of employees was included which suggested several innovations to improve the work place environment and improve employee development. An information systems study suggested improvements in our information systems and technological tools. The Terminal Services and Business Plan Study which began in 1992 focused on customers and their needs. Customer Service Action Plans tactically incorporate the customer service focus into MAC's method of operation and responds to two initiatives.

First, a survey of MSP passengers was done as the initial phase of MAC's "Terminal Services and Concessions Business Plan" development, itself a customer service effort. The survey assesses passengers' service needs and their opinions about the quality of MSP's current services and concessions. The second initiative is to build Total Quality Management (TQM), a continuous improvement philosophy, into our work environment. TQM improvements are furthering MAC's employee involvement objectives, improving MAC's team processes, promoting education and training, and provide a means for improved communication throughout MAC. The groundwork for these objectives was identified in an organizational effectiveness study completed in 1989.

MAC 50TH ANNIVERSARY

Goal:

To use the 50th anniversary of the establishment of the MAC as a vehicle to educate and familiarize various audiences with the MAC, its role in meeting the air transportation needs of Minnesota and the region, its record of safety and efficiency in developing and operating a system of airports, and the effective and unique structure of governance its organic law created.

Background:

In 1993 the Metropolitan Airports Commission will observe the 50th anniversary of the establishment of the commission by the Minnesota Legislature. The anniversary will afford staff an excellent opportunity to create media events, develop promotions and attract positive attention to the MAC's history, its facilities, current programs, and its look to the future.

The anniversary should be featured at various MAC activities, such as Airport Days, various reliever airport breakfasts and fly-ins, the Confederate Air Force visit to St. Paul Down Town

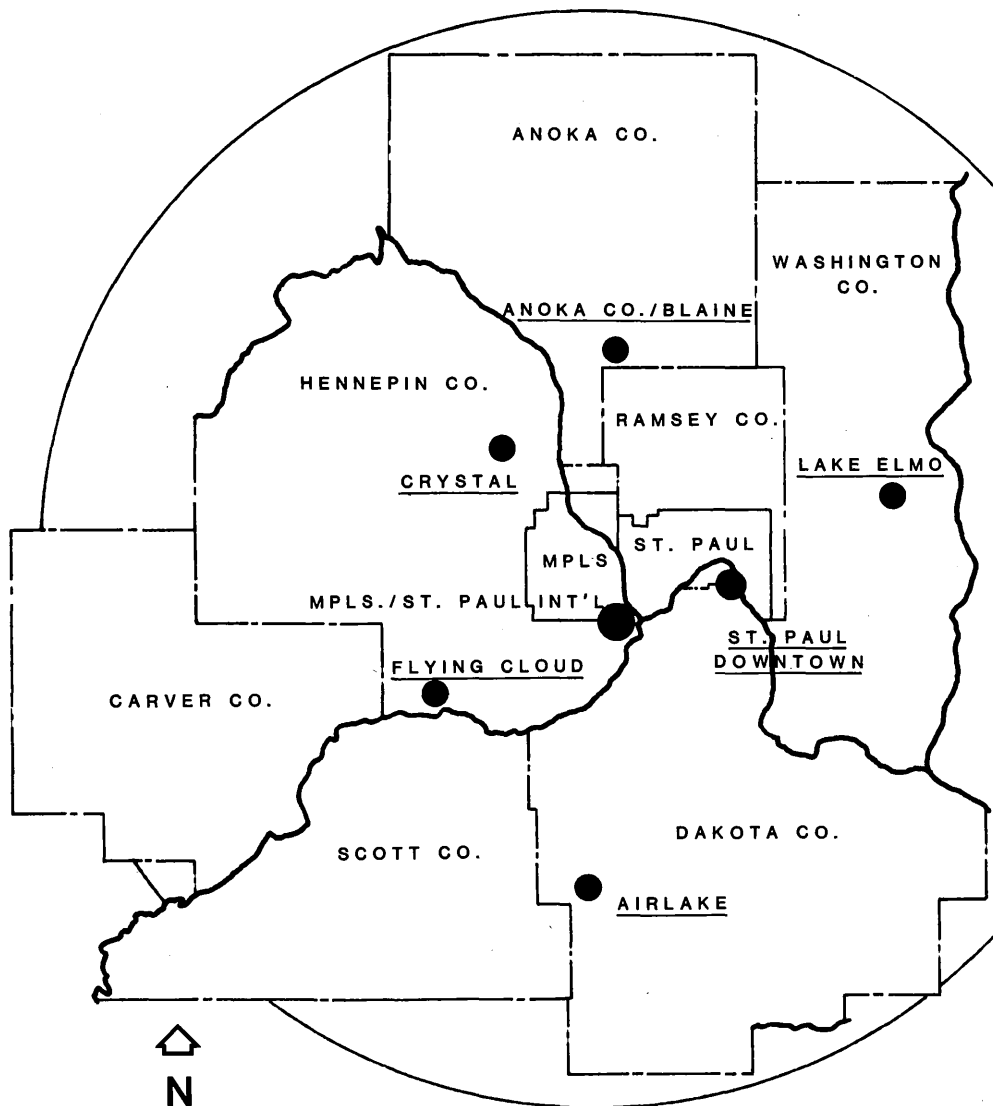
1993 Goals and Objectives *CONTINUED*

Airport, then perhaps a special event on July 6, the official birthday of the MAC. The theme should be mentioned in public gatherings sponsored by the MAC and featured in all appropriate printed and promotional materials such as letterheads, advertising, annual reports, promotional items and media activities so that each effort reinforces other efforts.

A special hard-cover, "coffee table" type book, published by a Jostens titled "The Minneapolis/St. Paul International Airport – Gateway to America's North Coast," also will feature the MAC. The book will have a wide distribution in the business community, public libraries and schools, and also will be sent to other airports.

Organizational Structure

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



Commission
Jurisdiction
35 Mile Radius

Organizational Structure CONTINUED

The Commission is governed by 15 Commissioners. Twelve Commissioners are appointed by the Governor of the State of Minnesota. Of these twelve, eight are from designated districts within the Metropolitan Area and four are from outstate. The Mayor of St. Paul and the Mayor of Minneapolis also have seats on the Commission with the option to appoint a surrogate to serve in their place. The Chairperson of the Commission is appointed by the Governor for a four-year term.

Chairman:	Hugh Schilling
Commissioners:	
Precinct 1	Patrick O'Neill
Precinct 2	Virginia Lanegran
Precinct 3	Tommy Merickel
Precinct 4	Jack Mogelson
Precinct 5	Tim Lovaasen
Precinct 6	John Himle
Precinct 7	Kenneth Glaser
Precinct 8	Alton Gasper
City of Minneapolis	Jan Del Calzo
City of St. Paul	Nick Mancini
Representing Greater Minnesota Area:	Faye Petron Laurel Erickson Mark Brataas Vacant
Executive Director:	Jeffrey W. Hamiel

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

There are six staff functions which currently report to the Executive Director: Management & Operations – headed by the Deputy Executive Director-Airports; Planning/Environmental – headed by the Deputy Executive Director-Planning/Environmental; Public Affairs – headed by the Assistant Executive Director; General Counsel – headed by MAC's in-house General Counsel; Labor/Legislative Relations; and Affirmative Action. A brief description of these functions follows.

MANAGEMENT & OPERATIONS

1. MSP International Airport Director

This department, in conjunction with the Maintenance Department, is responsible for the overall management and operation of the Minneapolis/St. Paul International Airport. The following cost centers fall under the supervision of this department: Fire, Police, WCF Administration, WCF Operations, Ground Transportation, HHH Terminal, Terminal Complex, Boiler Plant and Field and Runways.

2. Reliever Airports

These departments are responsible for supervising and coordinating the management, operation and maintenance of the Commission's six reliever airport facilities.

3. Finance

This department is responsible for the Commission's accounting and cash management, preparation of the annual operating budget, CAFR, and financial analysis and planning.

Organizational Structure CONTINUED

4. Personnel

This department is responsible for hiring, administering employee benefits, and maintaining accurate personnel files.

5. Management Information Systems

This department is responsible for planning, selecting and implementing all computer and office automation systems. In addition, the department processes information and produces computerized reports used throughout the MAC.

6. Properties

This department is responsible for planning, negotiating and administering the Commission's contracts, leases and concession agreements. Management of space with regards to the Terminal Complex and available land at Wold Chamberlain Field and the reliever airports are also responsibilities of this department.

7. Risk Management

This department is responsible for all MAC insurance—employee, property, liability, workers compensation, auto and miscellaneous coverages.

PLANNING/ENVIRONMENTAL

1. Airport Planning and Development

This department supervises planning, engineering and construction of all Commission facilities; also, coordinates and administers the Capital Improvement Program (CIP). In addition, this department is responsible for the coordination of those functions with the appropriate local, state, and federal agencies, and for monitoring federal and state aid programs.

2. Noise Abatement/Environmental

This department is responsible for implementing the programs and efforts of the Commission to attenuate undesirable impacts on the environment resulting from the operation of the Commission's facilities.

PUBLIC AFFAIRS

This department is responsible for industry and congressional relations, internal and external communications, media relations, special events and communications to the public. The department also serves as the Commission's marketing division – promoting the resources of MSP International and the reliever airports both domestically and internationally.

LABOR AND LEGISLATIVE RELATIONS

This department is responsible for two separate functions: Legislative liaisons and Labor relations. Each has its own responsibilities and duties. The Legislative function is responsible for coordinating relations with legislative agencies, state agencies, the Governor's office and municipalities, as well as assessing the impact of legislation involving or having the potential to involve the Commission. The Labor function deals with negotiating and administering the contracts of the nine labor unions currently at the Commission and any other Labor-Management problems that may occur.

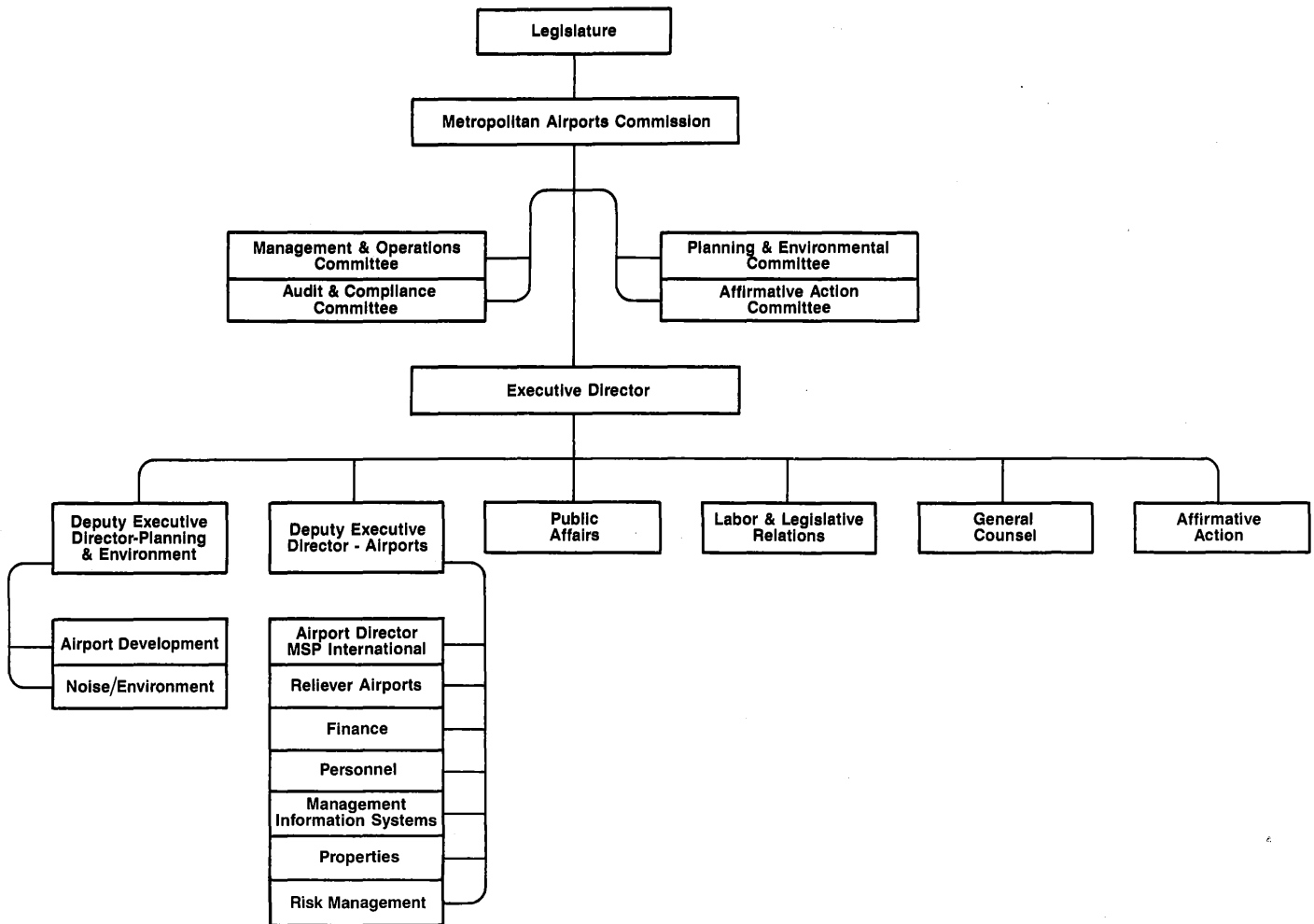
GENERAL COUNSEL

The Commission's in-house general counsel is responsible for representing the Commission on legal matters, preparation of legal documents, monitoring and coordinating outside legal counsel and relations with legislative and administrative agencies.

AFFIRMATIVE ACTION

This department plans programs and responds to all questions, policies, reports, and/or planning that deal with Affirmative Action requirements.

Organizational Structure *CONTINUED*



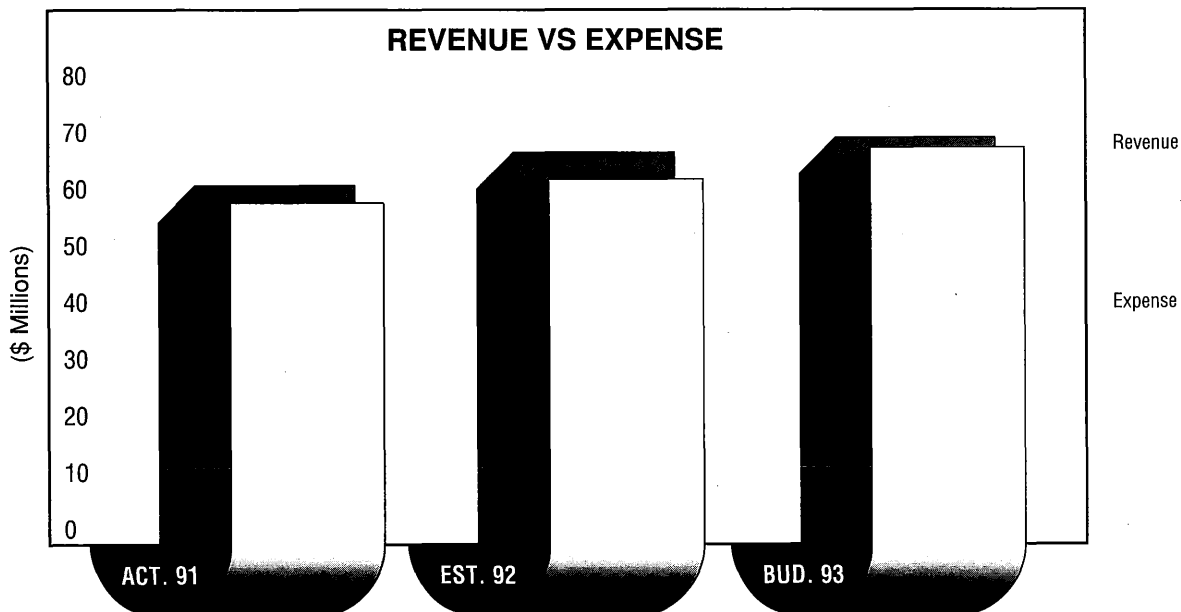
Budget



Summary of Revenue and Expense

	Main Office	Mpls.-St. Paul International	Reliever Airports	Total 1993 Budget	Estimate 1992	Actual 1991
REVENUE						
Traffic	0	21,586,137	111,720	21,697,857	19,086,763	18,481,300
Commercial						
Concessions	0	29,650,100	11,652	29,661,752	29,357,000	26,408,775
Rentals	0	14,109,059	739,140	14,848,199	14,691,500	13,347,739
Utilities	0	1,320,000	100	1,320,100	1,300,100	1,223,925
Miscellaneous	0	1,014,764	0	1,014,764	1,406,500	977,313
Total Operating Revenue	0	67,680,060	862,612	68,542,672	65,841,863	60,439,052
EXPENSES						
Personnel	5,075,077	17,052,269	1,826,200	23,953,546	21,341,000	21,168,127
Administrative Expense	655,561	433,869	39,830	1,129,260	1,014,000	668,228
Professional Services	1,158,000	2,831,150	278,000	4,267,150	4,245,000	3,730,585
Utilities	87,835	3,855,076	156,568	4,099,479	4,065,000	3,664,745
Operating Services	535,550	5,777,505	89,900	6,402,955	5,733,500	5,580,676
Maintenance	285,985	6,712,858	556,470	7,555,313	7,028,400	7,003,619
Depreciation	420,455	17,001,643	2,960,719	20,382,817	18,200,000	16,209,504
Other	31,851	128,190	87,055	247,096	(128,400)	276,197
Total Operating Expenses	8,250,314	53,792,560	5,994,742	68,037,616	61,498,500	58,301,681
Net Revenues	(8,250,314)	13,887,500	(5,132,130)	505,056^A	4,343,363^A	2,137,371^A

^ARequired as contribution to debt service payments and construction program financing.

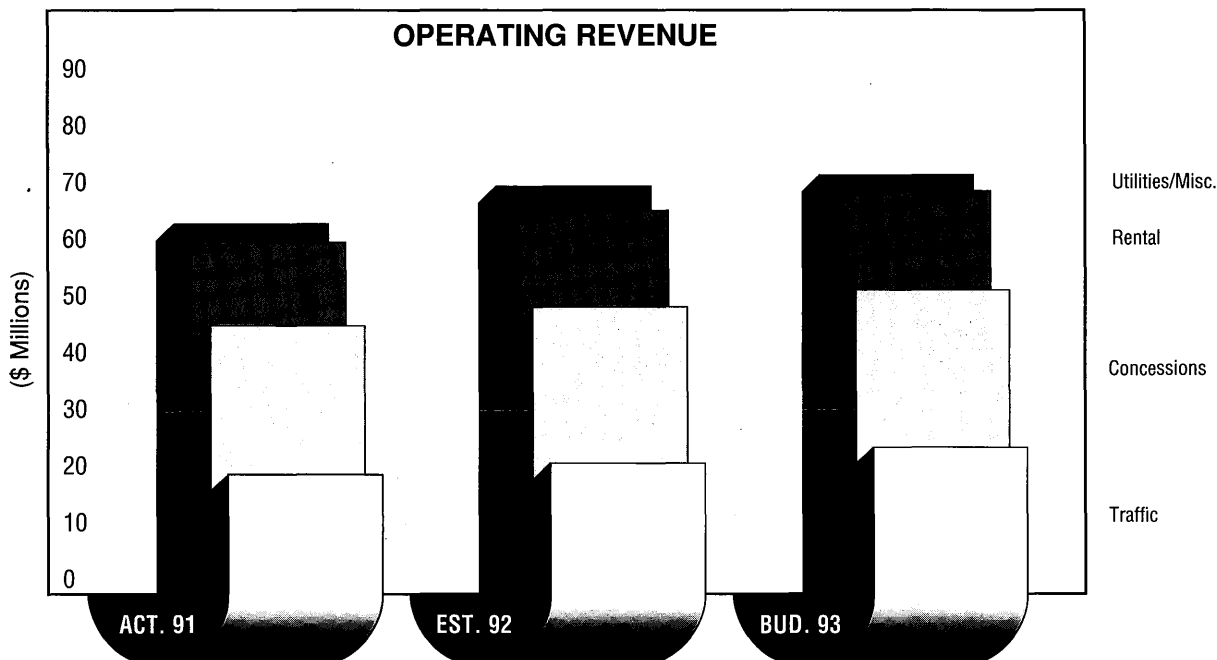


1993 Budget Information Summary

	1991 Actual	1991 Budget	1992 Estimate	1992 Budget	1993 Budget
OPERATING REVENUE					
Traffic	18,481,300	18,507,363	19,086,763	19,414,951	21,697,857
Concessions	26,408,775	27,740,517	29,357,000	28,602,922	29,661,752
Rentals	13,347,739	12,899,101	14,691,500	14,450,539	14,848,199
Other	2,201,238	2,026,164	2,706,600	2,295,404	2,334,864
Total Operating Revenue	60,439,052	61,173,145	65,841,863	64,763,816	68,542,672
OPERATING EXPENSES					
Personnel	21,168,127	20,546,837	21,341,000	21,930,447	23,953,546
Administrative	668,228	948,523	1,014,000	1,038,809	1,129,260
Professional Services	3,730,585	3,447,660	4,245,000	3,730,778	4,267,150
Utilities	3,664,745	4,191,052	4,065,000	4,095,348	4,099,479
Operating Services	5,580,676	5,274,702	5,733,500	5,656,149	6,402,955
Maintenance	7,003,619	7,560,236	7,028,400	7,243,097	7,555,313
Depreciation	16,209,504	16,058,900	18,200,000	17,795,764	20,382,817
Other (includes reimbursed expense)	276,197	396,371	(128,400)	257,125	247,096
Total Operating Expenses	58,301,681	58,424,281	61,498,500	61,747,517	68,037,616
Operating Income	2,137,371	2,748,864	4,343,363	3,016,299	505,056
Other Revenues (Expenses)					
Interest Income	15,837,500	12,421,442	31,477,000	31,477,041	38,713,446
Bond Interest Expense ()	(9,430,057)	(9,430,057)	(29,914,500)	(29,914,454)	(35,565,468)
Net Income	8,544,814	5,740,249	5,905,863	4,578,886	3,653,034

