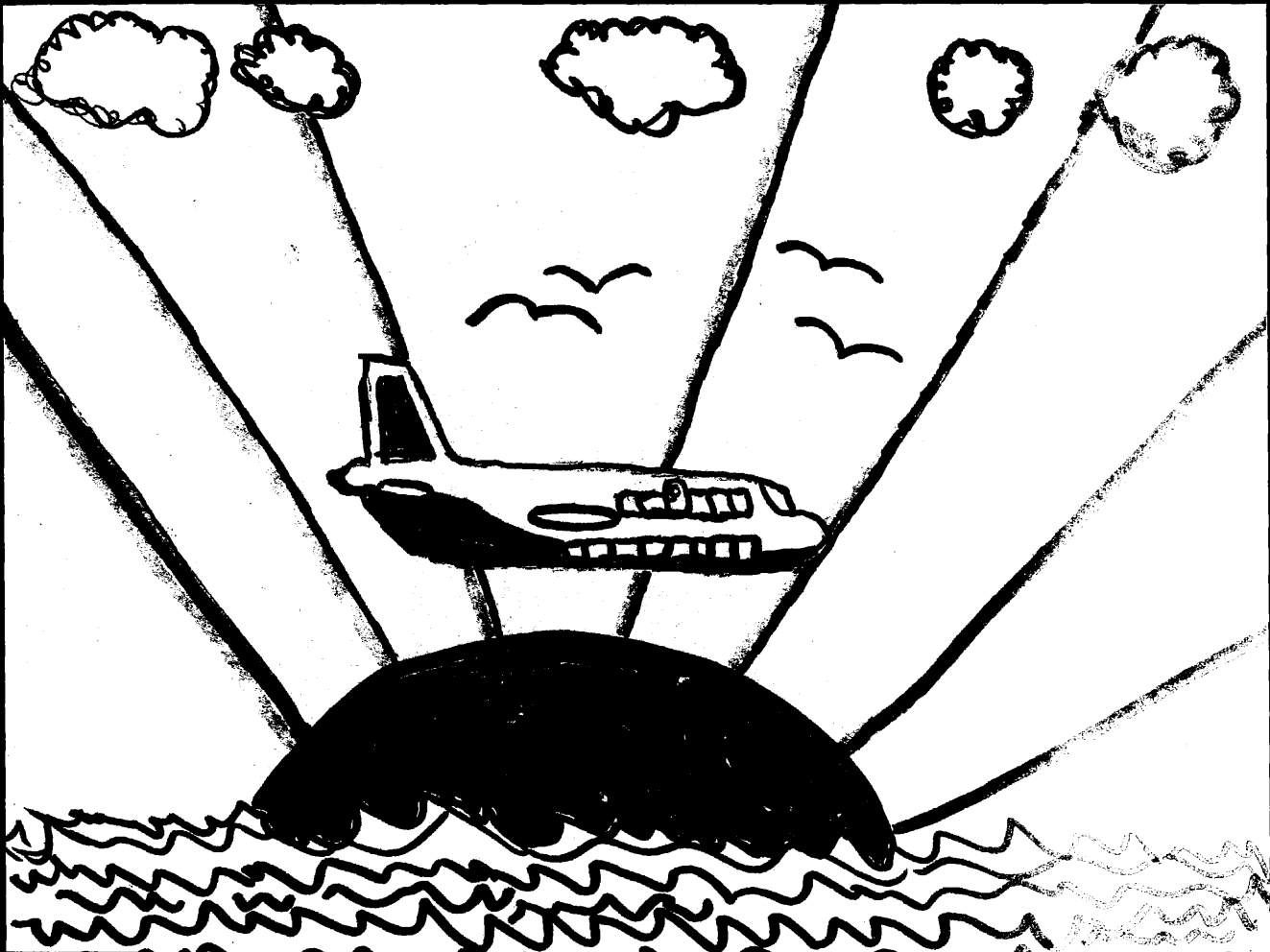


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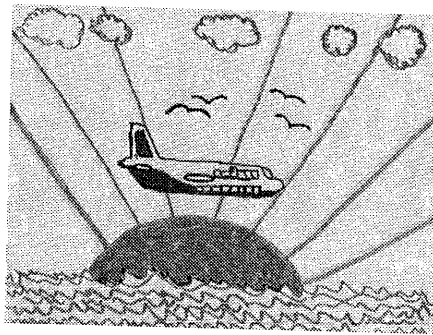


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Minneapolis/St. Paul  
**METROPOLITAN AIRPORTS COMMISSION**  
Operating Budget 1998

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## **METROPOLITAN AIRPORTS COMMISSION**

### **OUR VISION**

"Excellence in airport services is our vision and the measure of our success."

### **OUR MISSION STATEMENT**

"We provide and promote safe, convenient, environmentally sound and cost effective aviation services for our customers."