Operating Revenues

	Mpls.-St. Paul International	Reliever Airports	Total 1993 Budget	Estimate 1992	Actual 1991
REVENUE					
Traffic					
Landing Fees	18,068,213	0	18,068,213	15,787,263	15,253,386
Ramp Charges	3,204,952	0	3,204,952	2,880,700	2,812,122
Apron & Other Services	<u>312,972</u>	<u>111,720</u>	<u>424,692</u>	<u>418,800</u>	<u>415,792</u>
Total Traffic	21,586,137	111,720	21,697,857	19,086,763	18,481,300
Commercial					
Concessions					
Food Service	1,572,992	11,652	1,584,644	1,530,700	1,469,605
Auto Rental	6,108,116	0	6,108,116	5,950,000	5,601,261
News & Gifts	1,884,668	0	1,884,668	1,850,500	1,827,710
Auto Parking	17,338,485	0	17,338,485	17,800,000	15,406,797
In-Flight Catering	504,000	0	504,000	480,000	420,550
Other	<u>2,241,839</u>	<u>0</u>	<u>2,241,839</u>	<u>1,745,800</u>	<u>1,682,852</u>
Total Concessions	29,650,100	11,652	29,661,752	29,357,000	26,408,775
Rentals					
Terminal-Airlines	8,833,559	0	8,833,559	8,900,000	8,057,427
Terminal-Other	908,011	0	908,011	932,000	857,516
Ground & Building-Airlines	1,074,780	0	1,074,780	998,000	898,833
Ground & Building-Other	<u>3,292,709</u>	<u>739,140</u>	<u>4,031,849</u>	<u>3,861,500</u>	<u>3,533,963</u>
Total Rentals	14,109,059	739,140	14,848,199	14,691,500	13,347,739
Total Commercial	43,759,159	750,792	44,509,951	44,048,500	39,756,514
Utilities	1,320,000	100	1,320,100	1,300,100	1,223,925
Miscellaneous	<u>1,014,764</u>	<u>0</u>	<u>1,014,764</u>	<u>1,406,500</u>	<u>977,313</u>
Total Operating Revenue	<u>67,680,060</u>	<u>862,612</u>	<u>68,542,672</u>	<u>65,841,863</u>	<u>60,439,052</u>



Revenue Assumptions

Estimates of revenue for 1993 have been made by compiling information from the following sources:

- Projected passenger activity and operations from airlines using MSP.
- Leases
- Contracts
- Other agreements at both MSP and the Reliever Airports.
- Historical trends

Approximately \$30 million, or 43%, of MAC's \$69 million in revenue is generated from rates charged to the airlines. The formulas for the rates (landing fee, ramp fee, terminal rates and off-airport noise surcharge) are established in the current airline use agreement. In accordance with this agreement, expenses from the Police, Fire, Maintenance Labor, Maintenance Equipment and Administration cost centers are allocated to the Field & Runway, Ramp and Terminal Building cost centers. Total costs plus the allocations are then used to determine the airline rates and charges. As a result, fluctuations in the allocated costs can cause a change in the airline rates.

The explanations for revenue assumptions are based upon a comparison of 1992 estimates with 1993 budget figures. The following is a brief summary:

REVENUE CATEGORY	(Thousands)					1992 Est. vs 1993 Budget	
	1991 Budget	1991 Actual	1992 Budget	1992 Estimate	1993 Budget	Dollar Change	Percentage Change
Traffic	\$18,507	\$18,481	\$19,415	\$19,087	\$21,698	\$2,611	13.68%
Concessions	27,741	26,409	28,603	29,357	29,662	305	1.04
Rentals	12,899	13,348	14,451	14,691	14,848	157	1.07
Utilities	1,126	1,224	1,180	1,300	1,320	20	1.54
Miscellaneous	900	977	1,115	1,406	1,015	(391)	(27.81)
Total Operating Revenue	\$61,173	\$60,439	\$64,764	\$65,841	\$68,543	\$2,702	4.10%

TRAFFIC: LANDING FEES

The Landing Fee is based upon total estimated expense (excluding MAC's portion of New Airport Planning Costs) in the Field & Runway cost center. By dividing total field and runway expenses by the estimated landed weight (provided by the airlines), a budgeted landing fee is established for use during the year. In the past, the landing fee rate was based upon a break even philosophy in which total revenue equals total expense. Now, however, there is a deficit in this cost center. This deficit is the result of New Airport Planning Costs, which are shared equally by MAC and the airlines.

A comparison of actual 1990 and 1991, budgeted and estimated 1992, and budgeted 1993 landing fee rates, landed weight and revenue of the major carriers follows:

	1990 Actual	1991 Actual	1992 Budget	1992 Estimate	1993 Budget
Landing Fee (rate 1/1,000 lbs.)	\$0.65	\$0.77	\$0.77	\$0.76	\$0.81
Landed Weight (000 lbs.)	17,972,086	18,051,922	18,841,778	19,280,367	20,346,736
Revenue	\$11,742,260	\$13,951,337	\$14,541,490	\$14,568,000	\$16,571,480
Expense	\$12,191,336	\$14,158,519	\$14,791,490	\$14,943,000	\$17,067,980

Revenue Assumptions CONTINUED

The landing fee increase between estimated 1992 and budgeted 1993 is also the result of an increase in expenses. There are three reasons for this \$1.8. million increase:

1. Personnel costs increase \$700,000 due to:
 - (a) It is estimated that 1992 will be a year in which the amount of snow will be substantially under the average. As a result, overtime and double time hours for the Maintenance employees are projected to be approximately one-half of what would occur under average winter conditions.
 - (b) Two positions in the Operations department (one new and one transfer) have been added to handle the increased demand for services.
 - (c) Benefit costs for all departments have increased, particularly employee insurance and pension. (See detailed explanation in the Personnel expense section.)
2. Professional Services are estimated to be up \$950,000. Increases have occurred in the following areas: New Airport planning costs up \$250,000, Engineering fees primarily for MSP 2000 up \$160,000 and Environmental costs associated with a water and land survey and analysis at MSP to identify the underlying formations to determine response for spills and contamination is projected to increase \$300,000.
3. Depreciation increased \$200,000 as a result of runway rehabilitation projects.

1993 budget numbers for landed weight were provided by the airlines. These figures are reasonable based upon current levels of activity as well as forecasted levels. Further review of the above chart indicates that from 1990 to 1993 landed weight increased approximately 13%. During that same period, revenue (expense) increased 37%. If landed weight continues to increase slightly or remain flat and expense increases at a greater pace than landed weight, the landing fee will increase.

There are three areas of significant change that contributed to the 37% increase in expenses between 1990 and 1993. They are as follows:

1. Professional Services — The MAC is currently involved in a planning process that will aid in determining whether to expand Minneapolis-St. Paul International Airport or build a new airport. This planning process shows increased costs of \$806,000.
2. Depreciation costs resulting from rehabilitation projects on the runways, field and taxiways have increased \$520,000.
3. Allocations have increased \$1,965,000. As the totals in other costs centers (Police, Fire, Operations, Labor, Equipment and Administration) increase, so do the dollars allocated to the rates.

TRAFFIC: RAMP FEES

Aircraft parking ramp fees are calculated in the same manner as landing fees (except for new airport planning costs). Ramp fees are determined by dividing the total estimated Terminal Ramp expenses by total lineal feet of ramp available. The rate is based upon a breakeven philosophy, except for a small portion (378 lineal feet) of the ramp that is used by the regional carriers.

A comparison of actual 1990 and 1991, budgeted and estimated 1992, and budgeted 1993 ramp rates and revenue are shown below.

	1990 Actual	1991 Actual	1992 Budget	1992 Estimate	1993 Budget
Ramp Fee (Per Lineal Foot)	\$306.76	\$317.97	\$330.81	\$320.00	\$359.54
Major Airline Ramp Footage	8,496	8,496	8,496	8,496	8,496
Total Ramp Lineal Footage	8,874	8,874	8,874	8,874	8,874
Revenue (Airline)	\$2,606,230	\$2,701,470	\$2,810,562	\$2,718,700	\$3,054,642
Expense Total	\$2,722,188	\$2,821,666	\$2,935,608	\$2,839,659	\$3,190,548

Revenue Assumptions CONTINUED

The increase in the ramp fee from 1992 estimates to 1993 budget is attributed to:

1. Costs associated with snow removal, including sand and rental equipment with and without operators, is expected to increase \$170,000. This is in line with costs associated with an average amount of snowfall.
2. There are two types of environmental fees resulting in an increase of \$95,000 in 1993. One of these costs is pollution control booms used to contain and soak up fuel associated with spills. The other is an environmental land and water survey and analysis to identify the underlying formations to determine response for spills and contamination.
3. General repairs to the surface area around the terminal ramp are budgeted to increase \$45,000 over 1992 which was a year in which very few of these types of repairs were necessary.

TRAFFIC: OFF-AIRPORT NOISE SURCHARGE

The current agreement with the airlines calls for a Noise Surcharge and a cost center for Off-Airport Noise projects. Projects included in this cost center are those for insulation, replacement of windows and installation of air conditioning at four schools. These schools are located in neighborhoods highly impacted by noise. Also included are the noise monitoring system and Part 150 implementation. (See Glossary for explanation.)

The Surcharge is determined by dividing the total estimated expenses in the Off-Airport Noise cost center by the total estimated number of Stage II and Stage III landings during the year. The Surcharge is based upon a break even philosophy where total revenue equals total expenses.

Depreciation and Interest for Off-Airport projects are the only costs included in this cost center. The following is a summary of activity dealing with the Surcharge and the Off-Airport Noise cost center for signatory carriers.

	1991 Actual	1992 Budget	1992 Estimate	1993 Budget
Stage II and Stage III Landings	115,718	114,500	123,000	123,000
Off Airport Noise Costs	\$374,163	\$544,22	\$458,163	\$553,494
Noise Surcharge/Landing	\$3.23	\$4.75	\$3.72	\$4.50

In addition to the surcharge, there is also a Noise Differential and Stage III Credit. These fees are calculated on an airline by airline basis. They are both based upon the airlines Stage II and Stage III activity. This is not additional revenue to MAC but rather a shift in the cost among the various airlines, depending upon their type of activity (Stage II vs Stage III).

CONCESSIONS

The 1993 budget for Concessions revenues shows a 1.0% increase from the estimated 1992 amount. The two major components of concessions are Auto Parking (which accounts for approximately 58% of total concessions) and Auto Rental fees (which accounts for approximately 21% of total concessions).

Parking revenues are projected to decrease 2.6% or approximately \$462,000 from the estimated 1992 level. The parking activity which took place in June, July and August of 1992 ranged from 12% to 16% above normal. This activity was the result of intense fare wars between the airlines. Because this period did not represent what we consider "normal" activity, the budget for 1993 was based upon average transactions from previous years, which MAC feels represents a more normal level of activity. No rate increase is budgeted at any of the parking locations in 1993. Auto Rental fees are projected to increase by 2.7% to \$6,108,116 in 1993 over 1992 estimates. The 1993 projection is based upon information in the current

Revenue Assumptions CONTINUED

lease. The Auto Rental lease requires the firms to pay minimum rental fees plus a percentage (8.5%) of any gross revenue above these minimums. The current lease expires 6/30/93. For purposes of projecting 1993 revenue, the minimum was kept the same. The additional revenue is attributed to percentage rents exceeding minimum rents:

All other revenues from remaining concessions are projected to increase \$609,000 or 10.8% . There are three reasons for this increase:

1. MAC is anticipating negotiating new telephone agreements with both the long distance and local companies. The agreements expire 3/31/93 and are expected to increase revenue \$155,000.
2. In 1993 MAC will be implementing a new Ground Transportation Access Fee. This fee is still in the planning phase but is anticipated to be in effect by the third quarter 1993 and result in additional revenue of \$210,000.
3. The advertising projection for 1993 is based upon information in the current lease. The lease requires this firm to pay minimum rental fees plus a percentage (15.0%) of any gross revenue above these minimums. The additional revenue of \$75,000, is a direct result of an increase to the minimum.

The balance of the increase, approximately \$169,000, is spread amongst Food/Beverage, News/Gifts, Vending, Insurance and the remote contract parking facility.

RENTALS: AIRLINE TERMINAL BUILDING RENTAL RATES

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

A comparison of actual 1991, estimated 1992, and projected 1993 rates with percentage changes between 1992 and 1993 budget is as follows:

TERMINAL BUILDING RENTALS (Rate per square foot)	1991 Actual	1992 Budget	1992 Estimate	1993 Budget	% Change 1992 Estimate vs 1993 Budget
Exclusive	\$19.49	\$21.21	\$21.30	\$21.35	.023%
Exclusive Janitored	\$24.89	\$26.31	\$27.68	\$27.55	(0.47%)

The increase in rates from 1992 estimate to 1993 budget are the result of the following expense changes:

1. There are four projects which will be completed by year end 1992. These projects will result in additional depreciation charges in 1993 of approximately \$259,000:
 - a. Mechanical/Electrical System Upgrade \$ 48,000
 - b. Terminal Interior Upgrades 51,000
 - c. Skyways (Terminal Portion) 131,000
 - d. Baggage Conveyor/Tug Drive Ventilation 29,000

\$259,000
- Various smaller miscellaneous projects will add another \$70,000 in depreciation charges.
2. Costs allocated from other departments (Police, Fire, Administration and Maintenance) to the terminal cost center have increased approximately \$175,000.
3. Janitorial costs for the terminal are decreasing from 1992 estimates because of the special cleanings required for the Super Bowl and NCAA Final Four basketball tournament. These were additional costs above and beyond the contract amount in 1992.

Revenue Assumptions CONTINUED

OTHER RENTALS

This category is made up of Ground Rentals-Other and Ground Rentals-Airlines. These areas are projected to increase \$224,000. Revenue has increased because of the appraisal process which was completed at Minneapolis-St. Paul International Airport in 1990. As a result of this process a new system of ground rental fees was established. As tenant leases come up for renewal beginning in 1992, there will be an increase in the ground rental rate for these leases.

UTILITIES

Utilities is comprised of two items:

1. Chilled water and steam that are produced by the Boiler Plant and billed directly to large users.
2. Water and sewer charges that are billed to the MAC by the City of Minneapolis and reimbursed by tenants.

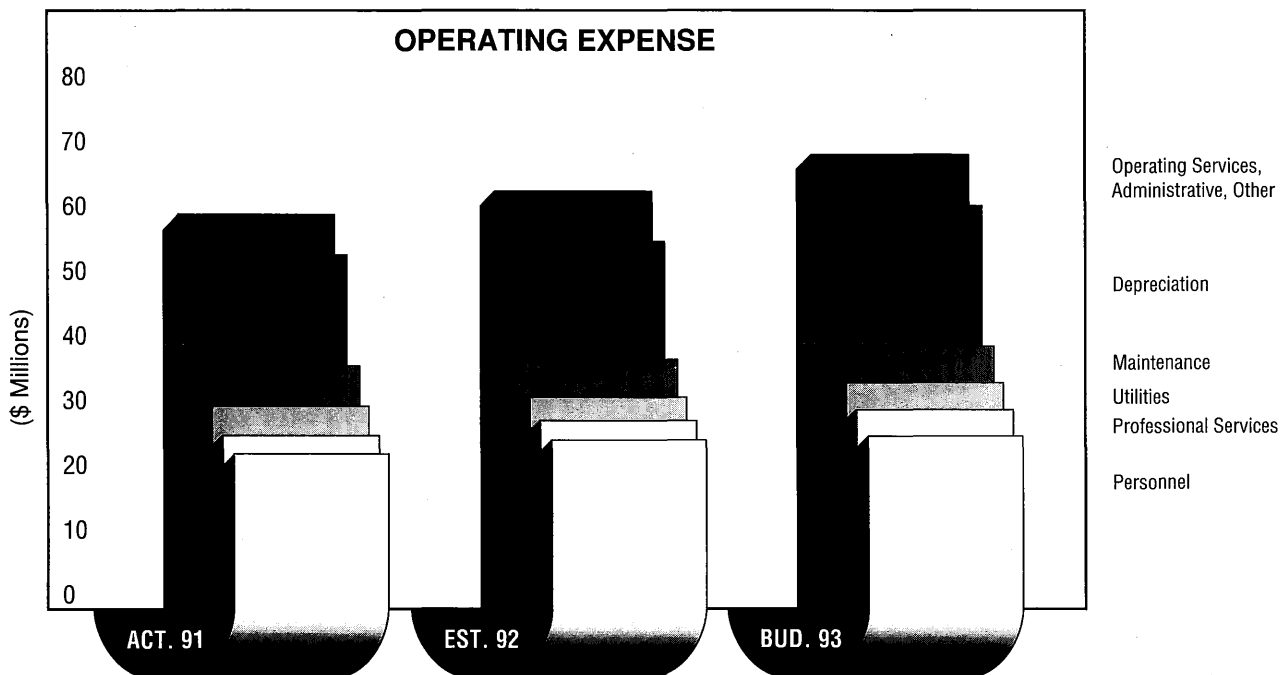
Rate changes by MAC result in the 1.5% increase in revenue from \$1,300,000 in 1992 to \$1,320,100 in 1993.

MISCELLANEOUS

The majority of revenue generated in this category is from shuttle bus services which accounts for 62 of the revenue in this category. The Lindbergh/Humphrey Terminal shuttle system generates approximately \$632,000 from employees purchasing parking cards and are required to park in the employee lot and ride the shuttle bus to the terminal building. The decrease of approximately \$20,000 from 1992 estimates to 1993 is the result of fewer cards purchased. Remaining revenue is from traffic/parking violations and miscellaneous small dollar items.

Operating Expenses

	Main Office	Mpls.-St. Paul International	Reliever Airports	Total 1993 Budget	Estimate 1992	Actual 1991
EXPENSES						
Personnel						
Salaries & Wages	3,800,845	12,316,847	1,265,254	17,382,946	15,766,000	16,104,116
Benefits	1,245,132	4,735,422	560,946	6,541,500	5,546,000	5,031,611
Commissioner Per Diem	29,100	0	0	29,100	29,000	32,400
Total Personnel	5,075,077	17,052,269	1,826,200	23,953,546	21,341,000	21,168,127
Administrative Expense	655,561	433,869	39,830	1,129,260	1,014,000	668,227
Professional Services	1,158,000	2,831,150	278,000	4,267,150	4,245,000	3,730,585
Utilities	87,835	3,855,076	156,568	4,099,479	4,065,000	3,664,745
Operating Services						
Parking Management	0	3,263,453	0	3,263,453	2,959,500	2,906,090
Shuttle Bus	0	1,501,752	0	1,501,752	1,474,000	1,388,096
Other	535,550	1,012,300	89,900	1,637,750	1,300,000	1,286,490
Total Operating Services	535,550	5,777,505	89,900	6,402,955	5,733,500	5,580,676
Maintenance						
Building	42,520	1,549,782	134,800	1,727,102	1,464,000	1,420,161
Field	10,000	920,180	187,500	1,117,680	900,000	1,328,409
Equipment	190,329	1,007,456	178,316	1,376,101	1,264,400	1,306,364
Cleaning	43,136	3,235,440	55,854	3,334,430	3,400,000	2,948,685
Total Maintenance	285,985	6,712,858	556,470	7,555,313	7,028,400	7,003,619
Depreciation	420,455	17,001,643	2,960,719	20,382,817	18,200,000	16,209,504
Other						
General Insurance	43,920	728,282	111,456	883,658	896,000	717,198
Rental-Snow Equipment	0	266,972	58,099	325,071	265,600	314,460
Rental-Field Equipment	0	64,130	17,500	81,630	65,000	40,718
Other	49,931	88,762	35,000	173,693	195,000	123,917
Reimbursed Expense	(62,000)	(1,019,956)	(135,000)	(1,216,956)	(1,550,000)	(920,095)
Total Other	31,851	128,190	87,055	247,096	(128,400)	276,198
Total Operating Expenses	8,250,314	53,792,560	5,994,742	68,037,616	61,498,500	58,301,681



Expense Assumptions

The 1993 expense budget was prepared from data supplied by department heads, utility companies, various suppliers, and detailed analysis of historical spending patterns. This information forms the basis for the proposed expense budget of \$68,037,616.

Throughout the expense explanations below there will be reference made with regards to the amount of snow that falls. It is estimated that 1992 Will be a year in which the amount of snow that falls will be substantially under the average. For 1993, the budget is projected based upon an average amount of snow. Expense areas affected by this include: wages, benefits, sand, salt, urea, rental equipment with operators and rental equipment without operators.

The explanations for expense assumptions are based upon comparing 1992 estimates with 1993 budget figures. The chart shows the major expense categories and the variances (in thousands) between the 1992 estimates and the proposed 1993 budget.

EXPENSE CATEGORY	(Thousands)					1992 Est. vs 1993 Budget	
	1991 Budget	1991 Actual	1992 Budget	1992 Estimate	1993 Budget	Dollar Change	Percentage Change
Personnel	\$20,547	\$21,168	\$21,930	\$21,341	\$23,954	\$2,613	12.24%
Admin. Expenses	949	668	1,039	1,009	1,129	115	11.39
Professional Services	3,448	3,730	3,731	4,245	4,267	22	0.52
Utilities	4,191	3,665	4,095	4,065	4,099	34	0.84
Operating Services	5,275	5,581	5,656	5,733	6,403	670	11.69
Maintenance	7,560	7,004	7,243	7,028	7,555	527	7.50
Depreciation	16,059	16,209	17,796	8,200	20,383	2,183	11.99
Other	396	276	257	(128)	247	375	(292.97)
Total Expense	<u>\$58,425</u>	<u>\$58,301</u>	<u>\$61,747</u>	<u>\$61,498</u>	<u>\$68,037</u>	<u>\$6,539</u>	<u>10.63</u>

PERSONNEL

Personnel costs for 1993 are projected to increase 12.24%, or \$2,613,000, over 1992 estimates. This increase is attributed to the following items:

1. One new position has been authorized for 1993. In addition, there are eighteen budgeted positions that are currently vacant but are expected to be filled prior to the end of 1992 or during 1993. These items account for \$420,000 of the increase.
2. Overtime and double time hours for 1992 were well below average because the snow received in the first part of 1992 was below normal. For 1993, these costs were budgeted for an average snow year, and will therefore increase \$550,000 over the estimate for 1992.
3. Contract settlements and wage adjustments are estimated to increase personnel costs by \$566,000 during 1993.
4. Employee insurance has increased \$315,000 over 1992 estimates. This is due to a general increase in insurance costs and the additional insurance required for positions that are currently vacant.
5. MAC's portion of the unfunded liability for the Minneapolis Employees Retirement Fund will increase \$500,000 in 1993. This increase is attributed to investment losses incurred by the fund.

The following table illustrates the fluctuations in employee benefits from 1991 to 1993.

	1991 Actual	1992 Budget	1992 Estimate	1993 Budget
Benefits (000)	\$5,064	\$5,264	\$5,575	\$6,570

Expense Assumptions CONTINUED

ADMINISTRATIVE EXPENSE

This category is projected to increase 11.39% or \$115,000 from 1992 to 1993. The reasons for this increase are:

1. Travel — Additional staff travel and continued participation by MAC staff and commissioners on various national airport committees has caused this category of expense to increase \$59,000 from 1992 estimates. In addition, the average cost per trip is projected to increase.
2. Other — This area is projected to increase \$64,000 and can be attributed to the following two items:
 - a) Increased dollars for special events such as career days and airport days and
 - b) Safety equipment that is required in various departments.

PROFESSIONAL SERVICES

Professional Services are projected to increase 0.52% or \$22,000 between 1992 and 1993. There are a number of areas which will change significantly between the two years. The categories with the largest projected change are:

1. Legal, engineering and environmental fees are projected to decrease by \$300,000. This decrease is the result of a probable resolution of the ground water contamination problem at Lake Elmo. Recent findings of TCE (Tri-chloro-ethylene) in the ground water upstream, northwest of the Lake Elmo Airport, verifies MAC's contention that the airport is not the source of the contaminants.
2. Architectural fees are projected to increase \$70,000. This increase can be attributed to a number of projects which will be analyzed in 1993. These include:
 - a) Update key plans of terminal complex.
 - b) Carrousel and conveyor analysis.
 - c) Development of specifications for obtaining bids.
3. New Airport planning fees are estimated to increase \$250,000.

The following chart shows a more complete list of some of the major professional service categories, the respective departments, and dollars allocated for the 1993 budget for that department.

<u>TYPE OF SERVICE</u>	<u>DEPARTMENT</u>	<u>DOLLARS</u>
Accounting & Audit Fees	Finance	\$138,150
Public Information	Public Relations	110,000
	Parking	25,000
Legal Fees	General Counsel	212,000
	Reliever Airports	20,000
Legal — Environmental	Noise/Environmental	120,000
	Reliever Airports	10,000
Computer Services	MIS	40,500
	Parking/Ground Transportation	125,000
Legislative	Public Relations	63,000
	Labor/Legislative	75,000
Engineering	Field and Runway	597,000
	Planning	75,000
	Reliever Airports	40,000
	Terminal Building	92,500
Environmental — Engineering	Field and Runway	332,000
	Ramp	70,000
	Reliever Airports	202,000
New Airport Planning	Field and Runway	993,000
Appraisal/RFP/Lease	Properties	187,000
Architectural	Terminal Building	121,000
		<u>\$3,648,150</u>

Expense Assumptions CONTINUED

UTILITIES

Utilities are increasing \$34,000 or 0.84% in 1993 from 1992 estimates.

Anticipated price changes for 1993 were obtained from various utility companies that provide service to the MAC. Types of service and anticipated rate changes include:

- Electricity: 5% increase (late 1993)
- Natural Gas: Minnegasco, NSP and Peoples Natural Gas all project a 5% increase in price late in 1993. (These companies provide 99.5% of the natural gas consumed by MAC.)
- Fuel Oil: 5% Increase
- Water: 5% Increase
- Sewer: 6% Increase

Within the current budget, electricity accounts for 47%; natural gas and fuel oil together comprise 18% of the utility budget. Water and sewer charges represent 30% of the utility budget.

The City of Minneapolis bills MAC for the total consumption of water and sewer at MSP. MAC recovers a portion of these charges by billing tenants for their consumption on a quarterly basis. In addition, a portion of the charges are recovered through the terminal building rental rates.

Usage of all utilities is anticipated to remain relatively constant compared to estimated consumption in 1992 and actual 1991.

OPERATING SERVICES

Operating Services are projected to increase \$670,000 or 11.69% in 1993 from 1992 estimates. In this category 74% of the expenses are incurred from the parking management and shuttle bus service contracts.

The parking management contract covers both expenses of the parking facilities and the management fee. In 1993 the contract is expected to increase \$304,000 over 1992. This increase is due primarily to higher labor and benefit costs.

Shuttle bus services are anticipated to increase 1.88% or \$27,000 in 1993 from 1992 estimates. Services provided are the Humphrey Terminal/Lindbergh Terminal, Auto Rental Facility/Lindbergh Terminal and Regional Terminal/Lindbergh Terminal.

Other Operating Services are projected to increase \$338,000 from 1992 estimates to 1993 budget due to the following:

1. Pollution Control — There are three areas which will require substantial increases in 1993 over previous years costs.
 - a) Costs for booms used to contain and soak up fuel are projected to increase \$25,000. These spills occur primarily around the ramp area, field and maintenance buildings.
 - b) Continued review of all buildings on the airport with regards to asbestos is projected to result in additional costs of \$60,000.
 - c) Fluorescent lights can no longer be thrown out. They must be stored until a proper method of disposal is found. This is estimated to cost \$10,000 in 1993.
2. The agreement for the Xerox center has increased by \$44,000. This increase is attributed to the following:
 - a) The current agreement has annual cost additions.
 - b) At the request of both the Commission and public there is an increased demand for copies.
3. Parking Lot Tickets — A very small amount of tickets were purchased in 1992. The inventory must be restocked in 1993 at a cost of \$60,000 to \$70,000. In addition, there will be tickets required for the new ground transportation system.

Expense Assumptions CONTINUED

MAINTENANCE

This category has four components: field, equipment, building and cleaning. These costs are projected to increase by \$527,000 over the estimated 1992 costs. The chart detailing snow removal costs in the Maintenance – Field section below illustrates this point.

Maintenance – Field: Expenses here are projected to increase \$228,000 or 25% in 1993 over 1992 estimates. The increase is in the area of snow removal.

During the first part of 1992, the moisture content of the snow was low as was the amount of snow that fell. As a result, the amounts of sand, salt and urea used were considerably less than what would be used in a normal year. The 1993 budget is based upon average winter weather conditions.

	1992 Estimate	1993 Budget
Snow Removal Costs	\$280,000	\$525,000

Maintenance – Equipment: These expenses are projected to increase \$112,000 or 9% in 1993 over 1992 estimates. The change can be attributed to parts. These costs follow the same pattern as snow removal. If there is a mild weather during the year, as there was in early 1992, then the costs will be down. Parts for 1993 are budgeted for an average year. Estimated costs for parts are slightly higher for 1992 because a number of repairs were done as a result of heavy snow in late 1991.

Maintenance – Building: This area is estimated to increase \$263,000 or 18% from 1992 to 1993. Approximately \$100,000 of the increase is in the carrousel category. A revised maintenance program where MAC will build up an inventory of replacement parts is the majority of the increase. This revised program implemented in 1992, has reduced total maintenance costs from previous years as shown in this table:

	1989 Actual	1990 Actual	1991 Actual	1992 Estimate	1993 Budget
Carrousel and Conveyor costs	\$500,000	\$739,000	\$447,000	\$250,000	\$300,000

The other large increase is in plumbing parts and is estimated at \$50,000. A number of areas around the airport are in need of upgrading. This will be done in 1993. The remaining increases are throughout the various categories and are minor.

Maintenance – Cleaning: This category is projected to decrease \$66,000. This decrease is attributed to the cleaning contract. During 1992 there were special cleanings which took place for both the Super Bowl and the NCAA Final Four Basketball tournament. These were additional costs above and beyond the contract amount.

DEPRECIATION

Depreciation will make up 30% of the total MAC budget for 1993. Estimates for Depreciation are based on the Capital Improvement Program and Plan which will be recommended to the Commission in late fall 1992. Commission action on the Capital Improvement Program and subsequent approval of construction contracts will have a substantial impact upon the actual increases in Depreciation costs for 1993. During 1992 and 1993, approximately \$47 million worth of projects are expected to be completed. This total includes the following major items:

Expense Assumptions CONTINUED

	Estimated Total Cost*	1993 Additional Depreciation
Major Projects		
Replacement of Level 2 – Original Multi-Level Ramp	\$6,115,000	\$305,750
Lindbergh Terminal – Skyways/Vertical Circulation	5,375,000	215,017
Pedestrian/Vehicle Bridges – Elevator Tower Demolition	2,200,000	110,000
Anoka Airport Air Traffic Control Tower	2,000,000	13,333
Reliever Airports – Runways/Taxiways/Pavement Rehabilitations	2,122,000	28,663
Part 105 Implementation	1,960,000	65,334
Windom School Noise Abatement – Phase II	1,690,000	169,000
Secured Area Access System	1,542,000	77,100
1991 Pavement Reconstruction	1,049,000	52,425
GTC East – Utilities Modifications	1,000,000	40,000
Primary Electrical Distribution System Upgrade	950,000	38,000
	<u>26,003,000</u>	<u>1,144,622</u>
New Equipment	<u>2,712,700</u>	<u>268,795</u>
	<u>28,715,700</u>	<u>1,383,417</u>

*Represents total cost less estimated Federal and State aid.

Due to the long lead time required for approval, design and construction, estimates for budget purposes are based on a significant number of assumptions which determine the proposed projects' financial impact.

OTHER

There are three areas which comprise the majority of this category: General Insurance, Rental-Snow Equipment and Reimbursed Expense. General Insurance shows a minor decrease of 1.3% from \$896,000 to \$884,000. Rental-Snow Equipment is projected to increase from \$265,600 estimated for 1992 to \$325,000 in 1993. The reason for this increase can be attributed to additional rental equipment required at the reliever airports. Reimbursed Expenses consist of costs which are paid by MAC initially and then billed back to tenants. The reduction to expense is estimated at \$1,217,000 for 1993, compared with the 1992 estimate of \$1,550,000. The reduction to reimbursed expense is the result of planning for normal reimbursements. In 1992 aid received was greater than normal and there were several smaller one-time reimbursements.

Total Detail Expense Summary

	Total	Main Office	Mpls./St. Paul International	Reliever Airports
Personnel				
Exempt	4,491,655	2,251,250	2,075,697	164,708
Non-exempt	3,418,059	1,202,492	2,078,743	136,824
Public Safety	2,963,359	0	2,963,359	0
Maintenance	5,032,281	8,036	4,177,058	847,187
Temp/Seasonal	320,698	63,374	218,174	39,150
Holiday	716,740	169,648	499,475	47,617
Sick	440,154	106,045	304,341	29,768
Employee Pension	2,887,831	559,926	2,056,528	271,377
Employee Insurance	2,914,682	533,580	2,155,790	225,312
Workers Compensation	253,008	15,972	215,004	22,032
Continuing Education	275,500	109,850	143,650	22,000
Uniforms	97,022	1,152	83,870	12,000
Per Diem	29,100	29,100	0	0
Other	113,457	24,652	80,580	8,225
Total Personnel	23,953,546	5,075,077	17,052,269	1,826,200
Administrative Expenses				
Office Supplies	82,100	47,000	32,500	2,600
Computer Supplies	100,450	55,750	37,700	7,000
Stationary/Printing	101,500	64,300	35,200	2,000
Postage	78,200	66,000	9,200	3,000
Delivery Service	17,860	11,500	5,860	500
Freight	5,040	1,240	3,050	750
Travel - Other	8,744	4,002	2,857	1,885
Registration	49,974	26,013	16,421	7,540
Transportation	163,514	103,452	56,292	3,770
Lodging	79,192	51,426	26,751	1,015
Meals	20,676	13,407	6,979	290
Mileage	38,350	23,300	13,050	2,000
Information Sources	184,615	141,681	41,934	1,000
Local Meetings	33,570	24,120	6,450	3,000
Other	165,475	22,370	139,625	3,480
Total Administrative Expenses	1,129,260	655,561	433,869	39,830
Professional Services				
Accounting/Audit Fees	163,150	138,150	25,000	0
Insurance Consultants	60,000	30,000	30,000	0
Graphic/Printer	38,700	38,700	0	0
Public Information Fee	145,000	110,000	35,000	0
Legal Fees	242,250	218,000	4,250	20,000
Legal Fees - Environment	130,000	0	120,000	10,000
Labor Relations	30,000	30,000	0	0
Computer Services	193,800	49,900	143,900	0
Legislative Fees	138,000	138,000	0	0
Engineering Fees	876,480	80,000	756,480	40,000
Environmental	654,000	0	452,000	202,000
Architectural Fees	170,770	7,500	157,270	6,000
New Airports Planning	993,000	0	993,000	0
Recruiting/Employment	14,000	14,000	0	0
Appraisal/RFP/Lease	187,000	187,000	0	0
Affirmative Action	17,000	17,000	0	0
Miscellaneous - Medical	58,000	15,000	43,000	0
Miscellaneous - Other	156,000	84,750	71,250	0
Total Professional Services	4,267,150	1,158,000	2,831,150	278,000
Operating Services				
Parking - Management Fee	3,263,453	0	3,263,453	0
Parking - Lot Tickets	88,250	0	88,250	0
Advertising - Employment	20,000	20,000	0	0
Advertising - Noise	5,000	0	0	5,000
Advertising - Parking	90,000	0	90,000	0
Advertising - Other	139,950	117,500	18,450	4,000
Cab Starter	275,000	0	275,000	0
Met Council Fees	228,000	0	228,000	0
Pollution Control	224,750	1,000	183,750	40,000
Shuttle Bus Service	1,501,752	0	1,501,752	0
Security Service	127,000	0	90,000	37,000
Bank Charges	60,600	60,600	0	0
Copy Agreement	188,600	157,100	29,000	2,500
Recognition - Events	15,000	15,000	0	0
Recognition - Awards	35,000	35,000	0	0
Recognition - Supplies	8,000	8,000	0	0
Recognition - Meals	10,000	10,000	0	0
Wellness - Seminars/Health	52,350	52,350	0	0
Wellness - Awards/Misc.	46,000	46,000	0	0
Other	24,250	13,000	9,850	1,400
Total Operating Services	6,402,955	535,550	5,777,505	89,900

Total Detail Expense Summary *CONTINUED*

	Total	Main Office	Mpls./St. Paul International	Reliever Airports
Utilities				
Telephone	174,340	40,000	113,640	20,700
Electricity	1,943,675	30,000	1,819,000	94,675
Sewer	686,926	5,703	676,713	4,510
Water	538,587	4,597	529,811	4,179
Heating Fuel	755,951	7,535	715,912	32,504
Total Utilities	4,099,479	87,835	3,855,076	156,568
Maintenance – Building				
Electrical	126,600	1,880	109,720	15,000
Shop	16,534	0	10,534	6,000
Plumbing	157,500	6,800	133,200	17,500
Painting	75,480	0	67,980	7,500
Carpentry	66,180	2,640	56,240	7,300
Temperature Control	510,750	26,900	466,350	17,500
Roofing	68,500	0	34,500	34,000
Doors	95,250	1,300	81,950	12,000
Elevators	173,500	3,000	168,000	2,500
Carrouseles	299,808	0	299,808	0
Tools	39,300	0	35,800	3,500
Other	97,700	0	85,700	12,000
Total Maintenance – Building	1,727,102	42,520	1,549,782	134,800
Maintenance – Field				
Electrical	116,140	0	85,140	31,000
Shop	15,000	0	15,000	0
Painting	45,520	0	35,020	10,500
Carpentry	25,120	0	21,120	4,000
Sand	91,000	0	78,000	13,000
Salt	34,700	0	31,200	3,500
Asphalt/Cement	197,300	0	143,300	54,000
Landscape/Turf Maintenance	70,000	10,000	30,000	30,000
Snow Removal	235,800	0	223,800	12,000
Fencing	31,000	0	20,000	11,000
Urea	197,500	0	192,000	5,500
Tools	17,600	0	15,600	2,000
Environment	5,000	0	0	5,000
Other	36,000	0	30,000	6,000
Total Maintenance – Field	1,117,680	10,000	920,180	187,500
Maintenance – Equipment				
Parts	521,538	16,200	445,338	60,000
Radio Maintenance	51,000	4,846	41,368	4,786
Gas & Oil	188,800	8,900	142,700	37,200
Minor Equipment	119,524	14,600	96,424	8,500
Minor Equipment – Computer	107,828	80,608	26,390	830
Shop Supplies	165,400	0	120,400	45,000
Other	222,011	65,175	134,836	22,000
Total Maintenance – Equipment	1,376,101	190,329	1,007,456	178,316
Maintenance – Cleaning				
Towel/Laundry	18,850	0	16,300	2,550
Janitor Contract	2,652,192	39,936	2,585,460	26,796
Rubbish Disposal	470,748	0	451,740	19,008
Janitor Supplies	192,640	3,200	181,940	7,500
Total Maintenance – Cleaning	3,334,430	43,136	3,235,440	55,854
Depreciation	20,382,817	420,455	17,001,643	2,960,719
Other				
General Insurance	883,658	43,920	728,282	111,456
Rental – Snow Equipment	325,071	0	266,972	58,099
Rental – Field Equipment	81,630	0	64,130	17,500
Rental – Copier	16,800	0	8,400	8,400
Rental – Other	41,792	14,400	25,392	2,000
Licenses and Taxes	11,000	6,000	1,400	3,600
Office Furniture	64,811	16,031	37,780	11,000
Other	39,290	13,500	15,790	10,000
Reimbursed Expenses	(1,216,956)	(62,000)	(1,019,956)	(135,000)
Total Other	247,096	31,851	128,190	87,055
Location Total	68,037,616	8,250,314	53,792,560	5,994,742