### **OUR VALUES**

- Integrity
- Customer Service
- Excellence
- Teamwork
- Commitment to the community and environment

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# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

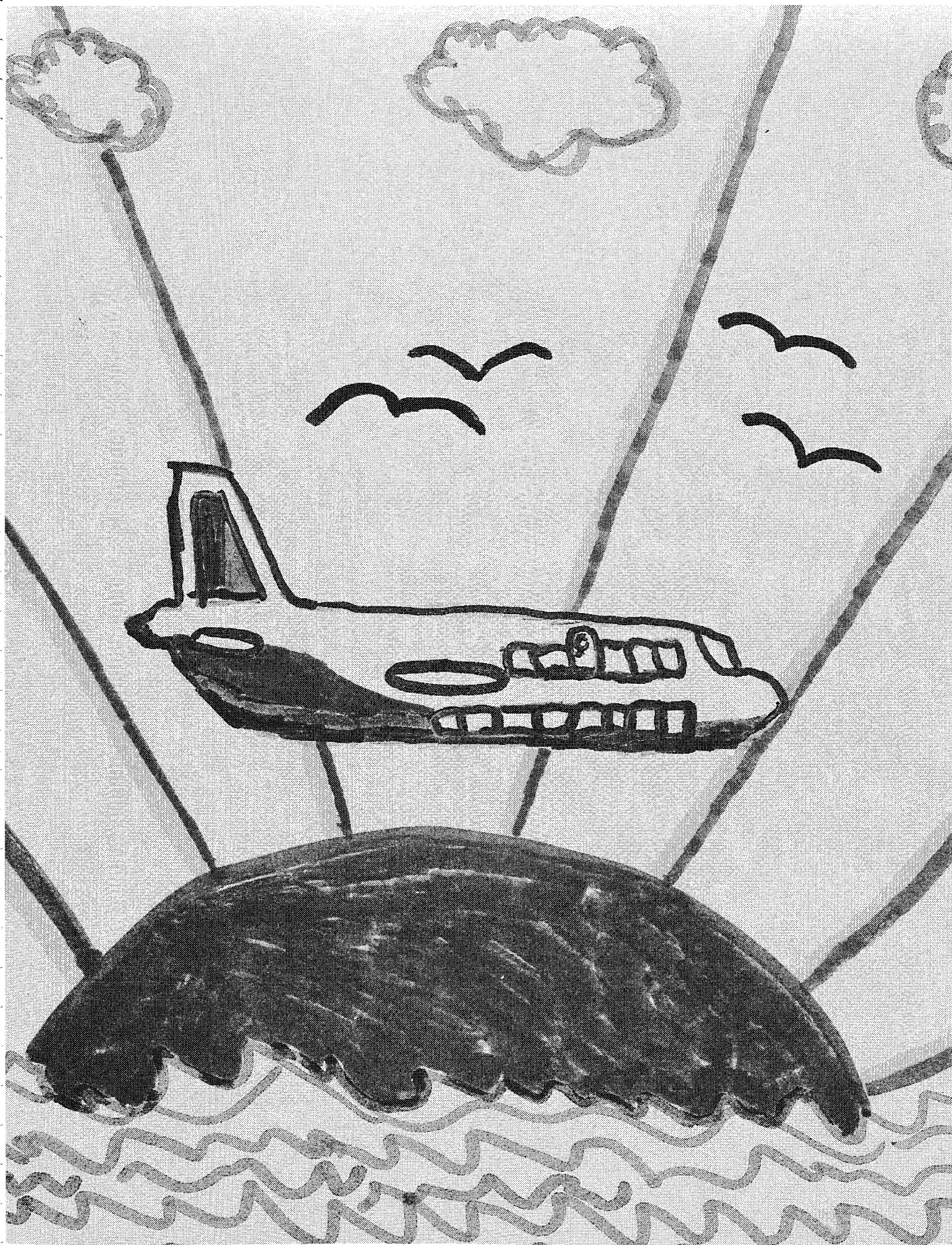
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# **MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION**

## **BUDGET MESSAGE – 1998 OPERATING BUDGET**

We are pleased to present the 1998 Metropolitan Airports Commission budget that was adopted by the Commission on October 20, 1997. Total revenue for 1998 is projected to be \$114,481,183 and operating expense is \$98,782,484.

The 1998 budget reflects the philosophy of MAC staff that the Commission should operate as a business and was prepared with the following guidelines in mind:

1. No taxes would be assessed to support MAC operations.
2. Debt service and a portion of construction costs would be fully funded by revenues.
3. Airline charges and rates would be reasonable as compared to other major airports.
4. A safe and efficient system of airports would be maintained.
5. The MAC would provide excellent service to its tenants and the travelling public.

### **COMMITTEE REORGANIZATION**

In January 1997 the Commission revised the committee structure. Previously two committees met on a monthly basis: Planning & Environment and Management & Operations. The Audit & Compliance and Affirmative Action Committees met on an as needed basis. Most financial issues (budgets, financings, investment, etc.) were required to move through the Management & Operations Committee. With the Dual Track decision having been made in March of 1996, significant expansion and renovation projects would be necessary at MSP International. It was determined that major financings would be necessary to complete these projects and that there was a need to form a team of consultants to help facilitate this process. As a result, the Finance Committee was formed and the functions of the Audit & Compliance Committee were merged into the new committee.

The Finance Committee responsibilities include:

- Oversight of budget process
- Review capital financing issues
- Review monthly budget variance reports
- Review and approve audits – internal and external
- Monitor and approve the investment program
- Review and select finance consultants (bond counsel, audit firm, financial advisor, financial consultant)
- Review financial management policies
- Oversee the PFC application process
- Review appropriate oversight reports as required

With this restructuring, the Commission now has three committees which meet monthly – Planning & Environment, Finance and Management & Operations, with Affirmative Action still meeting on an as needed basis.

### **FINANCIAL MANAGEMENT POLICIES**

One of the first tasks of the newly formed Finance Committee was to review and update the Commission's Financial Management Policies. These policies were revised based on staff, commissioner and audit firm comments. Most of these policies have been incorporated into this document and are listed in the appropriate section.

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## BUDGET MESSAGE – 1998 OPERATING BUDGET

### FUND OVERVIEW

The Metropolitan Airports Commission (MAC) is accounted for as an Enterprise Fund. For internal purposes, MAC maintains three funds corresponding to three major functions: Operating Fund (Budget), Construction Fund (Budget) and Debt Service Fund (Budget). The Operating Fund maintains a balance of \$16 million. Transfers from this fund are made to both the Debt Service (based upon the required balance) and Construction Funds (remaining balance is transferred after debt service and operating balance are funded). The Construction Fund is used to finance the Capital Improvement Program, while the Debt Service Fund services the Commission's debt. The table below is an overview of these three funds.

#### 1998 TOTAL OPERATING BUDGET SUMMARY

(\$ = 000)

	<u>1997 Estimate</u>	<u>1997 Budget</u>	<u>1998 Budget</u>	<u>1999 Estimate</u>	<u>2000 Estimate</u>
1/1 Balance	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000
Sources of Funds					
Operating Revenues	104,930	100,674	114,482	126,620	140,868
Interest Earnings	7,600	9,300	9,300	7,500	7,000
Total Sources of Funds	\$112,530	\$109,974	\$123,782	\$134,120	\$147,868
Uses of Funds					
Operating Expenses (excluding depreciation)	(59,330)	(57,334)	(62,281)	(65,581)	(69,439)
Equipment Purchases	(3,300)	(3,300)	(8,100)	(3,500)	(3,500)
Debt Service Transfer	(9,747)	(10,822)	(9,700)	(9,700)	(9,700)
Construction Fund Transfer	(34,840)	(34,430)	(44,228)	(47,975)	(67,179)
Total Uses of Funds	(\$107,217)	(\$105,886)	(\$124,309)	(\$126,756)	(\$149,818)
Net Change in Working Capital <sup>2</sup>	(\$ 5,313)	(\$ 4,088)	\$ 527	(\$ 7,364)	\$ 1,950
12/31 Balance	<u>\$ 16,000</u>	<u>\$ 16,000</u>	<u>\$ 16,000</u>	<u>\$ 16,000</u>	<u>\$ 16,000</u>

<sup>1</sup> Interest Rate Assumed 5.50% in 1997–2000.

<sup>2</sup> Net change in working capital represents fluctuations in year end operating payments and receivables.

A more detailed explanation regarding the Flow of Funds is included in the Operating Budget section – Flow of Funds/Taxing Authority and their individual budget sections.

### OPERATING BUDGET

Staff prepared the budget based on focusing the use of funds in areas that are most directly impacted by passengers and operations. In the past the Finance Committee or Budget Task Force had established revenue and expense growth targets. These were typically across the board increases and/or decreases. The 1998 Operating Budget used this new process to redirect dollars from areas not impacted by passengers or operations to those areas that were. As a result, over 50% of the service centers held their budgets to 0% increase or decreased their budgets. This change in developing the Operating Budget yielded projected revenue growth of 13.71% and expense growth of 7.68%. The following table is a summary of the 1997 and 1998 budgeted revenues and expenses:

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## BUDGET MESSAGE – 1998 OPERATING BUDGET

	<b>Total 1998 Budget</b>	<b>Budget 1997</b>	<b>Estimated 1997</b>
<b>OPERATING REVENUE</b>			
Airline Rates & Charges	\$ 44,563	\$ 39,841	\$ 40,930
Concessions	56,490	48,740	51,300
Other	<u>13,429</u>	<u>12,093</u>	<u>12,700</u>
Total Operating Revenue	\$114,482	\$100,674	\$104,930
<b>OPERATING EXPENSE</b>			
Personnel	\$31,830	\$29,971	\$30,500
Administrative Expenses	1,176	1,109	1,105
Professional Services	3,722	3,436	3,550
Utilities	5,805	5,300	5,450
Operating Services	10,580	9,053	9,053
Maintenance	8,613	8,037	8,825
Depreciation	36,502	34,395	34,400
Other	<u>555</u>	<u>433</u>	<u>847</u>
Total Operating Expense	<u>\$98,783</u>	<u>\$91,734</u>	<u>\$93,730</u>
Net Operating Income	\$15,699*	\$ 8,940*	\$11,200*
* Required as contribution to debt service and construction program financing.			