Main Office Summary

	Total Main Office	Executive	Public Information	Deputy Airports	Planning & Development	Finance	MIS	Labor Relations	Properties	Affirmative Action	General Counsel	Personnel	Main Office
Personnel													
Exempt	2,251,250	178,759	136,277	140,721	422,747	498,067	150,590	134,718	189,726	159,644	134,161	105,840	0
Non-Exempt	1,202,471	180,719	31,906	61,591	81,435	485,759	136,238	33,140	76,925	28,728	60,660	126,021	0
Maintenance	8,036	0	0	0	0	0	0	0	0	0	0	0	8,036
Temp/Seasonal	63,374	0	3,604	0	6,240	22,804	4,160	0	0	0	5,766	20,800	0
Holiday	169,648	12,634	8,309	9,954	25,011	47,844	14,238	8,270	13,172	9,149	9,662	11,405	0
Sick	106,045	7,897	5,190	6,217	15,624	29,895	8,912	5,174	8,233	5,730	6,039	7,134	0
Employee Pension	559,926	55,934	22,259	26,437	81,585	152,085	52,711	29,287	42,170	32,042	25,914	39,502	0
Employee Insurance	533,580	62,304	23,316	25,872	68,592	160,320	45,108	19,404	31,980	27,552	24,024	45,108	0
Workers Comp.	15,972	1,032	624	828	2,076	5,184	1,452	624	1,044	828	828	1,452	0
Cont. Education	109,850	2,000	8,100	1,250	4,000	18,500	23,000	2,000	4,000	13,000	4,000	30,000	0
Uniforms	1,152	0	0	0	0	1,152	0	0	0	0	0	0	0
Commissioner Per Diem	29,100	29,100	0	0	0	0	0	0	0	0	0	0	0
Other	24,652	1,820	1,204	1,420	3,582	7,048	2,042	1,178	1,868	1,321	1,406	1,763	0
Total Personnel	5,075,077	432,199	240,789	274,290	710,892	1,428,658	438,451	233,795	368,488	277,994	272,460	389,025	8,036
Administrative Expense													
Office Supplies	47,000	2,000	1,500	0	2,000	5,000	2,000	1,500	1,500	1,500	1,000	2,000	27,000
Computer Supplies	55,750	1,500	4,600	0	4,400	6,250	18,500	4,000	6,500	2,000	4,000	4,000	0
Stationary/Printing	64,300	1,750	23,000	0	500	22,050	0	500	15,000	1,500	0	0	0
Postage	66,000	0	0	0	0	0	0	0	0	0	0	0	66,000
Delivery Service	11,500	3,500	1,000	1,000	900	1,150	0	300	1,000	200	250	1,000	1,200
Freight	1,240	0	500	0	0	500	0	0	0	0	0	0	240
Travel	4,002	1,216	290	200	400	352	330	230	330	194	260	200	0
Registration	26,013	7,904	1,885	1,300	2,600	2,288	2,145	1,495	2,145	1,261	1,690	1,300	0
Transportation	103,452	31,616	7,540	5,200	9,800	9,152	8,580	5,980	8,580	5,044	6,760	5,200	0
Lodging	51,426	15,808	3,770	2,600	4,600	4,576	4,290	2,990	4,290	2,522	3,380	2,600	0
Meals	13,407	4,256	1,015	700	800	1,232	1,155	805	1,155	679	910	700	0
Mileage	23,300	9,860	250	1000	2,400	1,890	2,500	800	1,000	2,500	500	600	0
Information Sources	141,681	95,000	4,000	1,781	1,000	3,400	3,500	4,000	1,000	4,500	20,000	500	3,000
Local Meetings	24,120	9,200	4,650	550	500	820	3,000	1,500	500	2,000	400	1,000	0
Other	22,370	0	19,000	0	550	620	0	0	0	0	0	1,000	1,200
Total Administrative Expense	655,561	183,610	73,000	14,331	30,450	59,280	46,000	24,100	43,000	23,900	39,150	20,100	98,640
Professional Services													
Acctg. and Audit Fees	138,150	0	0	0	0	138,150	0	0	0	0	0	0	0
Insurance Consultants	30,000	0	0	30,000	0	0	0	0	0	0	0	0	0
Graphic/Printing	38,700	0	0	0	0	13,700	0	0	25,000	0	0	0	0
Public Information Fee	110,000	0	110,000	0	0	0	0	0	0	0	0	0	0
Legal Fees	218,000	0	0	0	0	6,000	0	0	0	0	212,000	0	0
Labor Relations	30,000	0	0	0	0	0	0	30,000	0	0	0	0	0
Computer Services	49,900	0	0	0	7,800	1,600	40,500	0	0	0	0	0	0
Legislative Fees	138,000	0	63,000	0	0	0	0	75,000	0	0	0	0	0
Engineering Fees	80,000	0	0	0	75,000	0	0	0	0	0	0	0	5,000
Architectural Fees	7,500	0	0	0	7,500	0	0	0	0	0	0	0	0
Recruiting/Employment	14,000	0	0	0	0	0	0	0	0	0	0	14,000	0
Appraisal/RFP/Lease	187,000	0	0	0	0	0	0	0	187,000	0	0	0	0
Affirmative Action	17,000	0	0	0	0	0	0	0	0	17,000	0	0	0
Misc. - Medical	15,000	0	0	0	0	0	0	0	0	0	0	15,000	0
Misc. - Other	84,750	25,000	0	50,000	0	9,750	0	0	0	0	0	0	0
Total Professional Services	1,158,000	25,000	173,000	80,000	90,300	169,200	40,500	105,000	212,000	17,000	212,000	29,000	5,000
Utilities													
Telephone	40,000	0	0	0	0	0	0	0	0	0	0	0	40,000
Electricity	30,000	0	0	0	0	0	0	0	0	0	0	0	30,000
Sewer	5,703	0	0	0	0	0	0	0	0	0	0	0	5,703
Water	4,597	0	0	0	0	0	0	0	0	0	0	0	4,597
Heating Fuel	7,535	0	0	0	0	0	0	0	0	0	0	0	7,535
Total Utilities	87,835	0	0	0	0	0	0	0	0	0	0	0	87,835

Main Office Summary *CONTINUED*

	Total Main Office	Executive	Public Information	Deputy Airports	Planning & Development	Finance	MIS	Labor Relations	Properties	Affirmative Action	General Counsel	Personnel	Main Office
Operating Services													
Advertising – Employment	20,000	0	0	0	0	0	0	0	0	0	0	20,000	0
Advertising – Other	117,500	15,000	89,000	0	0	8,000	0	0	0	4,000	1,500	0	0
Pollution Control	1,000	0	0	0	0	0	0	0	0	0	0	0	1,000
Bank Charges	60,600	0	0	0	0	60,600	0	0	0	0	0	0	0
Copy Agreement	157,100	2,000	11,000	0	1,500	0	1,000	0	0	0	0	0	141,600
Recognition – Events	15,000	0	0	0	0	0	15,000	0	0	0	0	0	0
Recognition – Awards	35,000	0	0	0	0	0	35,000	0	0	0	0	0	0
Recognition – Supplies	8,000	0	0	0	0	0	8,000	0	0	0	0	0	0
Recognition – Meals	10,000	0	0	0	0	0	10,000	0	0	0	0	0	0
Wellness – Seminar	52,350	0	0	52,350	0	0	0	0	0	0	0	0	0
Wellness – Awards	46,000	0	0	46,000	0	0	0	0	0	0	0	0	0
Other	13,000	0	0	0	0	3,000	0	10,000	0	0	0	0	0
Total Operating Services	535,550	17,000	100,000	98,350	1,500	71,600	69,000	10,000	0	4,000	1,500	20,000	142,600
Maintenance – Building													
Electrical – Building	1,880	0	0	0	0	0	0	0	0	0	0	0	1,880
Plumbing – Building	6,800	0	0	0	0	0	0	0	0	0	0	0	6,800
Carpentry – Building	2,640	0	0	0	0	0	0	0	0	0	0	0	2,640
Temp Control	26,900	0	0	0	0	0	0	0	0	0	0	0	26,900
Doors	1,300	0	0	0	0	0	0	0	0	0	0	0	1,300
Elevators	3,000	0	0	0	0	0	0	0	0	0	0	0	3,000
Total Maintenance Building	42,520	0	0	0	0	0	0	0	0	0	0	0	42,520
Maintenance – Field													
Lands/Turf Maintenance	10,000	0	0	0	0	0	0	0	0	0	0	0	10,000
Total Maintenance – Field	10,000	0	0	0	0	0	0	0	0	0	0	0	10,000
Maintenance – Equipment													
Parts	16,200	0	0	0	0	1,200	0	0	0	0	0	0	15,000
Radio Maintenance	4,846	0	0	0	0	0	0	0	0	0	0	0	4,846
Gas & Oil	8,900	0	0	0	0	0	0	0	0	0	0	0	8,900
Minor Equipment	14,600	0	3,500	5,300	0	5,800	0	0	0	0	0	0	0
Minor Equipment – Comp.	80,608	1,200	0	9,540	7,600	36,100	7,400	2,480	4,513	6,000	0	5,775	0
Other – Equipment	65,175	0	1,250	3,600	0	2,325	55,000	0	0	0	0	0	3,000
Total Maintenance – Equipment	190,329	1,200	4,750	18,440	7,600	45,425	62,400	2,480	4,513	6,000	0	5,775	31,746
Maintenance – Cleaning													
Contract Cleaning	39,936	0	0	0	0	0	0	0	0	0	0	0	39,936
Cleaning Supplies	3,200	0	0	0	0	0	0	0	0	0	0	0	3,200
Total Maintenance – Cleaning	43,136	0	0	0	0	0	0	0	0	0	0	0	43,136
Depreciation													
Depreciation	420,455	0	0	0	0	0	0	0	0	0	0	0	420,455
Total Depreciation	420,455	0	0	0	0	0	0	0	0	0	0	0	420,455
Other													
General Insurance	43,920	0	0	0	0	0	0	0	0	0	0	0	43,920
Rental – Other	14,400	10,500	0	0	1,500	0	0	0	0	0	0	0	2,400
Licenses Taxes	6,000	0	0	0	0	0	0	0	0	0	0	0	6,000
Office Furniture	16,031	2,000	250	800	0	12,000	0	0	981	0	0	0	0
Other	13,500	0	3,000	0	1,500	0	0	0	0	0	0	0	9,000
Reimbursed Expense	(62,000)	0	0	0	0	0	0	0	0	0	0	0	(62,000)
Total Other	31,851	12,500	3,250	800	3,000	12,000	0	0	981	0	0	0	(680)
Department Total	8,250,314	671,509	594,789	486,211	843,742	1,786,163	656,351	375,375	628,982	328,894	525,110	463,900	889,288

Minneapolis/St. Paul International Expense Summary

	Total MSP Inter- national	Field & Runway	Mainte- nance Employees	Equip- ment Mainte- nance	Mainte- nance Building	Off- Airport Noise	Noise Abatement	Ramp	Terminal Building	Green Concourse	Boiler Plant	Terminal Roads
Personnel												
Exempt	2,075,697	0	421,306	0	0	0	231,788	0	104,820	0	45,426	0
Non-exempt	2,078,743	0	67,750	0	0	0	374,389	0	25,820	0	32,334	0
Public Safety	2,963,359	0	0	0	0	0	0	0	0	0	0	0
Maintenance	4,177,058	0	3,303,435	0	16,068	0	0	0	385,913	0	442,184	0
Temp/Seasonal	218,174	0	130,354	0	0	0	13,453	0	6,727	0	0	0
Holiday	4994,75	0	160,166	0	0	0	29,291	0	24,296	0	22,854	0
Sick	304,341	0	100,277	0	0	0	18,299	0	15,176	0	14,417	0
Employee Pension	2,056,528	0	673,537	0	0	0	80,135	0	97,733	0	86,505	0
Employee Insur.	2,155,790	0	765,252	0	0	0	92,469	0	119,124	0	124,592	0
Workers Comp.	215,004	0	81,612	0	0	0	3,528	0	13,056	0	10,608	0
Cont. Education	143,650	0	11,000	0	8,800	0	15,000	0	3,500	0	3,000	0
Uniforms	83,870	0	10,000	0	8,742	0	0	0	3,888	0	1,000	0
Other	80,570	0	27,191	0	0	0	4,337	0	3,658	0	3,966	0
Total Personnel	17,052,259	0	5,751,880	0	33,610	0	862,689	0	803,711	0	786,886	0
Administrative Expense												
Office Supplies	32,500	3,500	0	0	0	0	0	0	0	0	0	0
Computer Supplies	37,700	4,000	0	0	0	0	4,900	0	1,500	0	1,500	0
Stationary/Printing	35,200	5,000	0	0	0	0	0	0	0	0	200	0
Postage	9,200	0	0	0	0	0	0	0	0	0	0	0
Delivery Service	5,860	1,310	0	0	150	0	2,700	0	500	0	200	0
Freight	3,050	550	0	0	400	0	0	0	1,500	0	200	0
Travel	2,857	500	0	0	170	0	150	0	910	0	20	0
Registration	16,421	3,250	0	0	1,105	0	1,250	0	3,640	0	130	0
Transportation	56,292	13,000	0	0	4,420	0	7,750	0	1,820	0	520	0
Lodging	26,751	6,500	0	0	2,210	0	3,250	0	490	0	260	0
Meals	6,979	1,750	0	0	595	0	600	0	140	0	70	0
Mileage	13,050	400	0	0	100	0	2,750	0	800	0	300	0
Information Sources	41,934	7,425	0	0	50	0	15,300	0	1,700	0	100	0
Local Meetings	6,450	450	0	0	0	0	0	0	400	0	200	0
Other	139,625	10,065	0	0	720	0	16,600	0	10,355	0	1,045	0
Total Admin. Expense	433,869	57,700	0	0	9,920	0	55,250	0	23,755	0	4,745	0
Professional Services												
Acctg and Audit Fees	25,000	0	0	0	0	0	0	0	0	0	0	0
Insurance Consultants	30,000	0	0	0	0	0	30,000	0	0	0	0	0
Public Information Fees	35,000	0	0	0	0	0	10,000	0	0	0	0	0
Legal Fees	4,250	0	0	0	0	0	0	0	0	0	0	0
Legal Fees Environmental	120,000	0	0	0	0	0	120,000	0	0	0	0	0
Computer Services	143,900	0	0	0	0	0	8,400	0	0	0	0	0
Engineering Fees	756,480	597,000	0	0	2,000	0	2,000	0	92,500	2,730	0	20,000
Environmental	452,000	332,000	0	0	0	0	35,000	70,000	0	0	0	0
Architectural Fees	157,270	0	0	0	0	0	0	0	121,080	0	0	8,730
New Airport Planning	993,000	993,000	0	0	0	0	0	0	0	0	0	0
Misc - Medical	43,000	0	0	0	0	0	8,000	0	0	0	0	0
Misc - Other	71,250	0	0	0	0	0	12,000	0	0	0	0	10,000
Total Professional Services	2,831,150	1,922,000	0	0	2,000	0	225,400	70,000	213,580	2,730	0	38,730
Utilities												
Telephone	113,640	2,400	0	0	2,500	0	21,000	0	4,800	0	0	0
Electricity	1,819,000	39,000	0	0	39,000	0	0	0	1,125,000	0	150,000	145,000
Sewer	676,713	0	0	0	13,824	0	0	0	413,768	0	0	93,313
Water	529,811	0	0	0	7,459	0	0	0	323,719	0	0	64,100
Heating Fuel	715,912	446	0	0	38,095	0	0	0	13,956	0	462,806	7,215
Total Utilities	3,855,076	41,846	0	0	100,878	0	21,000	0	1,881,243	0	612,806	309,628
Operating Services												
Parking Management Fee	3,263,453	0	0	0	0	0	0	0	0	0	0	0
Parking Lot Tickets	88,250	0	0	0	0	0	0	0	0	0	0	0
Advertising - Parking	90,000	0	0	0	0	0	0	0	0	0	0	0
Advertising - Other	18,450	0	0	0	0	0	0	0	0	0	0	0
Cab Starter	275,000	0	0	0	0	0	0	0	0	0	0	260,000
Met-Council Fees	228,000	228,000	0	0	0	0	0	0	0	0	0	0
Pollution Control	183,750	11,000	0	0	31,000	0	0	48,000	70,000	0	8,750	0
Shuttle Bus Service	1,501,752	0	0	0	0	0	0	0	460,008	0	0	920,304
Security Service	90,000	0	0	0	0	0	0	0	0	0	0	0
Copy Agreement	29,000	0	0	0	0	0	24,000	0	0	0	0	0
Other	9,850	500	0	0	0	0	0	0	0	0	0	0
Total Operating Service	5,777,505	239,500	0	0	31,000	0	24,000	48,000	530,008	0	8,750	1,180,304

Minneapolis/St. Paul International Expense Summary CONTINUED

	Total MSP Inter- national	Field & Runway	Mainte- nance Employees	Equip- ment Mainte- nance	Maine- nance Building	Off- Airport Noise	Noise Abatement	Ramp	Terminal Building	Green Concourse	Boiler Plant	Terminal Roads
Maintenance – Building												
Electrical – Bldg.	109,720	0	0	1,880	13,160	0	0	0	43,510	1,580	8,380	790
Shop – Bldg.	10,534	0	0	0	3,000	0	0	0	5,918	116	1,500	0
Plumbing – Bldg.	133,200	10,000	0	6,500	6,800	0	0	0	51,500	4,250	14,750	8,250
Painting – Bldg.	67,980	0	0	5,150	3,090	0	0	0	35,020	6,180	0	0
Carpentry – Bldg.	56,240	0	0	1,980	2,640	0	0	0	27,580	700	700	700
Temp Control	466,350	0	0	0	19,800	0	0	0	191,570	41,500	60,000	8,840
Roofing	34,500	0	0	3,000	0	0	0	0	10,500	1,750	0	0
Doors	81,950	3,000	0	10,000	0	0	0	0	43,320	220	660	110
Elevators	168,000	0	0	0	0	0	0	0	102,000	15,000	0	12,000
Carousels	299,808	0	0	0	0	0	0	0	227,808	0	0	0
Tools – Bldg.	35,800	0	0	0	9,000	0	0	0	7,200	600	5,100	600
Other – Bldg.	85,700	0	0	0	5,000	0	0	0	28,265	2,975	0	1,805
Total Maintenance – Bldg.	1,549,782	13,000	0	28,510	62,490	0	0	0	774,191	74,871	91,090	33,095
Maintenance – Field												
Electrical – Field	85,140	77,400	0	0	0	0	0	0	0	0	0	6,880
Shop – Field	15,000	0	0	0	0	0	0	0	0	0	0	15,000
Painting – Field	35,020	25,750	0	0	0	0	0	0	0	0	0	4,120
Carpentry – Field	21,120	5,940	0	0	0	0	0	0	0	0	0	15,180
Sand	78,000	46,800	0	0	0	0	0	15,600	0	0	0	7,800
Salt	31,200	0	0	0	0	0	0	0	0	0	0	7,200
Asphalt/Cement	143,300	66,510	0	0	0	0	0	52,710	0	0	0	5,100
Lands/Turf Maint.	30,000	30,000	0	0	0	0	0	0	0	0	0	0
Snow Removal	223,800	19,800	0	0	0	0	0	80,400	0	0	0	900
Fencing	20,000	18,000	0	0	0	0	0	0	0	0	0	1,000
Urea	192,000	173,400	0	0	0	0	0	18,600	0	0	0	0
Tools – Field	15,600	15,600	0	0	0	0	0	0	0	0	0	0
Other – Field	30,000	0	0	0	0	0	0	0	0	0	0	0
Total Maintenance – Field	920,180	479,200	0	0	0	0	0	167,310	0	0	0	63,180
Maintenance – Equipment												
Parts	445,338	0	0	390,000	0	0	0	0	3,250	250	12,000	250
Radio Maintenance	41,368	0	0	17,554	0	0	0	0	1,229	0	0	0
Gas & Oil	142,700	0	0	114,000	0	0	700	0	0	0	0	0
Minor Equipment	96,424	0	0	36,700	11,624	0	14,200	0	3,800	0	0	0
Minor Equipment – Computer	26,390	0	0	1,200	0	0	600	0	0	0	700	0
Shop – Equipment	120,400	0	0	74,800	6,000	0	0	2,100	14,820	840	3,000	0
Other – Equipment	134,836	0	0	1,050	1,650	0	0	0	4,200	375	0	0
Total Maintenance – Equipment	1,007,456	0	0	635,304	19,274	0	15,500	2,100	27,299	1,465	15,700	250
Maintenance – Cleaning												
Towel/Laundry	16,300	6,600	0	0	2,000	0	0	0	1,650	1,100	0	1,100
Contract Cleaning	2,585,460	0	0	0	16,944	0	0	0	1,492,892	432,410	0	53,090
Rubbish Disposal	451,740	21,360	0	0	24,480	0	0	0	278,604	21,360	7,116	7,116
Cleaning Supplies	181,940	0	0	0	650	0	0	0	130,540	12,840	3,200	0
Total Maintenance – Cleaning	3,235,440	27,960	0	0	44,074	0	0	0	1,903,686	467,710	10,316	61,306
Depreciation												
Depreciation	17,001,643	4,192,102	0	674,087	120,918	1,121,144	281,624	517,777	2,886,447	0	178,037	1,342,396
Total Depreciation	17,001,643	4,192,102	0	674,087	120,918	1,121,144	281,624	517,777	2,886,447	0	178,037	1,342,396
Other												
General Insurance	728,282	41,568	0	80,460	4,368	0	2,748	21,756	309,096	0	7,032	12,360
Rental – Snow Equipment	266,972	22,176	0	0	0	0	0	195,812	0	0	0	12,763
Rental – Field Equipment	64,130	40,576	0	0	0	0	0	18,254	0	0	0	2,000
Rental – Copier	8,400	0	0	0	0	0	0	0	0	0	0	0
Rental – Other	25,392	0	0	0	0	0	6,000	0	11,700	0	0	2,496
Licenses and Taxes	1,400	0	0	0	1,200	0	0	0	0	0	0	0
Office Furniture	37,780	0	0	0	5,105	0	4,000	0	0	0	0	0
Other	15,790	0	0	0	0	0	0	0	4,925	595	110	275
Reimbursed Expense	(1,019,956)	(30,000)	0	0	(3,600)	0	0	(30,000)	(48,000)	0	0	(3,300)
Total Other	128,190	74,320	0	80,460	7,073	0	12,748	205,822	277,721	595	7,142	26,594
Department Total	53,792,560	7,047,628	5,751,880	1,418,361	431,237	1,121,144	1,498,211	1,011,009	9,321,641	547,371	1,715,472	3,055,483