Service centers attempted to concentrate resources on the basic services provided to customers (airlines included), the travelling public, cargo shippers, and the owners and operators of general aviation aircraft. This meant shifting budget amounts to areas directly affected by activity or facility increases. The primary focus areas were Maintenance and the Lindbergh Terminal.

During 1998 revenues are projected to grow \$13.81 million or 13.71%. Airline rates and charges are projected to increase \$4.7 million or 11.85%. This increase can be attributed to depreciation and interest associated with a number of rehabilitation and remodeling projects. These include: temporary runway extension, temporary regional ramp, general pavement reconstruction and joint sealing, new equipment, new maintenance buildings and the ground transportation center. (See Revenue Assumptions explaining airline rates and charges calculation.) Concessions are estimated to increase \$7.7 million or 15.90%. Additional passenger activity and an increase in parking rates effective 10/1/97 are the primary reasons for this change. Of the \$7.7 million increase, \$5.3 million is related to parking. All other areas of Concessions with the exception of the Other category are projected to realize double digit percentage increases in 1998. Other revenue is budgeted for a \$1.3 million increase. The majority of the increase (\$809,000) can be attributed to an increase in ground rent due to the appraisal process in 1997.

Operating Expense (excluding depreciation) is projected to increase \$4.9 million over the 1997 budget. Personnel costs are up 6.2% and include 26 new positions. A significant increase will occur in Operating Services in 1998. This can be attributed to a change (added cost) in the parking management contract and a significant change in shuttle bus service. These two areas account for nearly all of the \$1.5 million increase in Operating Services. Additional discussion is provided in the Expense Assumptions portion of the Operating Budget.

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### BUDGET MESSAGE – 1998 OPERATING BUDGET

#### CAPITAL IMPROVEMENT PROGRAM

Each year the MAC approves Capital Projects that will start within the next twelve months, and a Capital Improvement Program which covers all projects which are to start during the second calendar year. In addition, a Capital Improvement Plan which covers an additional five years is adopted.

Approved Capital Projects for 1998 is projected to be \$429,550,000. Funding for the program will come from money currently on hand, federal and state grants, passenger facility charges, internally generated funds, interest income, and the issuance of bonds. A summary of the Capital Improvement Program by Facility for 1998 compared with 1997 is as follows:

<b>CAPITAL IMPROVEMENT PLAN SUMMARY (CIP)</b> <b>(\$ = 000)</b>		
	<b>1998</b>	<b>1997</b>
Minneapolis/St. Paul International		
Field & Runway	\$ 57,650	\$ 31,580
Environmental	36,860	28,960
Self-Liquidating	10,200	0
Landside	<u>303,690</u>	<u>98,900</u>
Total Minneapolis/St. Paul International	<u>\$408,400</u>	<u>\$159,440</u>
Reliever Airports		
St. Paul	\$ 7,050	\$ 3,300
Flying Cloud	10,200	6,820
Crystal	300	450
Anoka	800	900
Lake Elmo	400	250
Airlake	<u>2,400</u>	<u>1,250</u>
Total Reliever Airports	<u>\$ 21,150</u>	<u>\$ 12,970</u>
Total All Facilities	<u><u>\$429,550</u></u>	<u><u>\$172,240</u></u>

A major difference in funding than in previous years is the amount of and type of bonds to be issued. If the construction of all projects go according to plan, over 47% of the funding will come from bonds. These bonds will be General Airport Revenue Bonds compared with General Obligation Revenue Bonds which were used in the past. A more detailed discussion of this program is provided in the Construction budget.

#### DEBT SERVICE

In 1996 the Commission refunded General Obligation Revenue Bond Series 5 at net present value savings of \$851,902.13. The refunding bonds (Series 12) received AAA/Aaa/AAA ratings from Standard & Poor's, Moody's and Fitch respectively. The Commission does not anticipate any refundings in 1997 or 1998.



## **MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION**

### **BUDGET MESSAGE – 1998 OPERATING BUDGET**

The Commission in 1998 is projecting the need to issue approximately \$150 million in General Airport Revenue Bonds. This issue may be delayed depending upon the timing and phasing of the expansion projects at MSP International. Future years will require even more bond funds (i.e. \$150 million in both 1999 and 2000) as the proposed Capital Improvement Program moves forward. Additional information is included in the Debt Service Budget.

### **FUTURE OUTLOOK**

There are two issues which will have a significant impact on MAC as we proceed into 1998. The first issue is the expansion of MSP International now that the Dual Track Planning Process has concluded. The second issue is Strategic Planning/Goals and Objectives.

#### **MSP International Expansion**

In 1996 the Commission and Legislature committed to the expansion of MSP International rather than build a new airport. Since that decision, development plans have focused on prioritizing the projects associated with a \$1.7 billion expansion and upgrade of the existing facilities through the year 2010. The timing of these projects will have a significant impact on which funding source is used. During the 1996 Legislative session, MAC received authority to issue General Airport Revenue Bonds (GARBs), Special Facility Bonds and PFC backed bonds. It is estimated that approximately 47% of the expansion and upgrade will be funded through the issuance of bonds. Other major funding sources will include Passenger Facility Charges and internally generated funds.

#### **Strategic Planning / Goals and Objectives**

During 1997, Commission staff developed a strategic plan which includes ten strategic goals, a revised mission statement, vision and values for the organization. Employees were invited to participate in the development of the plan; approximately 125 (30%) of our employees got involved in the process. The primary purpose of the plan is to help align work done throughout the organization so we utilize available resources most effectively. This plan will be used to do on-going department planning and will be updated regularly.

As a part of becoming data driven, performance measures for the strategic plan outcomes are in the process of being developed. In 1998, departments will begin to directly link their plans and individual work to MAC's strategic plan. Training for managers and supervisors involved with their departmental planning will occur in the first quarter of 1998.

### **AWARDS**

The Government Finance Officers Association of the United States and Canada (GFOA) presented an award of Distinguished Budget Presentation to the Minneapolis–St. Paul Metropolitan Airports Commission for its annual budget for the fiscal year beginning January 1, 1997.

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### BUDGET MESSAGE – 1998 OPERATING BUDGET

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


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

#### ACKNOWLEDGEMENT

This budget is the result of countless hours of work by the staff of the Finance Department and by Commissioners who served on the Finance Committee. A special thanks to everyone who helped develop the 1998 budget and who share the Commission's determination in making the MAC one of the most efficient and cost effective airport operators in the nation.

Respectfully submitted,

  
Jeffrey W. Hamiel  
Executive Director

  
Stephen L. Busch  
Director of Finance

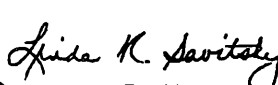


GOVERNMENT FINANCE OFFICERS ASSOCIATION

### *Distinguished Budget Presentation Award*

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

For the Fiscal Year Beginning  
January 1, 1997

  
Linda K. Savitsky  
President

  
Jeffrey L. Esser  
Executive Director

## **MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION**

### **1997 OVERVIEW - 1998 OPERATING BUDGET**

The Commission and staff developed a series of five overall objectives for 1997. These objectives are organizational and are similar to past practice. With the development and implementation of the Strategic Planning process in 1997 it is anticipated that the goals/objectives process for 1998 will be:

- Measurable
- Incorporated into the budget process.
- Developed at the Service Center/Department level.
- Related to the overall organizational goals/objectives.

The five objectives for 1997 are:

#### **MSP DEVELOPMENT**

Objective: To prepare an implementation plan for future MSP development.

During 1996, the Minnesota Legislature directed the MAC to implement the 2010 Long Term Comprehensive Plan for MSP. Key elements of the 2010 Plan include development of a new runway (runway 17-35) and continued development of terminal facilities.

Development of the new runway has involved continued work, in cooperation with the FAA, of an Environmental Impact Statement (EIS). A draft of the final EIS is currently under preparation and should receive final federal and state approval in early 1998. Activities are also underway to develop a configuration for replacement cargo and hangar facilities on the west side of the airport. Actions in the terminal area have focused on the development of additional public parking spaces and the provision of additional airline gates by extending the Green concourse to the southeast. Design for each of these facilities is currently underway; it is expected that construction will begin in 1998; additional studies are also underway to evaluate follow-on development phases, particularly for future gate expansion.

#### **CUSTOMER SERVICE AND SATISFACTION**

Objective: It is the goal of the organization to effectively manage the relationship with customers and use information gathered from them to improve customer relationships and decision making.

During 1997, the MAC created a customer satisfaction team to direct organizational efforts toward proactive management of customer relationships. The team focused on identifying customer requirements, drivers of customer satisfaction, creating a "Family of Measures" for use in assessing organizational performance. The "Family" is subject to refinement as the MAC develops its system for defining and measuring customer satisfaction.

Secondly, the team initiated basic customer input systems, developing and deploying a "Customer Feedback Form," complaint analysis and a "Customer Comment Card."

In a parallel 1997 effort, MAC approved a Strategic Plan containing a goal (#2) "To provide world-class, customer orientated transportation facilities at MSP."

In 1998, while responding to a Commission directive to significantly improve MSP's Survey America Travel Trek scores, MAC will evolve its customer feedback systems, develop measures to access Strategic Plan accomplishments and further refine performance measurement with respect to customer satisfaction. Also, MAC is poised to survey customer segments as part of determining customer expectations and performance baselines preliminary to setting continuous improvement goals.

## **MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION**

### **1997 OVERVIEW - 1998 OPERATING BUDGET**

#### **STRATEGIC PLANNING IMPLEMENTATION**

**Objective:** To refine the MAC Strategic Plan to reflect changing conditions.

An annual planning cycle has been established to implement MAC's strategic plan, which includes ten organizational goals for the next three to five years. Each of the goals contains specific objectives and the desired outcome for each objective. Annual planning will be accomplished by cascading the strategic goals and objectives with desired outcomes into the organization for short term departmental planning. Beginning in 1998. A strategic fit review will be conducted during the planning cycle to ensure organizational alignment and to allocate resources. Semi-annual updates on results achieved will be given to employees and the Commission. Progress results as well as changing conditions will be used to regularly update the strategic plan.