Minneapolis/St. Paul International Expense Summary CONTINUED

	Fire	Police	Parking Facilities	Humphrey Terminal	Cargo Area	Other Road	West Terminal Area	Control Tower	Hangers & Other Building	WCF Admin.	Operations	Ground Trans- portation
Personnel												
Exempt	431,865	380,631	0	51,602	0	0	47,827	0	0	198,480	112,092	49,860
Non-Exempt	31,478	762,617	0	0	0	0	0	0	0	122,819	576,186	85,350
Public Safety	1,169,101	1,794,258	0	0	0	0	0	0	0	0	0	0
Maintenance	2,678	0	0	0	0	0	10,712	5,356	10,712	0	0	0
Temp/Seasonal	0	0	0	0	0	0	3,363	0	0	30,677	8,008	25,592
Holiday	70,849	132,100	0	2,575	0	0	4,459	0	0	15,620	31,119	6,146
Sick	36,072	82,551	0	1,609	0	0	2,797	0	0	9,759	19,523	3,861
Employee Pension	291,562	621,706	0	6,750	0	0	21,081	0	0	59,057	98,933	19,529
Employee Insurance	303,624	535,128	0	4,428	0	0	26,109	0	0	56,820	108,648	19,596
Workers Comp.	31,020	66,924	0	204	0	0	2,448	0	0	1,452	3,528	624
Cont. Education	17,500	46,150	0	0	0	0	3,300	0	0	10,000	20,900	4,500
Uniforms	14,580	36,150	0	0	0	0	1,440	0	0	300	7,470	300
Other	11,306	20,489	0	363	0	0	728	0	0	2,453	4,969	1,110
Total Personnel	2,411,635	4,478,704	0	67,531	0	0	124,264	5,356	10,712	507,437	991,376	216,468
Administrative Expense												
Office Supplies	1,000	15,500	0	0	0	0	0	0	0	10,000	2,500	0
Computer Supplies	1,000	4,300	0	0	0	0	0	0	0	8,500	8,000	4,000
Stationary/Printing	500	11,500	0	0	0	0	0	0	0	8,000	6,000	4,000
Postage	0	200	0	0	0	0	0	0	0	9,000	0	0
Delivery Service	50	200	0	0	0	0	0	0	0	500	250	0
Freight	100	200	0	0	0	0	0	0	0	100	0	0
Travel	144	300	0	27	0	0	0	0	0	206	280	150
Registration	936	1,800	0	176	0	0	0	0	0	1,339	1,820	975
Transportation	3,744	8,700	0	702	0	0	0	0	0	5,356	7,280	3,000
Lodging	1,872	4,200	0	351	0	0	0	0	0	2,678	3,640	1,300
Meals	504	1,000	0	94	0	0	0	0	0	721	980	525
Mileage	2,000	3,500	0	75	0	0	1,000	0	0	800	825	500
Information Sources	2,000	5,679	0	0	0	0	1,000	0	0	4,750	3,250	680
Local Meetings	300	700	0	0	0	0	500	0	0	3,000	500	400
Other	11,140	4,000	0	2,450	0	0	0	0	0	79,000	3,750	500
Total Administrative Expense	25,290	61,779	0	3,875	0	0	2,500	0	0	133,950	39,075	16,030
Professional Services												
Acctg. and Audit Fees	0	0	25,000	0	0	0	0	0	0	0	0	0
Insurance Consultants	0	0	0	0	0	0	0	0	0	0	0	0
Public Information Fees	0	0	25,000	0	0	0	0	0	0	0	0	0
Legal Fees	0	0	4,250	0	0	0	0	0	0	0	0	0
Legal Fees Environmental	0	0	0	0	0	0	0	0	0	0	0	0
Computer Services	0	3,000	105,000	0	0	0	0	0	0	0	7,500	20,000
Engineering Fees	2,000	4,000	10,000	2,000	0	10,000	2,000	0	0	2,000	6,250	2,000
Environmental	0	0	0	0	0	15,000	0	0	0	0	0	0
Architectural Fees	0	0	15,810	6,650	0	0	5,000	0	0	0	0	0
New Airport Planning	0	0	0	0	0	0	0	0	0	0	0	0
Misc. - Medical	12,500	15,000	0	0	0	0	0	0	0	7,500	0	0
Misc. - Other	7,500	17,250	0	0	0	0	0	0	0	15,000	9,500	0
Total Professional Services	22,000	39,250	185,060	8,650	0	25,000	7,000	0	0	24,500	23,250	22,000
Utilities												
Telephone	3,200	13,340	0	1,000	0	0	0	0	0	30,000	35,400	0
Electricity	15,000	0	45,000	120,000	0	9,000	66,000	48,000	18,000	0	0	0
Sewer	3,457	0	1,382	10,369	0	138,320	897	692	691	0	0	0
Water	1,865	0	1,865	6,760	0	121,941	702	700	700	0	0	0
Heating Fuel	0	9,617	0	73,042	0	0	68,697	36	42,002	0	0	0
Total Utilities	23,522	22,957	48,247	211,171	0	269,261	136,296	49,428	61,393	30,000	35,400	0
Operating Services												
Parking - Management Fee	0	0	3,263,453	0	0	0	0	0	0	0	0	0
Parking - Lot Tickets	0	0	88,250	0	0	0	0	0	0	0	0	0
Advertising - Parking	0	0	90,000	0	0	0	0	0	0	0	0	0
Advertising - Other	0	0	450	0	0	0	0	0	0	18,000	0	0
Cab Starter	0	0	0	15,000	0	0	0	0	0	0	0	0
Met-Council Fees	0	0	0	0	0	0	0	0	0	0	0	0
Pollution Control	13,000	0	0	1,000	0	0	1,000	0	0	0	0	0
Shuttle Bus Service	0	0	0	121,440	0	0	0	0	0	0	0	0
Security Service	0	90,000	0	0	0	0	0	0	0	0	0	0
Copy Agreement	5,000	0	0	0	0	0	0	0	0	0	0	0
Other	0	9,000	0	350	0	0	0	0	0	0	0	0
Total Operating Services	18,000	99,000	3,442,153	137,790	0	0	1,000	0	0	18,000	0	0

Minneapolis/St. Paul International Expense Summary CONTINUED

	Fire	Police	Parking Facilities	Humphrey Terminal	Cargo Area	Other Road	West Terminal Area	Control Tower	Hangers & Other Building	WCF Admin.	Operations	Ground Trans- portation
Maintenance – Building												
Electrical – Bldg.	1,880	0	25,380	6,580	0	0	4,700	0	1,880	0	0	0
Shop – Bldg.	0	0	0	0	0	0	0	0	0	0	0	0
Plumbing – Bldg.	6,800	0	3,250	3,250	0	0	4,250	3,600	10,000	0	0	0
Painting – Bldg.	0	0	8,240	5,150	0	0	5,150	0	0	0	0	0
Carpentry – Bldg.	3,300	3,300	4,000	3,340	0	0	4,700	0	3,300	0	0	0
Temp Control	13,150	0	10,840	44,200	0	0	53,200	3,000	20,250	0	0	0
Roofing	7,000	0	0	5,250	0	0	7,000	0	0	0	0	0
Doors	8,150	300	1,760	12,680	0	0	1,750	0	0	0	0	0
Elevators	0	0	33,000	6,000	0	0	0	0	0	0	0	0
Carousels	0	0	0	72,000	0	0	0	0	0	0	0	0
Tools – Bldg.	5,000	0	600	6,000	0	0	1,700	0	0	0	0	0
Other – Bldg.	15,000	0	16,030	10,125	0	0	1,500	4,000	1,000	0	0	0
Total Maintenance – Building	60,280	3,600	103,100	174,575	0	0	83,950	10,600	36,430	0	0	0
Maintenance – Field												
Electrical – Field	0	0	0	0	0	860	0	0	0	0	0	0
Shop – Field	0	0	0	0	0	0	0	0	0	0	0	0
Painting – Field	0	0	0	0	0	5,150	0	0	0	0	0	0
Carpentry – Field	0	0	0	0	0	0	0	0	0	0	0	0
Sand	0	0	7,800	0	0	0	0	0	0	0	0	0
Salt	0	0	3,000	0	0	21,000	0	0	0	0	0	0
Asphalt/Cement	0	0	1,700	0	0	17,280	0	0	0	0	0	0
Lands./Turf Maint.	0	0	0	0	0	0	0	0	0	0	0	0
Snow Removal	0	0	121,800	0	0	900	0	0	0	0	0	0
Fencing	0	0	0	0	0	1,000	0	0	0	0	0	0
Urea	0	0	0	0	0	0	0	0	0	0	0	0
Tools – Field	0	0	0	0	0	0	0	0	0	0	0	0
Other – Field	30,000	0	0	0	0	0	0	0	0	0	0	0
Total Maintenance – Field	30,000	0	134,300	0	0	46,190	0	0	0	0	0	0
Maintenance – Equipment												
Parts	0	28,838	10,000	250	0	0	500	0	0	0	0	0
Radio Maintenance	4,587	11,819	516	0	0	0	0	0	0	0	5,663	0
Gas & Oil	5,800	18,300	0	0	0	0	0	0	0	0	3,900	0
Minor Equipment	20,800	0	0	2,000	0	0	0	0	0	2,300	5,000	0
Minor Equipment – Computer	6,200	0	5,400	0	0	0	0	0	0	4,500	3,140	4,650
Shop – Equipment	150,00	3,000	0	840	0	0	0	0	0	0	0	0
Other – Equipment	35,700	24,731	8,000	8,475	0	0	0	0	0	8,205	22,450	20,000
Total Maintenance – Equipment	88,087	86,688	23,916	11,565	0	0	500	0	0	15,005	40,153	24,650
Maintenance – Cleaning												
Towel/Laundry	1,000	1,200	0	1,650	0	0	0	0	0	0	0	0
Contract Cleaning	0	0	249,498	257,502	0	0	79,020	0	4,104	0	0	0
Rubbish Disposal	2,172	0	24,912	41,412	0	10,680	0	9,360	3,168	0	0	0
Cleaning Supplies	1,500	0	23,540	6,420	0	0	2,600	0	650	0	0	0
Total Maintenance – Cleaning	4,672	1,200	297,950	306,984	0	10,680	81,620	9,360	7,922	0	0	0
Depreciation												
Depreciation	189,986	38,897	3,898,699	898,518	331,960	173,633	22,303	0	34,743	20,557	60,431	17,384
Total Depreciation	189,986	38,897	3,898,699	898,518	331,960	173,633	22,303	0	34,743	20,557	60,431	17,384
Other												
General Insurance	57,264	85,128	53,976	24,492	0	12,360	7,320	408	3,396	1,850	2,700	0
Rental Snow Equipment	0	0	14,946	0	0	21,275	0	0	0	0	0	0
Rental-Field Equipment	0	0	1,300	0	0	2,000	0	0	0	0	0	0
Rental-Copier	0	0	0	0	0	0	0	0	0	8,400	0	0
Rental-Other	0	3,000	0	0	0	0	0	0	0	2,196	0	0
Licenses and Taxes	0	0	0	0	0	0	0	0	0	0	200	0
Office Furniture	3,750	4,000	0	0	0	0	500	0	0	2,075	14,100	4,250
Other	2,400	4,470	955	685	0	0	1,375	0	0	0	0	0
Reimbursed Expense	(182,952)	(456,552)	(2,500)	0	0	(12,600)	0	(48,900)	0	(201,552)	0	0
Total Other	(119,538)	(359,954)	68,677	25,177	0	23,035	9,195	(48,492)	3,396	(187,031)	17,000	4,250
Department Total	2,753,934	4,472,121	8,202,102	1,845,836	331,960	547,799	468,628	26,252	154,596	562,418	1,206,685	300,782

West Reliever Expense Summary

	Total West Reliever	West Relievers Admin.	Flying Cloud Facilities	Flying Cloud Field & Runway	West Equipment Maintenance	Crystal Facilities	Crystal Field & Runway	Anoka Facilities	Anoka Field & Runway
Personnel									
Exempt	51,404	51,404	0	0	0	0	0	0	0
Non-Exempt	65,586	65,586	0	0	0	0	0	0	0
Maintenance	381,796	0	0	148,597	0	0	113,884	0	119,315
Temp/Seasonal	36,507	0	0	12,169	0	0	12,169	0	12,169
Holiday	21,139	5,603	0	6,350	0	0	4,486	0	4,700
Sick	13,219	3,509	0	3,969	0	0	2,804	0	2,937
Employee Pension	104,227	22,745	0	19,206	0	0	23,120	0	39,156
Employee Insurance	117,996	19,260	0	33,120	0	0	30,876	0	34,740
Workers Comp.	10,608	2,448	0	3,264	0	0	2,448	0	2,448
Cont. Education	13,500	8,000	0	2,500	0	0	1,500	0	1,500
Uniforms	6,000	0	0	2,400	0	0	1,800	0	1,800
Other	3,703	820	0	1,112	0	0	867	0	904
Total Personnel	825,685	179,375	0	232,687	0	0	193,954	0	219,669
Administrative Expense									
Office Supplies	1,600	1,600	0	0	0	0	0	0	0
Computer Supplies	3,500	3,500	0	0	0	0	0	0	0
Stationary/Printing	1,000	1,000	0	0	0	0	0	0	0
Postage	2,000	2,000	0	0	0	0	0	0	0
Delivery Service	250	250	0	0	0	0	0	0	0
Freight	250	250	0	0	0	0	0	0	0
Travel	1,105	1,105	0	0	0	0	0	0	0
Registration	4,420	4,420	0	0	0	0	0	0	0
Transportation	2,210	2,210	0	0	0	0	0	0	0
Lodging	595	595	0	0	0	0	0	0	0
Meals	170	170	0	0	0	0	0	0	0
Mileage	1,000	1,000	0	0	0	0	0	0	0
Information Sources	500	500	0	0	0	0	0	0	0
Local Meetings	1,500	1,500	0	0	0	0	0	0	0
Other	1,000	1,000	0	0	0	0	0	0	0
Total Administrative Expense	21,100	21,100	0	0	0	0	0	0	0
Professional Services									
Legal Fees	10,000	0	0	3,000	0	0	3,000	0	4,000
Engineering Fees	24,000	0	0	13,000	0	0	5,000	0	6,000
Environmental	96,000	0	0	12,000	0	0	12,000	0	72,000
Architectural Fees	3,000	0	0	1,000	0	0	1,000	0	1,000
Total Professional Services	133,000	0	0	29,000	0	0	21,000	0	83,000
Utilities									
Telephone	9,600	7,000	1,600	0	0	0	0	1,000	0
Electricity	24,800	0	4,900	6,000	0	3,000	4,000	900	6,000
Heating Fuel	9,747	0	4,082	0	0	2,447	0	3,218	0
Total Utilities	44,147	7,000	10,582	6,000	0	5,447	4,000	5,118	6,000
Operating Services									
Advertising – Parking	2,500	2,500	0	0	0	0	0	0	0
Advertising – Other	2,000	2,000	0	0	0	0	0	0	0
Pollution Control	16,500	0	3,000	2,500	0	3,000	2,500	3,000	2,500
Copy Agreement	1,000	1,000	0	0	0	0	0	0	0
Other	700	700	0	0	0	0	0	0	0
Total Operating Services	22,700	6,200	3,000	2,500	0	3,000	2,500	3,000	2,500
Maintenance – Building									
Electrical – Building	3,000	0	1,000	0	0	1,000	0	1,000	0
Shop – Building	1,500	0	500	0	0	500	0	500	0
Plumbing – Building	6,000	0	2,000	0	0	2,000	0	2,000	0
Painting – Building	1,500	0	500	0	0	500	0	500	0
Carpentry – Building	1,300	0	150	0	0	1,000	0	150	0
Temp Control	6,000	0	2,000	0	0	2,000	0	2,000	0
Roofing	7,000	0	2,000	0	0	3,000	0	2,000	0
Doors	3,000	0	1,000	0	0	1,000	0	1,000	0
Tools – Building	1,500	0	500	0	0	500	0	500	0
Other – Building	6,000	0	2,000	0	0	2,000	0	2,000	0
Total Maintenance Building	36,800	0	11,650	0	0	13,500	0	11,650	0

West Reliever Expense Summary CONTINUED

	Total West Reliever	West Relievers Admin.	Flying Cloud Facilities	Flying Cloud Field & Runway	West Equipment Maintenance	Crystal Facilities	Crystal Field & Runway	Anoka Facilities	Anoka Field & Runway
Maintenance – Field									
Electrical – Field	9,000	0	0	3,000	0	0	3,000	0	3,000
Painting – Field	4,500	0	0	1,500	0	0	1,500	0	1,500
Carpentry – Field	1,500	0	0	500	0	0	500	0	500
Sand	4,000	0	0	1,500	0	0	1,000	0	1,500
Salt	1,500	0	0	500	0	0	500	0	500
Asphalt/Cement	27,000	0	0	9,000	0	0	9,000	0	9,000
Lands./Turf Maintenance	15,000	0	0	5,000	0	0	5,000	0	5,000
Snow Removal	6,000	0	0	2,000	0	0	2,000	0	2,000
Fencing	6,000	0	0	2,000	0	0	2,000	0	2,000
Urea	1,500	0	0	500	0	0	500	0	500
Tools – Field	900	0	0	300	0	0	300	0	300
Environment	2,500	0	0	2,500	0	0	0	0	0
Other – Field	3,000	0	0	1,000	0	0	1,000	0	1,000
Total Maintenance – Field	82,400	0	0	29,300	0	0	26,300	0	26,800
Maintenance – Equipment									
Parts	30,000	0	0	0	30,000	0	0	0	0
Radio Maintenance	2,974	0	0	909	0	0	997	0	1,068
Gas & Oil	18,000	0	0	0	18,000	0	0	0	0
Minor Equipment	8,500	0	0	0	8,500	0	0	0	0
Minor Equipment – Comp.	830	0	0	0	830	0	0	0	0
Shop – Equipment	25,000	0	0	0	25,000	0	0	0	0
Other – Equipment	10,000	0	0	0	10,000	0	0	0	0
Total Maintenance – Equipment	95,304	0	0	909	92,330	0	997	0	1,068
Maintenance – Cleaning									
Towel/Laundry	650	0	200	0	0	250	0	200	0
Contract Cleaning	1,800	0	0	0	0	1,800	0	0	0
Rubbish Disposal	6,912	0	3,024	0	0	2,016	0	1,872	0
Cleaning Supplies	1,500	0	500	0	0	500	0	500	0
Total Maintenance – Cleaning	10,862	0	3,724	0	0	4,566	0	2,572	0
Depreciation									
Depreciation	1,049,059	0	16,959	252,231	255,484	19,383	124,675	95,412	284,915
Total Depreciation	1,049,059	0	16,959	252,231	255,484	19,383	124,675	95,412	284,915
Other									
General Insurance	48,924	0	864	7,908	22,056	864	7,908	1,404	7,920
Rental – Snow Equipment	32,066	0	0	16,033	0	0	0	0	16,033
Rental – Field Equipment	7,500	0	0	2,500	0	0	2,500	0	2,500
Rental – Other	1,000	1,000	0	0	0	0	0	0	0
Licenses Taxes	1,800	0	0	0	1,800	0	0	0	0
Office Furniture	11,000	0	0	0	11,000	0	0	0	0
Other	2,500	1,000	500	0	0	500	0	500	0
Reimbursed Expense	(67,500)	0	0	(24,900)	0	0	(23,100)	0	(19,500)
Total Other	37,290	2,000	1,364	1,541	34,856	1,364	(12,692)	1,904	6,953
Department Total	2,358,347	215,675	47,279	554,168	382,670	47,260	360,734	119,656	630,905

East Reliever Expense Summary

	Total East Reliever	East Relievers Admin.	St. Paul Facilities	St. Paul Field & Runway	East Equipment Maintenance	Lake Elmo Facilities	Lake Elmo Field & Runway	Airlake Facilities	Airlake Field & Runway
Personnel									
Exempt	113,304	113,304	0	0	0	0	0	0	0
Non-Exempt	71,238	71,238	0	0	0	0	0	0	0
Maintenance	465,391	0	0	306,026	0	0	79,004	0	80,361
Temp/Seasonal	2,643	0	0	881	0	0	881	0	881
Holiday	26,478	8,847	0	11,295	0	0	3,168	0	3,168
Sick	16,549	5,530	0	7,059	0	0	1,980	0	1,980
Employee Pension	167,150	39,196	0	84,687	0	0	25,574	0	17,693
Employee Insurance	107,316	25,872	0	50,004	0	0	12,840	0	18,600
Workers Comp.	11,424	3,264	0	4,896	0	0	1,632	0	1,632
Cont. Education	8,500	4,000	0	2,500	0	0	1,000	0	1,000
Uniforms	6,000	0	0	3,600	0	0	1,200	0	1,200
Other	4,522	1,293	0	2,114	0	0	553	0	562
Total Personnel	1,000,515	272,544	0	473,062	0	0	127,832	0	127,077
Administrative Expense									
Office Supplies	1,000	1,000	0	0	0	0	0	0	0
Computer Supplies	3,500	3,500	0	0	0	0	0	0	0
Stationary/Printing	1,000	1,000	0	0	0	0	0	0	0
Postage	1,000	1,000	0	0	0	0	0	0	0
Delivery Service	250	250	0	0	0	0	0	0	0
Freight	500	500	0	0	0	0	0	0	0
Travel	780	780	0	0	0	0	0	0	0
Registration	3,120	3,120	0	0	0	0	0	0	0
Transportation	1,560	1,560	0	0	0	0	0	0	0
Lodging	420	420	0	0	0	0	0	0	0
Meals	120	120	0	0	0	0	0	0	0
Mileage	1,000	1,000	0	0	0	0	0	0	0
Information Sources	500	500	0	0	0	0	0	0	0
Local Meetings	1,500	1,500	0	0	0	0	0	0	0
Other	2,480	2,480	0	0	0	0	0	0	0
Total Administrative Expense	18,730	18,730	0	0	0	0	0	0	0
Professional Services									
Legal Fees	10,000	0	0	5,000	0	0	2,500	0	2,500
Legal Fees Environment	10,000	0	0	0	0	0	10,000	0	0
Engineering Fees	16,000	0	0	6,000	0	0	5,000	0	5,000
Environmental	106,000	0	0	72,000	0	0	22,000	0	12,000
Architectural Fees	3,000	0	0	1,000	0	0	1,000	0	1,000
Total Professional Services	145,000	0	0	84,000	0	0	40,500	0	20,500
Utilities									
Telephone	11,100	8,200	0	0	0	900	0	2,000	0
Electricity	69,875	0	35,000	27,000	0	0	3,500	4,200	175
Sewer	4,510	0	4,510	0	0	0	0	0	0
Water	4,179	0	4,179	0	0	0	0	0	0
Heating Fuel	22,757	0	19,757	0	0	3,000	0	0	0
Total Utilities	112,421	8,200	63,446	27,000	0	3,900	3,500	6,200	175
Operating Services									
Advertising – Noise	2,500	2,500	0	0	0	0	0	0	0
Advertising – Other	2,000	2,000	0	0	0	0	0	0	0
Pollution Control	23,500	0	10,000	2,500	0	3,000	2,500	3,000	2,500
Security Service	37,000	37,000	0	0	0	0	0	0	0
Copy Agreement	1,500	1,500	0	0	0	0	0	0	0
Other	700	700	0	0	0	0	0	0	0
Total Operating Services	67,200	43,700	10,000	2,500	0	3,000	2,500	3,000	2,500

East Reliever Expense Summary CONTINUED

	Total East Reliever	East Relievers Admin.	St. Paul Facilities	St. Paul Field & Runway	East Equipment Maintenance	Lake Elmo Facilities	Lake Elmo Field & Runway	Airlake Facilities	Airlake Field & Runway
Maintenance – Building									
Electrical – Building	12,000	0	10,000	0	0	1,000	0	1,000	0
Shop – Building	4,500	0	1,500	0	0	1,500	0	1,500	0
Plumbing – Building	11,500	0	7,500	0	0	2,000	0	2,000	0
Painting – Building	6,000	0	3,000	0	0	1,500	0	1,500	0
Carpentry – Building	6,000	0	3,000	0	0	1,500	0	1,500	0
Temp Control	11,500	0	7,500	0	0	2,000	0	2,000	0
Roofing	27,000	0	15,000	0	0	2,000	0	10,000	0
Doors	9,000	0	5,000	0	0	1,000	0	3,000	0
Elevators	2,500	0	2,500	0	0	0	0	0	0
Tools – Building	2,000	0	1,000	0	0	500	0	500	0
Other – Building	6,000	0	2,000	0	0	2,000	0	2,000	0
Total Maintenance Building	98,000	0	58,000	0	0	15,000	0	25,000	0
Maintenance – Field									
Electrical – Field	22,000	0	0	12,000	0	0	5,000	0	5,000
Painting – Field	6,000	0	0	3,000	0	0	1,500	0	1,500
Carpentry – Field	2,500	0	0	1,500	0	0	500	0	500
Sand	9,000	0	0	5,000	0	0	2,000	0	2,000
Salt	2,000	0	0	1,000	0	0	500	0	500
Asphalt/Cement	27,000	0	0	9,000	0	0	9,000	0	9,000
Lands./Turf Maintenance	15,000	0	0	5,000	0	0	5,000	0	5,000
Snow Removal	6,000	0	0	2,000	0	0	2,000	0	2,000
Fencing	5,000	0	0	5,000	0	0	0	0	0
Urea	4,000	0	0	2,000	0	0	1,000	0	1,000
Tools – Field	1,100	0	0	500	0	0	300	0	300
Environment	2,500	0	0	2,500	0	0	0	0	0
Other – Field	3,000	0	0	1,000	0	0	1,000	0	1,000
Total Maintenance – Field	105,100	0	0	49,500	0	0	27,800	0	27,800
Maintenance – Equipment									
Parts	30,000	0	0	0	30,000	0	0	0	0
Radio Maintenance	1,812	0	0	1,227	0	0	200	0	385
Gas & Oil	19,200	0	0	0	19,200	0	0	0	0
Shop – Equipment	20,000	0	0	0	20,000	0	0	0	0
Other – Equipment	12,000	0	0	0	12,000	0	0	0	0
Total Maintenance – Equipment	83,012	0	0	1,227	81,200	0	200	0	385
Maintenance – Cleaning									
Towel/Laundry	1,900	0	1,500	0	0	200	0	200	0
Contract Cleaning	24,996	0	24,996	0	0	0	0	0	0
Rubbish Disposal	12,096	0	8,928	0	0	1,296	0	1,872	0
Cleaning Supplies	6,000	0	5,000	0	0	500	0	500	0
Total Maintenance – Cleaning	44,992	0	40,424	0	0	1,996	0	2,572	0
Depreciation									
Depreciation	1,911,660	2,420	270,728	1,067,712	289,053	30,641	66,320	81,267	103,519
Total Depreciation	1,911,660	2,420	270,728	1,067,712	289,053	30,641	66,320	81,267	103,519
Other									
General Insurance	62,532	0	14,460	9,888	21,252	456	7,920	636	7920
Rental – Snow Equipment	26,033	0	0	16,033	0	0	10,000	0	0
Rental – Field Equipment	10,000	0	0	5,000	0	0	2,500	0	2,500
Rental – Copier	8,400	0	8,400	0	0	0	0	0	0
Rental – Other	1,000	1,000	0	0	0	0	0	0	0
Licenses Taxes	1,800	0	0	0	1,800	0	0	0	0
Other	7,500	0	2,000	0	0	5,000	0	500	0
Reimbursed Expense	(67,500)	0	0	(24,300)	0	0	(23,700)	0	(19,500)
Total Other	49,765	1,000	24,860	6,621	23,052	5,456	(3,280)	1,136	(9,080)
Department Total	3,636,395	346,594	467,458	1,711,622	393,305	59,993	265,372	119,175	272,876

Description of Budget Preparation & Amendment Process

DESCRIPTION OF BUDGET PREPARATION & AMENDMENT PROCESS

The following paragraphs describe how the budget is prepared, amended, and the relationship between airport lease agreements and the way MAC accumulates costs.

BUDGET PROCESS

The budget process at the Metropolitan Airports Commission (MAC) is essentially a year-round project. Preparation of the budget takes seven months. It is prepared on an accrual basis in accordance with GAAP. (Except for the Flow of Funds which is prepared on a cash flow basis.)

Preliminary work on the budget begins in May. Initially, all budgeting forms are updated so they reflect changes made from the previous year. In addition, a determination of the various percentages that will be used in the budget is made. These percentages include labor contract and wage adjustments, inflation factors and others. An historical analysis regarding various expense categories also begins at this time and continues through July.

Once the preliminary information is gathered, the budget packages are assembled and distributed to each department supervisor. This year's package was distributed in four parts. The first part dealt with the personnel area and was to be completed and returned by late June. The second part dealt with professional services and was to be completed by early July. The third part involved capital equipment requests. This section was to be completed by mid-July. The fourth part contained the balance of the operating budget: administrative expenses, operating services, maintenance and miscellaneous expenses. This area was to be completed by the latter part of July.

During the second half of June, all new positions are reviewed in detail. All of the salary and wage estimates are calculated based upon information gathered from the department heads. The data is processed, reviewed and revised until the output is approved by the Executive Director. In addition, specific information is requested from all of the airlines that service Minneapolis/St. Paul International Airport regarding activity projected for the upcoming budget year.

In late July, the historical analysis for expense is completely updated and preparation of the actual departmental budgets begins. The expense budget is reviewed and revised throughout August. In addition, equipment requests are reviewed in detail during July and approval given by the Executive Director. At the same time, the historical analysis for all revenue items is initiated and completed.

By September the expense budget is completed, and the revenue portion is well underway. The revenue portion of our budget is based upon the lease agreement with the airlines and various other lease agreements with concessionaires. Because much of what is needed for revenue is determined by expense projections, revenue is calculated after expense.

During October the budget package is distributed to all MAC Commissioners. They have approximately one month to review the package and meet with the Finance Department to explore in more detail any questions they have.

During this period of time, the budget is also distributed to other interested parties, such as the airlines. A formal presentation of the budget is made by Finance Department staff at the November Planning & Environmental and Management & Operations Committee public meetings. The Management & Operations Committee accepts the budget and recommends it to the full Commission for final approval. The budget is then adopted by a vote of the Commissioners at the full Commission meeting in November.

The final step takes place in late November when notices regarding the rate changes are sent to all tenants. This calendar gives a brief overview of the process.

Description of Budget Preparation & Amendment Process CONTINUED

MONTH	TASK
May	<ul style="list-style-type: none"> - Update budget packages - Determine inflation factors, wage adjustments, and labor contracts - Begin historical analysis - Prepare preliminary budget - Distribute packages (personnel, professional services, equipment and other expenses)
June	<ul style="list-style-type: none"> - Present preliminary budget to Management & Operations Committee - Continue historical analysis
July	<ul style="list-style-type: none"> - Personnel section completed - Professional Services section completed - Complete historical analysis - Equipment requests reviewed
August	<ul style="list-style-type: none"> - Expense packages completed and reviewed - Revenue analysis started
September	<ul style="list-style-type: none"> - Total expenses completed - Revenue completed
October	<ul style="list-style-type: none"> - Distribute budget to all MAC Commissioners for review - Distribution of budget to interested parties
November	<ul style="list-style-type: none"> - Presentation of budget package to Management & Operations and Planning & Environmental Committees - Management & Operations Committee Approval - Commission Approval - Notice of rate changes to all tenants

AMENDING PROCESS

The process to amend the budget is set forth in the MAC bylaws, Article 111, Section 8(a), and presented below:

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

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

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

Description of Budget Preparation & Amendment Process CONTINUED

The individual line-items will include the following:

- | | |
|---|--|
| <p>1. Personnel</p> <ul style="list-style-type: none"> Salaries & Wages Benefits Commissioner Per Diem Total Personnel <p>2. Administrative Expenses</p> <p>3. Professional Services</p> <p>4. Utilities</p> <p>5. Operating Services</p> <ul style="list-style-type: none"> Parking Management Shuttle Bus Other Total Operating Services | <p>6. Maintenance</p> <ul style="list-style-type: none"> Building Field Equipment Cleaning Total Maintenance <p>7. Depreciation</p> <p>8. Other</p> <ul style="list-style-type: none"> General Insurance Rental — Snow Equipment Rental — Other Equipment Other Reimbursed Expense Total Other <p>Total Expense</p> |
|---|--|

BUDGET FORMAT

The Commission has entered into various agreements with the airlines and other parties which impact the accumulation and reporting of revenues and expenses. Included in these are the following:

- The Airport Lease Agreement which governs the landing fee, ramp fee, and the leasing of space in the terminal buildings (The current agreement became effective 1/1/89.)
- Other Building Leases covering the cargo area and miscellaneous hangar facilities
- Concession Agreements relating to the sale of goods and services at MSP International.

The Commission organizational chart deals with departments and their assigned responsibilities. However, because of the various lease agreements, there is a need for cost accumulation purposes to subdivide MAC's structure into locations and further into cost centers. The locations identified are the Main Office, MSP International and Reliever Airports. The Main Office includes most of the administrative staff and building, MSP International encompasses the whole airport facility. The cost centers for MSP International are listed and are used for allocating costs by specific formulas in order to calculate the different rates charged by MAC at MSP International.

COST CENTERS

- | | |
|-------------------------|-------------------------------|
| - Administration | - Boiler Plant |
| - Operations | - Terminal Roads |
| - Ground Transportation | - West Terminal Area |
| - Fire | - Control Tower |
| - Police | - Parking Facilities |
| - Off Airport Noise | - Other Roads |
| - Noise/Environmental | - Maintenance Building |
| - Field and Runways | - Green Concourse |
| - Ramp Area | - Hangars and Other Buildings |
| - Cargo Area | - Maintenance Employees |
| - HHH Terminal | - Equipment Maintenance |
| - Terminal Building | |

The final location is the Reliever Airports. This area can be further divided into the East side (includes St. Paul, Lake Elmo, and Airlake facilities) and the West side (includes Flying Cloud, Crystal, and Anoka facilities).

Personnel Activity

The Personnel Activity chart shows headcount changes for the three most recent years as well as budgets for the current year and the year just passed. The summary information details transfers/ changes and vacancies as of 10/30/92.

The ten percent increase in personnel from 361 in 1990 to 1993 budgeted of 397 (36 positions) is made up of the following:

Administrative	19
Police/Fire/Maintenance	17

These additional staff will help provide increased services to employees, airport tenants, and traveling public. Also this increase in administrative staff allows MAC to respond to requests from tenants, the public, the FAA and other governmental/public/private organizations. The Police/Fire/ Maintenance staff additions allow quicker response to emergency situations as well as field problems.

Department	1990 Actual Personnel	1991 Actual Personnel	Current Personnel 10/30/92	1992 Budgeted Personnel	1993 Budgeted Personnel	1993 New Positions Approved
Main Office						
Executive	4	4	5	5	5	0
Communications/Public Information	3	3	3	3	3	0
Deputy Airports (a)	3	4	4	3	4	0
Airport Planning & Development	8	9	9	10	10	0
Finance (a, f)	23	24	24	26	24	0
Management Information Systems	5	5	7	7	7	0
Labor & Legislative Relations	3	3	3	3	3	0
Properties	5	5	5	5	5	0
Affirmative Action	3	4	4	4	4	0
General Counsel	3	4	4	4	4	0
Personnel	5	5	6	6	6	0
	65	70	74	76	75	0
MSP International						
Administration (b)	8	8	7	8	7	0
Operations (c)	15	15	16	15	17	1
Ground Transportation	2	2	3	3	3	0
Fire (b)	29	33	38	37	38	0
Police	77	80	76	82	82	0
Noise Abatement/Environmental	13	14	14	16	16	0
HHH Terminal	1	1	1	1	1	0
Terminal Building (e)	16	15	15	16	15	0
Boiler Plant	12	12	12	13	13	0
West Terminal Area	2	2	2	3	3	0
Maintenance (c, d, e)	95	96	98	100	99	0
	270	278	282	294	294	1
Relievers						
West	12	12	13	13	13	0
East (d)	14	14	14	14	15	0
	26	26	27	27	28	0
Total	361	374	383	397	397	1

Summary Information

The following positions were vacant as of October 30, 1992.

4 CSO's - Police	1 Ld Use Compatibility Program Specialist - Noise
2 Officers - Police	1 Assistant Chief Engineer - Energy Management Center
1 Noise Phone Clerk - Noise	1 Assistant Building Supervisor - West Terminal Area
1 Maintenance Manager - Maintenance	1 Finance Clerk
1 Secretary - Airport Development	1 Mechanical Systems Supervisor - Terminal Building

The only new position approved for 1993 is an Operations Coordinator in the Operations Department.

The following transfers/changes were approved in late 1992:

- Transfer secretary from Finance to Deputy Airports
- Transfer secretary from MSP Administration to the Fire Department
- Transfer open position in Maintenance to the Operations Department
- Transfer an electrician from MSP International to the East Reliever Airports
- Transfer open position in Terminal Building to Maintenance
- The Finance Clerk listed above in the vacant positions will not be filled in 1993.

Of the 14 open positions, two of the CSO's have been offered positions effective November 9, 1992.

Debt Service/Capital Spending



Debt Service/Capital Spending

DEBT ADMINISTRATION

The Metropolitan Airports Commission has issued two forms of indebtedness: Airport Improvement Bonds and General Obligation Revenue Bonds. From 1943 to 1975 MAC issued Airport Revenue Bonds to provide funds for its capital improvement program. Since 1976 General Obligation Revenue Bonds which are backed by Commission revenues and the authority to levy any required taxes on the assessed valuation of the seven-county metropolitan area have been used. (See Taxing Authority below.)

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

1993	\$92,861,623
1994	\$92,282,620
1995	\$91,656,099
1996	\$90,009,612
1997	\$87,651,125

Future debt service payments after December 31, 1992, are as follows:

Year(s)	Airport Improvement Bonds	General Obligation Bonds	Total Outstanding Bonds	Interest	Total Principal & Interest
1993	\$ 2,715,000	\$ 6,520,000	\$ 9,235,000	\$ 35,830,892	\$ 45,065,892
1994	2,850,000	8,245,000	11,095,000	35,220,840	46,315,840
1995	3,000,000	8,395,000	11,395,000	34,555,322	45,950,322
1996	3,145,000	8,720,000	11,865,000	33,857,860	45,722,860
1997	3,305,000	8,875,000	12,180,000	33,130,676	45,310,676
1998-2022	4,880,000	391,545,000	396,425,000	493,164,779	889,589,779
	<u>\$19,895,000</u>	<u>\$432,300,000</u>	<u>\$452,195,000</u>	<u>\$665,760,369</u>	<u>\$1,117,955,369</u>

In 1992 MAC issued Series 8 for \$45 million (Special Construction Fund in February) and Series 9 for \$270 million (see NWA Financing Section for details, issued in April). Both issues received a AAA rating from Moody's and Standard & Poor's rating services. Authority for issuing bonds is obtained from the Minnesota State Legislature. Currently the authorization permits the issuance of an additional \$54 million of bonds.

TAXING AUTHORITY

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

- (1) The power to levy property taxes on land leased at the Airport for police and fire protection, operation, and maintenance of roadway systems;
- (2) The power to levy property taxes not in excess of .00806 percent in each year upon the taxable market value of all property in the Metropolitan Area for Airport operation and maintenance costs of airport facilities, provided revenues are not otherwise available; and
- (3) The power to levy unlimited property taxes upon all taxable property in the Metropolitan Area in amounts necessary to pay debt service on Bonds issued by the Commission and to maintain the Debt Service Fund balance required.

With respect to taxes levied on leased land, (paragraph 1 above) the Commission is not currently levying taxes on land leased at the Airport.

Although the Commission may levy property taxes to pay debt service on Commission Bonds and for operation and maintenance expenses according to paragraphs (2) and (3) above, the

Debt Service/Capital Spending CONTINUED

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 rentals received by the Commission, together with other charges, rates, and fees imposed by the Commission, are sufficient to meet all expense of debt service and of operation and maintenance of the Commission's property. In the event that funds become unavailable to maintain the Debt Service Fund balance required for payment of the Commission's Bonds, the Commission would be required to levy an ad valorem tax upon the current net tax capacity of all taxable property in the Metropolitan Area to provide funds for the debt service on the Commission's Bonds. The Commission has never defaulted on payments of principal or interest on its outstanding Bonds.

If the Commission were to have levied a tax based on the 1990/91 taxable market value, the maximum amount available for maintenance and operations of the Commission would have been \$7,015,341.

NWA FINANCING

The financing package for Northwest consists of two separate areas: (1) MAC providing \$315 in financing and (2) State of Minnesota the source of financing for the maintenance facilities. Although the two financings are linked, the MAC does not participate in the facility financing package.

1. G.O. Financing - Series 9, \$270 million in taxable General Obligation Bonds - paid by Northwest lease payments.
2. General Loan - \$45 million loaned by MAC to Northwest for cost of issuance and to fund the debt service reserve.
3. Collateral - The terms agreed upon by MAC and Northwest provide for adding or replacing collateral to keep the value consistent with the investment grade rating of the loan over the years. The initial collateral is at 155% of the amount of the financing and cannot go below 145% at any time unless Northwest's senior debt attains an investment grade rating. In that event the collateral could be lowered to 135%.

In addition to the above, MAC has an estimated \$100 million in collateral from the State's package. This portion will remain until the bonds for the maintenance facilities are issued. This collateral is made up of two international routes: Detroit/Paris and Minneapolis/London.

The specific MAC collateral package is as follows:

NATCO (training facilities including aircraft simulators)	\$196.9 million
Parts	50.9 million
Airport Facilities	19.0 million
International Routes	<u>209.5 million</u>
Total Collateral Package	\$476.3 million

"Parts" are engine/aircraft parts. "Airport Facilities" include Building F, the Sun Country Hangar and various pieces of airport equipment. The "International Routes" are a package of four between Boston and London, Boston and Frankfurt, Boston and Glasgow, and Boston and Amsterdam. Specific procedures for periodic reappraisals and collateral substitutions are included in the agreement.