#### **COST MANAGEMENT**

**Objective:** It is the goal of the organization to provide required services to our customers in a cost effective and efficient manner.

In order to maintain an operating cost per enplaned passenger below the large hub average, operating expenses and services provided must be evaluated and controlled. In the 1998 budget, as in the 1997 budget, the focus was on providing resources to areas most affected by activity. In 1997 over 60% of the service centers were held to 0% change or a decrease and in 1998 over 50% were held to 0% change or a decrease in expenses. Staff continued to evaluate all areas in order to control costs. Some of the areas recommended for change include:

**Personnel** – In order to add positions, most areas (unless directly affected by activity) needed to show a corresponding decrease elsewhere in their budget.

**Utilities** – Staff is proceeding to bid out both natural gas and electricity in order to reduce the continually rising costs of these areas.

**Processes** – In late 1997 staff initiated two major process improvement projects. These were Purchasing and Lease Management. Based on preliminary information provided, both of these areas should show a "significant" increase in efficiencies and also overall cost savings.

In 1998 the Capital Plan Process (CIP) will likely be evaluated. With the addition of an internal auditor, internal processes will be evaluated more frequently to ensure continued efficiency increases. In addition, a number of areas go through continuous evaluations in order to make sure they are as efficient as possible.

## **MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION**

### **1997 OVERVIEW - 1998 OPERATING BUDGET**

#### **PERFORMANCE PLANNING AND MANAGEMENT**

**Objective:** To develop an agency-wide management philosophy and process that integrates all major planning and management components.

The strategic plan completed in 1997 provides the foundation for further development of an integrated performance planning and management system to improve the linkage between organizational, department and individual planning. Developing performance planning methods that link strategic objectives with critical performance measures will strengthen our management of the organization.

By April 1998, planning tools will be developed and rolled out to departments through training for their short and long range planning efforts. An accountability system which includes two way performance feedback and individual development planning will be integrated into the planning system later for use throughout the organization to improve communication, assure employee involvement during the planning process, provide direction and support throughout the year and to track progress on organizational, department and individual plans.

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### 1998 GOALS AND OBJECTIVES - 1998 OPERATING BUDGET

The strategic plan for the Metropolitan Airports Commission was completed in 1997. The plan includes ten goals which will be used to set the direction for the Commission over the next three to five years. Each year the plan will be reviewed and revised to include one additional year. Progress results as well as changing conditions will be used to regularly update the strategic plan. An accountability system which includes two way performance feedback and individual development planning will be integrated into the planning system later for use throughout the organization to improve communication, assure employee involvement during the planning process, provide direction and support throughout the year and to track progress on organizational, department and individual plans. A strategic fit review will be conducted during the planning cycle to ensure organizational alignment and to allocate resources. Semi-annual reports on results achieved will be given to employees and the Commission. The following is a list of MAC's ten strategic goals with plan objectives and expected outcomes for each objective. Beginning in 1998, this information will be used to do departmental and individual planning and to allocate resources through MAC's annual budgeting process. By April 1998, planning tools will be developed and rolled out to departments through training for their short and long range planning efforts.

#### **GOAL 1. To operate a safe and secure airport system.**

*Leader: Tim Anderson, Deputy Executive Director - Operations*

Objective A. Develop and implement a comprehensive airport safety program on each of MAC's airports for employees, passengers and airfield users.

*Expected Outcome: Reduced number of injuries on our airports.*

Objective B. Maintain and upgrade the security of the airports.

*Expected Outcome: Increased compliance with security requirements and decreased criminal offense incidences.*

Objective C. Develop strategies to minimize property and equipment damage.

*Expected Outcome: Reduced costs and equipment downtime.*

#### **GOAL 2. To provide world class, customer-oriented transportation facilities at MSP.**

*Leader: Tim Anderson, Deputy Executive Director - Operations*

Objective A. Continuously improve the customer experience.

*Expected Outcome: Improved image of MSP.*

Objective B. Maintain and upgrade existing airside and landside facilities.

*Expected Outcome: Maximized life of existing facilities.*

Objective C. Provide additional facilities through the implementation of the 2010 Plan to support growth and economic vitality.

*Expected Outcome: Facilities in place to meet demand.*

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### 1998 GOALS AND OBJECTIVES - 1998 OPERATING BUDGET

#### **GOAL 3. To build and strengthen a productive and rewarding work environment that demonstrates trust and respect.**

*Leader: David Bergsven, Deputy Executive Director of Human Resources*

Objective A. Attract and retain a qualified, diverse work force.

*Expected Outcome: Employees who can accomplish tasks which support MAC's goals.*

Objective B. Provide resources necessary for employees to do their jobs.

*Expected Outcome: Maximized potential to achieve organizational goals.*

Objective C. Continuously improve internal customer service.

*Expected Outcome: Improved working relationships between departments.*

Objective D. Improve employee job satisfaction and recognition.

*Expected Outcome: A work force that understands their value to the organization.*

Objective E. Review existing policies and procedures.

*Expected Outcome: Understandable and accessible information on organization-wide Human Resource and Administrative policies and procedures.*

Objective F. Establish sound employee relations practices.

*Expected Outcome: Practices that ensure consistency, fairness and accountability.*

#### **GOAL 4. To communicate proactively and effectively.**

*Leader: Wendy Burt, Public Information Officer*

Objective A. Strengthen internal communications.

*Expected Outcome: Information shared at the organizational, department and inter-department levels.*

Objective B. Enhance our public image.

*Expected Outcome: Positive public perception of our Airport System.*

Objective C. Provide necessary technology for improved communications.

*Expected Outcome: Access for all.*

#### **GOAL 5. To contribute to the economic vitality of the region by expanding and improving air service.**

*Leader: Jeff Hamiel, Executive Director*

Objective A. Develop a strategic marketing plan for MAC's airport system.

*Expected Outcome: Increased passenger/cargo air service at MSP.*

## **MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION**

### **1998 GOALS AND OBJECTIVES - 1998 OPERATING BUDGET**

#### **GOAL 6. To meet the capital development, operating and debt service requirements of the airport system while preserving our financial strength.**

*Leader: Denise Kautzer, Deputy Executive Director of Administration*

Objective A. Provide creative, responsible funding for completion of the 2010 plan.

*Expected Outcome: Funding in place to accomplish 2010 Plan.*

Objective B. Maximize all sources of revenue and maintain competitive rates and charges.

*Expected Outcome: Airline cost/enplanement in lower 1/3 of major airports; increased operating revenue/enplanement over previous year; increased concession revenue/enplanement over previous year.*

Objective C. Provide cost effective services.

*Expected Outcome: Debt/enplaned passenger, operating cost/enplaned passenger, and enplanements/employee figures compare favorably to industry averages.*

#### **GOAL 7. To maximize the utilization of the Reliever Airport System.**

*Leader: Tim Anderson, Deputy Executive Director of Operations*

Objective A. Improve financial viability of the airports.

*Expected Outcome: Reduced dependence on MSP subsidy.*

Objective B. Ensure compatible and orderly development of Airport land and establish guidelines for the use of airport facilities.

*Expected Outcome: Effective use of limited resources.*

Objective C. Improving customer service.

*Expected Outcome: Improved image of Reliever Airports.*

Objective D. Strengthen community relations.

*Expected Outcome: Reliever Airports valued by surrounding communities.*

Objective E. Develop marketing plan(s).

*Expected Outcome: Targeted utilization of Reliever Airport System.*

#### **GOAL 8. To strengthen partner and stakeholder relationships.**

*Leader: Gordy Wennerstrom, Director of Commercial Management and Airline Affairs*

Objective A. Develop specific strategies to strengthen relationships.

*Expected Outcome: Minimized conflicts through collaborative efforts.*



## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### 1998 GOALS AND OBJECTIVES - 1998 OPERATING BUDGET

#### **GOAL 9. To continue our leadership in environmental mitigation.**

*Leader: Nigel Finney, Deputy Executive Director of Planning and Environment*

Objective A. Develop and maintain good working relationships with the public, affected communities, and regulatory agencies.

*Expected Outcome: Cooperative environment that allows airport development and operation.*

Objective B. Develop and implement a noise mitigation program for each MAC airport.

*Expected Outcome: Reduced off-airport noise impacts.*

Objective C. Implement a Water Quality Management Program at each MAC airport in coordination with affected tenants.

*Expected Outcome: Minimal water quality impacts on surrounding areas.*

Objective D. Integrate mitigation programs/procedures with each development project.

*Expected Outcome: Minimal project impacts.*

Objective E. Coordinate environmental review and audit procedures with planning and development activities.

*Expected Outcome: Maximum compliance with environmental regulations.*

#### **GOAL 10. A commitment to excellence through strategic planning.**

*Leader: Jeff Hamiel, Executive Director*

Objective A. Develop an integrated process which ensures the implementation of strategic planning.

*Expected Outcome: An annual strategic planning cycle that integrates department and individual planning and links with the budget and CIP processes.*

Objective B. Develop appropriate evaluation measures to track progress, review and update.

*Expected Outcome: Progress tracked through measurement.*

Objective C. Develop and implement an internal and external process for communicating the strategic plan.

*Expected Outcome: All MAC employees, commissioners and stakeholders are knowledgeable about MAC's direction and progress on the strategic plan.*

## **MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION**

### **DESCRIPTION OF BUDGET PREPARATION & AMENDMENT PROCESS**

#### **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 (Generally Accepted Accounting Principles). The accrual basis of accounting attempts to record financial transactions in the period they occur rather than recording them in the period they are paid.