CAPITAL PROJECTS

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

Debt Service/Capital Spending CONTINUED

Funds required for completion of all capital projects come from the following sources:

a) General Obligation Revenue Bonds, b) state or federal grants, c) internally generated funds from operations and interest income, d) Passenger Facility Charge (PFC) (a revenue passenger fee to be used at airports providing supplemental support for airport improvements - see Glossary for detailed explanation), and e) Federal Noise Funds. These funds are used to carry out FAA approved noise compatibility programs and noise insulation projects for communities surrounding the airport.

In order to limit the cost of facilities at the reliever airports, MAC currently uses only grant funds or retained earnings to finance all construction projects at these airports.

Capital improvements at MSP are financed from all sources as appropriate. The capital program below is estimated to be funded as follows:

Current MAC Funds/Future Net Revenues	33%
PFCs	39%
Federal Noise Funds	23%
Other Federal/State Funds	5%

Anticipated projects planned for 1993 and 1994 as well as the extended period 1995-1999 are summarized here. (The amounts shown represent the estimated total costs for projects planned to be initiated but not necessarily completed during that period. For budgeting purposes, a September 10, 1992, cut-off was used to determine dollars, timing, and location of projects listed.) There have been some revisions, but they will have little affect on 1993. The Capital Improvement Program is anticipated to be approved in December.

(Dollars in thousands)	<u>1993</u>	<u>1994</u>	<u>1995-1999</u>	<u>TOTAL 1993-1999</u>
Minneapolis/St. Paul International				
Field & Runway	\$ 4,025	\$20,925	\$93,375	\$118,325
Environmental	23,000	25,300	52,400	100,700
Terminal Building & Other	37,400	23,100	29,450	89,950
St. Paul Downtown Airport	1,585	5,000	6,800	13,385
Flying Cloud Airport	5,250	0	9,310	14,560
Crystal Airport	600	150	750	1,500
Anoka County Airport	2,430	2,100	2,610	7,140
Lake Elmo Airport	0	300	1,900	2,200
Airlake Airport	120	1,700	400	2,220
	<u>\$74,410</u>	<u>\$78,575</u>	<u>\$196,995</u>	<u>\$349,980</u>

The Capital Improvement Program to be approved in 1992 will have little effect on the Operating Budget because depreciation and interest charges begin when the projects are completed. Other operating expenses such as personnel, utilities and maintenance have been taken into consideration. They may change in future years. The extent of the change is difficult to determine at this time because of the long lead time required for approval, design and construction of projects. Projects may change significantly: deferred to future years, eliminated or costs revisions.

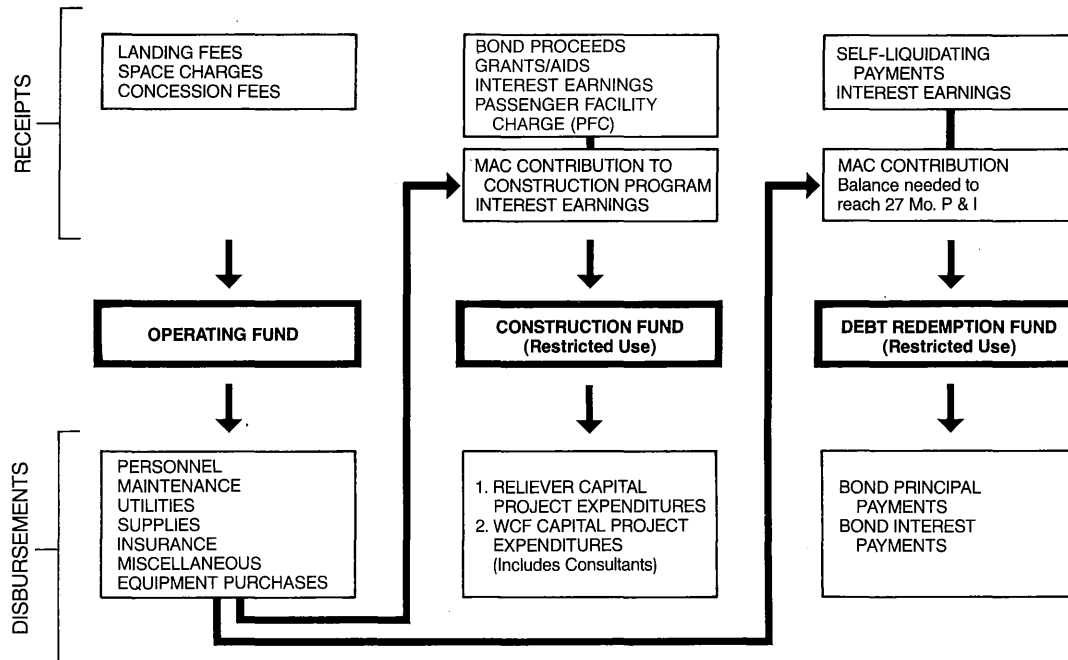
For planning purposes, each year after the Operating Budget and Capital Improvement Plan are approved, a seven-year forecast is prepared. This forecast utilizes the information in the above documents to project revenue, expense and bonding needs over the seven year period covered in the Capital Improvement Plan. This forecast analysis has proved to be very valuable and accurate in planning future funding of capital projects.

Flow of Cash Receipts and Disbursements

EXPLANATION OF THE FLOWCHART

The MAC is accounted for as an enterprise fund with amounts restricted for construction and debt redemption. For internal purposes, MAC maintains three funds matching three major functions; Operating Fund, Construction Fund, and Debt Redemption Fund (sinking fund). They are described below in greater detail.

METROPOLITAN AIRPORTS COMMISSION FLOW OF CASH RECEIPTS AND DISBURSEMENTS



The "Projection of Fund Balances" chart shown after the various "Fund" explanations is not prepared according to GAAP. It is prepared on a cash basis in order to show cash flow through the funds. When projecting the fund balances MAC's policy is as follows:

1. On October 10 of each year, MAC is required to have 27 months of principal and interest in the Debt Service Fund.
2. On December 31 of each year, MAC determines the balance required to maintain three months of working capital in its Operating Fund. This amount historically and for 1993 is \$7.5 million. Any excess dollars over and above this \$7.5 million balance is transferred to the Construction Fund.
3. Maintain the current AAA bond rating given MAC by Moody's and Standard and Poor's.
4. Generate sufficient revenue to support the entire airport system without the use of taxes. (MAC has not levied taxes for debt service or operations since 1969.)

OPERATING FUND

The major sources of revenue for the Operating Fund are landing fees, various space charges, and concession fees. From this fund all operating expenses such as personnel, administrative, professional services, utilities, operating services, maintenance and miscellaneous are paid. In addition to these expenses, equipment purchases during the year are paid from this fund.

On October 10 of each year, MAC must contribute from its Operating Fund to the Debt Redemption Fund an amount necessary to bring the fund balance up to the 27-month principal and interest level required by law. MAC attempts to keep a balance in the Operating Fund of approximately three months working capital, currently \$7.5 million. After all operating

Flow of Cash Receipts and Disbursements CONTINUED

expenses are paid and the debt redemption transfer is made, an analysis is prepared to determine the amount of money, if any, which can be made available to the Commission Capital Improvement Program. Any available sums are then transferred to the Construction Fund.

There are two line items in the Operating Fund chart on the next page which require additional explanation:

1. The increase in Operating Revenues from 1991 to 1993 is due primarily to Traffic, Concessions and Rentals. (See the Revenue Assumptions section for further explanation.)
2. Operating Expense increases from 1991 to 1993 are due to Personnel, Maintenance, Operating Services and Professional Services. (See the Expense Assumptions section for further explanation.)

CONSTRUCTION FUND

The major sources of cash for the restricted Construction Fund include: bond proceeds, grants and/or aid, the interest earned on this money, passenger facility charges (which were initiated June 1, 1992) and any transfer from the Operating Fund discussed above. These dollars are used for capital project expenditures, including consulting fees, at all Commission facilities.

The 1/1 Balance and Ending Balance lines in the Construction Fund section of the chart show significant changes from 1991. The reason for this is that a number of projects were completed in early 1992. These include: Vertical Circulation/Skyways, Parking Deck Level II and Terminal Building rehabilitation projects. No aid was received on these projects and they were funded completely out of the Construction Fund. The funds spent on the Vertical Circulation/Skyway project were partially reimbursed through PFCs. The increase in the ending balance for 1993 can be attributed to the collection of PFCs for a full year. The main use of these funds will be the construction of the Ground Transportation Center and the Upper and Lower Level Roadways. Significant dollars are scheduled to be expended for these projects in 1994.

DEBT REDEMPTION FUND

The Debt Redemption Fund is used to retire the debt of the Commission. The money on hand is used to make all principal and interest payments throughout the year. The major source of revenue for this restricted fund is self-liquidating rental payments made from tenants throughout the year. On October 1 each year, Northwest Airlines is required to deposit funds necessary to bring their respective self-liquidating accounts up to the required 15-month or 27-month balance. The other source of cash for this fund is MAC's October 10 transfer from the Operating Fund which was discussed above. In addition to these payments, interest earnings are accumulated in the fund.

The \$45 million change in the beginning balance (1992-1993) and the ending balance (1991-1992) can be attributed to the issuance of Series 8 (MAC Construction Financing) in February for \$45 million and Series 9 (Northwest Financing package) in April for \$270 million.

The accompanying charts illustrate the flow of money through these major funds and shows actual 1991, estimated 1992 and projected 1993 fund balances.

Projection of Fund Balances

	Actual 1991	Estimated 1992	Estimated 1993
Operating Fund			
1/1 Balance	\$ 7,265,000	\$ 7,500,000	\$ 7,500,000
Receipts			
Operating Revenues	\$60,439,000	\$65,705,000	\$68,620,000
Interest Earnings ¹	15,899,000	13,507,000	14,753,000
Total Receipts	\$76,338,000	\$79,212,000	\$83,373,000
Disbursements			
Operating Expenses (excludes Depr. & Int.)	(\$42,092,000)	(\$43,599,000)	(\$47,655,000)
Equipment Purchases	(2,643,000)	(2,300,000)	(2,713,000)
Sinking Fund Transfer	(16,240,000)	(19,524,000)	(20,360,000)
Est. 3 Month Operating Balance	(7,500,000)	(7,500,000)	(7,500,000)
Total Disbursements	(\$68,475,000)	(\$72,923,000)	(\$78,228,000)
Net Change in Working Capital ²	(\$ 631,000)	(\$ 1,333,000)	\$1,652,000
Available for Construction Programs	\$14,497,000	\$12,456,000	\$14,297,000
Construction Fund			
1/1 Balance	\$47,141,000	\$23,450,000	\$28,314,000
Receipts			
Transfer from Operating Fund	\$14,497,000	\$12,456,000	\$14,297,000
Interest Earnings ¹	3,631,000	1,645,000	312,000
Grants in Aid of Construction	8,827,000	9,801,000	16,686,000
NWA Construction Loan Repay	0	2,430,000	4,860,000
Passenger Facility Charges	0	12,595,000	28,096,000
Bond Proceeds	0	45,000,000	0
Other Receipts	0	0	0
Total Receipts	\$26,955,000	\$83,927,000	\$64,251,000
Disbursements			
Projects-in-Progress	(\$50,646,000)	(\$29,692,000)	(\$31,766,000)
Proposed Projects	0	0	(13,613,000)
NWA Loan	0	(45,000,000)	0
Transferred to Debt Serv.	0	(4,371,000)	0
Total Disbursements	(\$50,646,000)	(\$79,063,000)	(\$45,379,000)
Ending Balance	\$23,450,000	\$28,314,000	\$47,186,000
Debt Service Fund			
1/1 Balance	\$26,942,000	\$26,664,000	\$71,405,000
Receipts			
Transfer from Operating Fund	\$16,240,000	\$19,524,000	\$20,360,000
Transfer from Construction Fund	0	41,063,000	0
Interest Earnings ¹	2,066,000	2,476,000	731,000
Bond Proceeds	0	4,371,000	0
NWA Payments	0	16,360,000	23,960,000
Total Receipts	\$18,306,000	\$83,794,000	\$45,051,000
Disbursements			
Principal & Interest Payments	(\$18,584,000)	(\$39,053,000)	(\$46,539,000)
Ending Balance	\$26,664,000	\$71,405,000	\$69,917,000

¹Interest Rate Assumed 4.5%

²Net change in working capital represents fluctuations in year end operating payments and receivables.

Approved Equipment Requests 1993

The approved equipment requests for 1993 are represented in this section. The total cost of each piece of equipment is amortized over its useful life through depreciation charges. Snowplowing equipment qualifies for state and federal aid. As always, the MAC will attempt to maximize the receipt of these funds. Aid, however, is limited and equipment purchases must compete with eligible construction projects. The equipment purchase detail section includes individual detail justifications for those departments whose total approved equipment requests exceed \$35,000.

Department Name	Description Equipment	Purchase Price	Purpose
Summary			
MSP International		\$1,667,000	
Main Office		693,200	
Reliever Airports		352,500	
		<u>2,712,700</u>	
Detail			
Main Office			
MIS/Main Office	Installation New Software, Upgrade Existing Desktops, Cabling, and Network	\$693,200	Software evaluation and purchase was completed in late 1992. This is the final phase of implementing the AS 400 Computer System.
Total Main Office Purchase		<u>\$693,200</u>	
MSP International			
Ground Transportation	Debit Card Payment System	\$50,000	To be put in place in conjunction with the new commercial roadway network and the automated vehicle identification system.
	Ground Transportation Waiting Shelter	50,000	To be put in place in conjunction with the new commercial roadway network. This new location will assist passengers in finding their desired commercial transportation service.
Noise/Environment	Upgrade of ANOMS System	80,000	Hardware/Software to upgrade the ANOMS system to an interactive mapping platform.
Maintenance	(1) 27 ft. Snow Dozer	240,000	This new, additional unit will be used to meet the increased demands for timely snow removal from the cargo, Humphrey Terminal and centralized de-icing areas.
	(2) 36,000 GVWR Dump Trucks Plow/Blade Attachments	108,000	Replacement of obsolete units no longer reliable and requiring heavy maintenance.
	(6) Tractors with Plows	240,000	Replacement of obsolete unit no longer reliable and requiring heavy maintenance.
	(1) Vacuum Sweeper	110,000	Replacement of obsolete unit no longer reliable and requiring heavy maintenance.
	(1) Snow Blower Attachment	90,000	Replacement of two obsolete units which are no longer usable.
	(1) Paint Stripper	115,000	Replacement of obsolete unit no longer reliable and requiring heavy maintenance.
Lindbergh Terminal	Floor Scrubber	35,000	New piece of equipment for the parking structure, terminal sidewalks, underground parking and tug drives.
MSP International	Other Equipment Less Than \$35,000 (all cost centers)	549,000	All pieces of equipment have a purchase price of less than \$35,000. Included in this total are: communications equipment, two compressors, a CO monitor, seven dump trucks, eight vehicles, two portable light plants, two 20 ft. plows and parking lot revenue equipment.
Total MSP International Purchase		<u>\$1,667,000</u>	
Relievers			
Lake Elmo	(1) 3,500 T.P.H. Blower	\$244,000	This unit will replace a 1980 unit. The existing unit requires costly repairs and incurs frequent downtime.
MSP International	Other Equipment Less Than \$35,000 (all cost centers)	108,500	All pieces of equipment have a purchase price of less than \$35,000. Included in this total are: two vehicles, a trailer, a compressor, a 16 ft. plow, a 20 ft. plow, and a 12 ft. plow.
Total Reliever Purchase		<u>\$352,500</u>	

Statistical



Historical Revenue/Expense and Facility Comparison

In this section, three comparisons are analyzed:

1. A snapshot comparison with dollars and percentages of 1982 revenue and expense versus 1991 revenue and expense.
2. A comparison of revenue and expense with dollars and percentages of 1991 actual, estimated 1992 and budgeted 1993.
3. A comparison of facilities in 1983 and 1992.

These comparisons are shown to point out that both revenue and expense have increased from 1982 and that categories within revenue and expense do fluctuate as a percentage of total, but overall, the changes in percentages are minor. Also, the facilities comparison shows that expanded facilities at the MAC affect all areas.

	1982		1991		1982-1991 Change	Annual % Increase
	\$	%	\$	%	\$	
Revenue						
Traffic	6,850,000	25.84%	18,481,300	30.58%	11,631,300	11.66%
Concessions	11,526,000	43.47%	26,408,775	43.69%	14,882,775	9.55%
Rentals	6,827,000	25.75%	13,347,739	22.08%	6,520,739	7.73%
Other	<u>1,310,000</u>	4.94%	<u>2,201,238</u>	3.65%	<u>891,238</u>	5.94%
Total Operating Revenue	26,513,000	100.00%	60,439,052	100.00%	33,926,052	9.59%
Expenses						
Personnel	9,467,000	36.81%	21,168,127	36.31%	11,701,127	9.35%
Administrative Expense	190,000	0.74%	668,228	1.15%	478,228	15.00%
Professional Services	618,000	2.40%	3,730,585	6.40%	3,112,585	22.11%
Utilities	2,924,000	11.37%	3,664,745	6.29%	740,745	2.54%
Operating Services	2,367,000	9.20%	5,580,676	9.57%	3,213,676	10.00%
Maintenance	3,227,000	12.55%	7,003,619	12.01%	3,776,619	8.99%
Depreciation	6,874,000	26.73%	16,209,504	27.80%	9,335,504	10.00%
Other	<u>52,000</u>	0.20%	<u>276,197</u>	0.47%	<u>224,197</u>	20.39%
Total Operating Expenses	25,719,000	100.00%	58,301,681	100.00%	32,582,681	9.52%
Operating Income	794,000^a		2,137,371^a		1,343,371	
Other Revenues (Expenses)						
Interest Income	10,514,000		15,837,500		5,323,500	
Bond Interest Expense ()	<u>(5,539,000)</u>		<u>(9,430,057)</u>		<u>(3,891,057)</u>	
Net Income	<u>5,769,000</u>		<u>8,544,814</u>		<u>2,775,814</u>	

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

The first comparison, 1982 versus 1991 emphasizes the following three results:

1. Even though both revenue and expense have increased by more than 124% from 1982, the actual percentages of the total for each individual category in 1982 and 1991 have changed very little. (For example, in 1982, Concessions made up 43.47% of total revenue, whereas in 1991, Concessions made up 43.69% of total revenue.)
2. The annual percentage increase in revenue from 1982 to 1991 (9.59%) was greater than the annual percentage increase in expense from 1982 to 1991 (9.52%). Over this 10-year period revenues grew at a higher rate than expenses.
3. In 1982 we realized a net surplus of \$794,000 whereas in 1991 a net surplus of \$2,137,371 occurred.

Historical Revenue/Expense and Facility Comparison CONTINUED

HISTORICAL REVENUE & EXPENSE SUMMARY 1991-1993

	Actual 1991		Estimated 1992		Budgeted 1993		1991-1993 Change	Annual % Increase
	\$	%	\$	%	\$	%	\$	
Revenue								
Traffic	18,481,300	30.58%	19,086,763	28.99%	21,697,857	31.66%	3,216,557	8.35%
Concessions	26,408,775	43.69%	29,357,000	44.59%	29,661,752	43.27%	3,252,977	5.98%
Rentals	13,347,739	22.08%	14,691,500	22.31%	14,848,199	21.66%	1,500,460	5.47%
Other	<u>2,201,238</u>	3.65%	<u>2,706,600</u>	4.11%	<u>2,334,863</u>	3.41%	<u>133,625</u>	2.99%
Total Operating Revenue	60,439,052	100.00%	65,841,863	100.00%	68,542,671	100.00%	8,103,619	6.49%
Expenses								
Personnel	21,168,127	36.31%	21,341,000	34.70%	23,953,546	35.21%	2,785,419	6.38%
Administrative Expense	668,228	1.15%	1,014,000	1.65%	1,129,260	1.66%	461,032	30.00%
Professional Services	3,730,585	6.40%	4,245,000	6.90%	4,267,150	6.27%	536,565	6.95%
Utilities	3,664,745	6.29%	4,065,000	6.61%	4,099,479	6.03%	434,734	5.77%
Operating Services	5,580,676	9.57%	5,733,500	9.32%	6,402,955	9.41%	822,279	7.11%
Maintenance	7,003,619	12.01%	7,028,400	11.43%	7,555,313	11.10%	551,694	3.86%
Depreciation	16,209,504	27.80%	18,200,000	29.59%	20,382,817	29.96%	4,173,313	12.14%
Other	<u>276,197</u>	0.47%	<u>(128,400)</u>	-0.20%	<u>247,096</u>	0.36%	<u>(29,101)</u>	-5.41%
Total Operating Expenses	<u>58,301,681</u>	100.00%	<u>61,498,500</u>	100.00%	<u>68,037,616</u>	100.00%	<u>9,735,935</u>	8.03%
Operating Income	2,137,371a		4,343,363a		505,055a			
Other Revenues Expenses()								
Interest Income	15,837,500		31,477,000		38,713,446			
Bond Interest Expense ()	<u>(9,430,057)</u>		<u>(29,914,500)</u>		<u>(35,565,468)</u>			
	<u>8,544,814</u>		<u>5,905,863</u>		<u>3,653,033</u>			

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

The second comparison shows 1991 actual, 1992 estimated and 1993 budgeted revenue and expense categories with dollars and percentages. There are four items in this comparison that need further comment.

1. Revenue is projected to increase 13.4% from actual 1991 to budgeted 1993. Actual percentages of total revenue for the individual categories change very little. (For example, Concessions in 1991 was 43.69% of total revenue, while in 1993, it is budgeted to be 43.27% of total revenue.) The increases are explained in the Revenue Assumptions section.
2. Expense is projected to increase 16.7% from actual 1991 to budgeted 1993. This increase is explained in the Expense Assumptions section. The percentages for the individual expense categories change very little. (For example, Personnel in 1991 was 36.31% of total revenue, while in 1993 it is budgeted to be 35.21% of total revenue.)

Historical Revenue/Expense and Facility Comparison CONTINUED

3. The annual percentage increase in revenue from 1991 to 1993 is 6.49% whereas the annual percentage increase in expenses from 1991 to 1993 is 8.03%. This reversal of the trend from 1982 to 1991 where revenue grew at a greater pace than expense is caused by increased depreciation and personnel costs. The depreciation increase can be attributed to completion of major projects. Examples of these are: parking deck, skyways, and 747 hangar. See the personnel section in the Expense Assumptions for details on Personnel.
4. At this time, we feel that the net revenues budgeted for 1993 reflect a normal level of activity. In order to continue to generate and/or increase this level of net revenues, a budget task force has been formed. This task force will solicit suggestions from employee groups as to how costs can be reduced without hindering the quality of service, and/or revenues increased. This task force is made up of Commissioners and MAC staff.

FACILITY EXPANSION

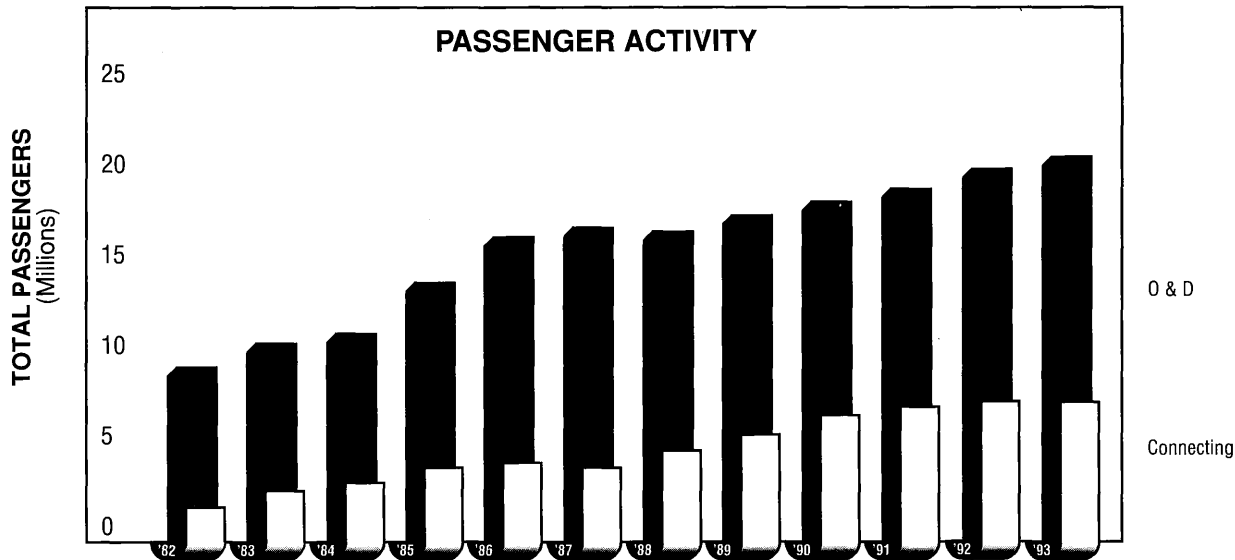
	1983	1992	Increase	% Increase
Lindbergh & Regional Terminal				
Square Footage	1,165,800	1,586,044	420,244	36.05%
Number of Gates	47	66	19	40.43%
Parking – Number of Spaces	8,082	11,416	3,334	41.25%
Ramp – Lineal Footage	7,048	8,874	1,826	25.91%
Tenants – All Airports	466	674	208	44.64%

*Figures are from Airport Development Department's historical records.

The final chart in this section deals with facilities. This comparison shows how the major facilities at MSP International have expanded since 1983. The Reliever Airports have expanded also. In 1983, a sixth reliever airport, Airlake, was added. Also, expanded and improved facilities at St. Paul Downtown and Anoka Airports were completed in 1989. The significance of growth at MSP International is reflected in the increases in revenue and expense. New facilities occupied by tenants will generate additional rental income. Expenses affect maintenance, both labor and material, repairs, utilities, security and administrative costs. All areas of MAC are impacted by changes in facilities. Since 1987, the following additions have been made: Auto Rental facilities, South Lindbergh Terminal addition, NWA Hangar, Mesaba Hangar, the new parking ramp, Terminal Vertical Circulation/Skyways, and the Butler fueling facility.

Activity Statistics

In this section we look at the historical and forecasted levels of activity for the period 1982 through 1993 in the MACs system of airports. The Passenger, Operations and Cargo results have for the most part been steadily increasing. The exception for Cargo, 1989 decrease, and Passengers, 1988 decrease, will be explained in their respective sections following each graph.



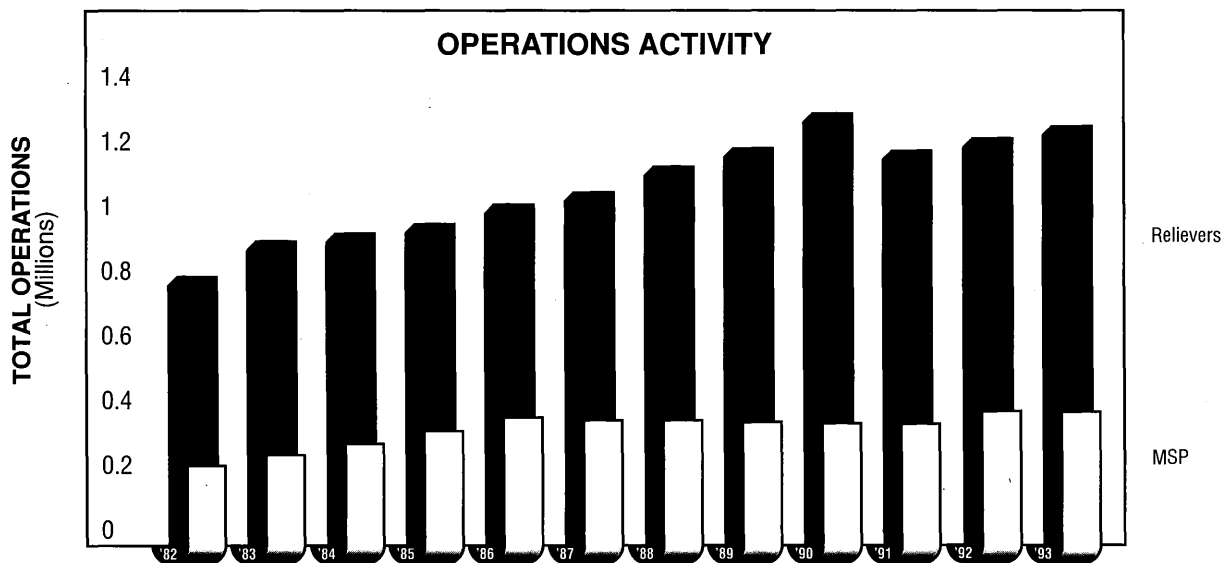
This chart shows how passenger traffic has increased at MSP International since 1982, with the exception of 1988. In late 1988, two carriers eliminated service to MSP International Airport resulting in a decrease of approximately 100,000 passengers. In 1982, MSP International was almost exclusively an O & D (origination and final destination) passenger airport with less than 10% of the passengers being connecting (those transferring directly to another flight). However, since 1983, MSP International has changed to a connecting airport with approximately 40% of all passengers being connecting while the O & D passenger percentage has fallen from 90% in 1982 to 60% estimated in 1993. The significant increase in passenger activity from 1991 to 1992 can be attributed to the fare war activity during the summer.

Activity Statistics CONTINUED

Estimates of passenger activity form an important element in forecasting revenue each year. This chart represents actual passenger statistics for 1990 and 1991 and estimates for 1992 and 1993. The three categories are listed because each is used in a particular way to calculate certain types of revenue. Three examples are given:

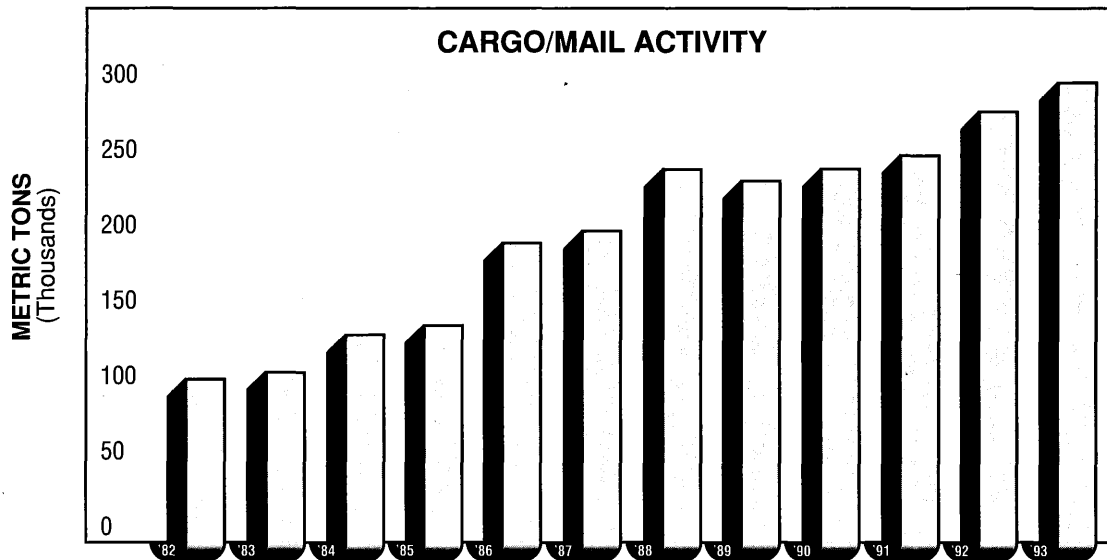
- Enplaned (originating) passengers plus connecting passengers are used in forecasting most concession revenue.
- Deplaned (final destination) passengers are used in the process of estimating auto rental revenue.
- Enplaned (originating) passengers, excluding connecting, are used in estimating common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

Passenger Type	1990 Actual	1991 Actual	1992 Estimate	1993 Estimate
Enplaned	6,078,000	5,985,000	6,405,000	6,505,000
Deplaned	6,102,000	6,002,000	6,421,000	6,515,000
Connecting	6,998,000	7,350,000	8,374,000	8,680,000
	<u>19,178,000</u>	<u>19,337,000</u>	<u>21,200,000</u>	<u>21,700,000</u>



Total operations for the MAC system have increased 51% since 1982. (An operation represents one takeoff or landing.) However, recent years have shown a gradual decline in activity at the reliever facilities due to the recession. 1993 is estimated to remain at 1991 and 1992 levels (840,000). Operations at MSP International are estimated to rise to 424,000 in 1993. Increased service by Northwest Airlines from this hub is the reason for this rise in activity.

Activity Statistics *CONTINUED*



Cargo/Mail activity has increased annually since 1982 with the exception of 1989. The decrease in volume in 1989 from 1988 can be attributed to the merger of Federal Express and Flying Tigers. The significant jump in activity in 1992 and 1993 is due to increased volume carried by the major scheduled carriers. Also, the improved facilities in the Southwest Cargo Area have contributed to this increase.

Glossary



Glossary

Administrative Expenses – One of the main expense categories and includes the following: office supplies, computer supplies, postage, printing, memberships, and travel.

Agreement (The) – The airline agreement which expired on 1/20/89. This agreement is the basis for airline rates and charges primarily the landing fee, ramp fee, carousel and conveyors, and terminal building rates.

Airport Revenue Bonds – Funds used in construction and acquisition of facilities at the airports operated by the Commission. These funds are repaid from Commission revenue; however, if the principal and interest cannot be paid from revenue, a tax can be levied on the property within the cities of Minneapolis and St. Paul, Minnesota, for debt service.

Apron – The extensive paved area immediately adjacent to the Terminal Building area and hangar area.

CSOs – Community Service Officers.

Capital Improvement Program (CIP) – This program covers projects which will be started during the next two years. Also, a Capital Improvement Plan is used to project an additional five years worth of projects. These serve as a basis for determining funding requirements and other operational planning decisions.

The Commission – Metropolitan Airports Commission.

Concessions – One of the five main revenue categories. This category includes: food, beverage, gifts, parking, auto rental, vending and numerous other small lessees.

Concourse – The long hallway-like structure where loading and unloading of passengers takes place.

Connecting Passengers – Passengers who transfer to another flight – Mpls./St. Paul International not being their final destination.

Construction Fund – A special account whose monies are used for capital project expenditures, including consulting fees, at all Commission facilities. (See discussion on Flow of Cash Receipts and Disbursements.)

Cost Center – The Commission's terminology for a specific department in order to keep track of costs.

Crosswind Runway – The single "crosswind" runway at MSP, running northeast to southwest, which intersects both parallel runways (11/29).

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

Debt Redemption Fund (Sinking Fund) – A special account whose monies are set aside to retire debt. (See discussion on Flow of Cash Receipts and Disbursements.)

Differential landing Fees – A measure that would require older, noisier aircraft (Stage II) to pay a higher landing fee or "noise surcharge" than quieter aircraft (Stage III) as a means of encouraging the use of newer, "quiet-technology" aircraft.

Dual Track Process – The path designated by the Legislature that MAC and the Met Council will follow regarding a new airport. One track deals with a new airport whereas the other track deals with expansion of MSP International.

East Reliever Airports – This term refers to St. Paul Downtown, Lake Elmo, and Airlake airports. These airports provide facilities for general aviation activity and reduce traffic and congestion at MSP International.

Glossary CONTINUED

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

Exclusive Use – Space rented to a specific airline.

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

FAA Regulation Part 36 – This regulation deals with noise standards, aircraft type, worthiness and certification.

FAA Regulation Part 150 – This regulation: a) establishes a uniform nationwide system of describing aircraft noise and noise exposure on different communities; b) describes land-use compatibility for the guidance of local communities; and c) provides technical assistance to airport operators and other governmental agencies to prepare and execute noise compatibility planning.

Fuel Storage Facility – Operated by Butler Aviation and used to provide fuel to the airlines.

General Obligation Bonds – General obligations of the Commission, payments of these bonds are secured by the pledge of all operating revenues of the Commission subject to the prior pledge of such revenues for the payment of outstanding Airport Improvement Bonds. The Commission has the power to levy property taxes upon all taxable property in the seven-county Metropolitan Area in order to pay debt service on outstanding General Obligation Revenue Bonds.

Hubert H. Humphrey Terminal (HHH Terminal) – The Commission's charter terminal where all international and most charter flights arrive and depart.

Imputed Interest – This rate is essentially a weighted average of all outstanding bond issue interest rates. It is used in the calculation of landing fees, ramp fees, and terminal building rates.

In-Flight Catering – Revenue category under the Concessions heading dealing with fee collected from caterers who supply meals to the airlines during flights.

Landing Fees – This fee is charged to all airplanes that land at MSP. The fees are calculated by dividing total field and runway costs by total landed weight.

Landed Weight – Actual weight of a particular plane. The weights for all aircraft are published by the FAA.

Lindbergh Terminal – The main terminal where all of the scheduled flights arrive and depart. Also referred to as the "Terminal Building".

Lobby Fees – These fees are a per passenger fee charged to airlines when they use the HHH Terminal.

MAC – Metropolitan Airports Commission.

MSP or MSP International – Minneapolis/St. Paul International Airport. This is the name used for the total airport facility.

Major Carriers – Those airlines which participate in the airline agreement. As of September 15, 1990, these include American, America West, Continental, Delta, Midway, Northwest, Pan Am, TWA, United, and U.S. Air. In addition to these there are several freight carriers and commuter carriers that participate in the airline agreement.

Maintenance Expense – One of the main expense categories and includes four subdivisions: building, field, equipment and cleaning.

Master Plan (MSP 2000) – The long-range plans for the airport dealing with projects, facilities and capacity. This plan extends out beyond the year 2000.

Glossary CONTINUED

Metropolitan (Met) Council – Regional planning agency responsible for coordination and planning of certain governmental services to the Metropolitan Area.

Minimum Landing Fees – Fee established by the airport proprietor on a per operator basis at the airport. This is usually used in conjunction with a landing fee that is weight based.

Miscellaneous Revenue – One of the main revenue categories and includes numerous small dollar items as well as reimbursed expenses.

NWA – Northwest Airlines.

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

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

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

Operating Services – One of the main expense categories and includes the parking management and contract, shuttle bus, advertising costs, copy agreement, bank charges, and other charges.

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

Other Expenses – One of the main expense categories and includes general insurance, rental of equipment and numerous other expenses.

Passenger Facility Charge (PFC) – An authorization by Congress which allows proprietors of commercial service airports, such as MAC, to impose a passenger facility charge upon revenue passengers enplaning at those airports. The charge can be set at \$1, \$2, or \$3. There are exemptions for passengers flying on Essential Air Service flights. The basis for the PFC is to provide needed supplemental revenues to expedite the improvement of airport facilities used by passengers, to mitigate noise impacts and to expand airport system capacity. It is estimated that those charges will begin June 1, 1992.

Personnel – One of the main expense categories and includes all wages, salaries and benefits.

Preferential Runway System (PRS) – The noise abatement runway use system in existence at MSP during the 1973-90 period which outlined separate arrival and departure runway priority systems based primarily on population density of surrounding airport communities.

Professional Services – This expense category refers to various types of professionals, such as architects, engineers, auditors, lawyers, and other specialists hired during the year to perform studies or required work and make recommendations based upon their findings.

Ramp Fees – A fee charged to a particular airline for exclusive use of a specific area of ramp, calculated by dividing the total estimated costs in the appropriate cost center by the number of lineal feet of ramp space.

Reimbursed Expenses – Costs paid by the Commission initially, and then billed back to tenants.

Reliever Airport – Refers to St. Paul Downtown, Flying Cloud, Crystal, Anoka, Lake Elmo, and Airlake Airports. These airports provide facilities for general aviation activity and reduce traffic and congestion at MSP International.

Glossary CONTINUED

Rentals – One of the five major revenue categories and includes the following: Terminal Building space rented to the airlines and other tenants, self-liquidating facilities, ground space and other buildings such as hangars.

Runway Use System (RUS) – The current noise abatement runway use system implemented June, 1990, at MSP which designates a maximum and balanced use of the crosswind runway (4/22), while continuing to fully utilize the southeast corridor during parallel runway operation periods.

Self-Liquidating Rents – Fees received for the rental of facilities constructed for a specific airline or tenant; leases or lease amendments are negotiated for each facility to assure that the payment of all associated costs of constructing, financing and maintaining it are reimbursed to the Commission.

Seven County Metropolitan Area – The counties surrounding and including the cities of Minneapolis, St. Paul and MSP International. The counties include Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sinking Fund – A special account whose monies are set aside to retire debt.

Snow Removal – An expense account under the Maintenance Expense category. All costs associated with removal of snow, with the exception of labor, flow into this account. These costs include materials such as salt, urea sand, and equipment rental used for both hauling and plowing snow.

Southwest Cargo Area – An area constructed for parking or maintenance by cargo and charter companies. Currently occupied by Federal Express, Sun Country, Mesaba and Page.

Stage II Aircraft – The second-level “stage” description used by FAA Regulation 36 to identify “middle-aged” and noisy jet aircraft. The Stage II aircraft make up the bulk of the U.S. domestic fleet. (Examples of Stage II Aircraft include Boeing 727s, some 747s, and McDonnell Douglas DC9s.)

Stage III Aircraft – The new generation of “quiet” jet aircraft which comply to the latest noise standards of the FAA Regulation Part 35. (Examples of Stage III Aircraft include Boeing 757s, 767s, 747-200s, McDonnell Douglas DC10s, DC9-80s, and the Lockheed L-1011s.)

Taxiway – Paved areas on the airport to be primarily used for ground movements of aircraft to, from, and between runways, ramp and apron space, and storage areas.

Traffic – One of the major revenue categories and includes the following: landing fees, ramp fees, and various apron charges.

Utilities/Expense – One of the major expense categories. Included in this section are electricity, telephone, water, sewer, and fuel. (Fuel includes both natural gas and fuel oil.)

Utilities/Revenue – One of the major revenue categories. Included in this category are water, sewer, steam, and chilled water.

West Reliever Airports – Refers to Flying Cloud, Crystal, and Anoka Airports. These airports provide facilities for general aviation activity and reduce traffic and congestion at MSP International.

Wold Chamberlain Field – The airfield itself excluding the Terminal Building.