This budget document has undergone major format changes from previous years. These changes can be attributed to comments received from internal staff and GFOA reviewers. Significant changes are described below:

- A. Format – The Budget Preparation & Amendment Process section is moved to this area in order to explain the changes being made in the document format.
- B. Organizational Structure – Within this section, the Commission description remains the same as in the prior year. Each of the departments (defined below) is listed comparing their 1996 actual, 1997 budget and 1998 budgeted expenses. Also included is a brief description of the responsibilities/functions of the department and their historical headcount is presented. At the end of this section a total personnel summary is shown.
- C. Operating Budget – Additional information is included at the beginning of this section and incorporates "Non-Operating" accounts. Rather than providing a detailed listing of expenses by service center, the detail is shown by what is referred to as subledgers. With our financial software, there is the ability to sort information in a number of ways. Internally expenses are reviewed two ways: by service center and by subledger. (The Service Center information is described below.) Subledgers represent the method by which the Commission records expenses for rate calculations. This detail is presented at the end of the Expense Assumptions section.
- D. Construction Budget – This section was expanded to include increased information on the CIP (Capital Improvement Program). This information includes projects in process funding and major project descriptions.
- E. Debt Service Budget – Increased information in this section relates to outstanding debt, future debt and refundings.
- F. Statistical – This section includes the most recent attainable comparisons with other airports.

Explanations regarding other terms and changes are listed next, followed by the budget process.

#### **Divisions**

Effective 1996, MAC reorganized its reporting and responsibility structure. The seven divisions have direct responsibility for the oversight and management of all the day to day functions associated with the departments reporting through each respective division. The Deputy Executive Directors of each division comprise the senior staff and report directly to the Executive Director. The divisions and associated departmental structure are detailed later in this section.

## **MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION**

### **DESCRIPTION OF BUDGET PREPARATION & AMENDMENT PROCESS**

#### **Department**

A department represents a combination of service centers. These service centers are responsible for specific functions which relate to one another. The department format is also a way for the Commission to summarize costs in a way that department directors can review functions they control.

#### **Service Center**

Service Centers are the lowest level of the department detail. Many of the departments at MAC actually include several areas of responsibility and control. These areas have been deemed service centers. Previously there was not a separate budget for each of the service centers. Budgeting for these areas was included in the department balance. This prevented a department director from having a separate budget for each service center. Now departments can budget at the service center level of detail.

#### **Budget Specialist**

The budget specialist is an employee from each department or service center who is responsible for making sure all budget forms are completed and proceed for signature. In addition, the budget specialist also inputs and forecasts the budget on the personal computer.

#### **Controllable Expenses**

Because MAC receives reimbursement for operating MSP International via the rates charged to the airlines the budget was also prepared on the same concept. Expenses were budgeted and charged through subledger allocations to all appropriate departments. Therefore, an individual budget would include line items in which the department head had no responsibility or control. This made monitoring of the department budget very difficult. In addition, this also confused the budgeting process. Often these costs were budgeted by a multitude of vendors and departments. Each had to be summarized and allocated by line item and department.

Controllable expenses allow a service center to budget for those line items they have direct responsibilities and control, regardless of the use by any other service areas. They are then allocated through subledgers (described above).

#### **Bottom Line Management**

Typically budget variances are reviewed by line item. The budget is prepared by line item, but department directors have the authority to make alternate decisions based upon department needs.

#### **Budget Process**

Preliminary work on the budget begins in April. During this month historical information was packaged for each service center. Templates were set up on the system for each service center. Budget specialists were assigned by each department and input of budget information was scheduled for the first part of June.

In late April the Finance Committee provides direction to staff regarding growth and allocation of funds. This information was presented to staff at various meetings and also included in their packages.

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### DESCRIPTION OF BUDGET PREPARATION & AMENDMENT PROCESS

Budget packages are distributed in June. All service centers had four weeks to complete them. The Personnel packages are due by mid June. Finance staff reviewed all packages and summarized them during July for senior staff to review. For the 1998 budget, service centers were given the alternative (based on Finance Committee direction) to cut or hold their budgets to no change or submit an increase with justifications for any additional funds required. Over half of the service centers submitted budgets with no change or a decrease as a result of this direction.

August is spent compiling summary and historical data. Revisions to expense are done while revenue figures are being compiled. Airline rates are then calculated and final revenue figures are available. When all revenue and expense is completed, staff reviews and revisions are completed as required. During September presentations are prepared for the Finance Committee, senior staff and airlines. Also, supporting schedules are completed. The month of October is reserved for presentations to the Finance Committee and revisions prior to requesting final approval.

Preliminary approval is given by the Finance Committee in October. With the recommendation from the Finance Committee and the informational meetings held, final approval is requested at the October full Commission meeting. Final approval of the 1998 Operating Budget was given at the October Commission meeting. Rate changes are sent out as usual at the beginning of December based upon approval from the full Commission.

This calendar gives an overview of the process:

<u>MONTH</u>	<u>TASK</u>
April	<ul style="list-style-type: none"><li>- Finance Committee establishes 1998 budget direction for expense</li><li>- Service Center historical information prepared</li><li>- Budget specialists identified</li><li>- Templates for service centers set up on computers</li></ul>
May	<ul style="list-style-type: none"><li>- Training of budget specialists</li><li>- Packages distributed in late May and/or early June</li><li>- Determine inflation factors, wage and contracts adjustments</li><li>- Historical information gathering process started</li><li>- Prepare preliminary budget</li></ul>
June	<ul style="list-style-type: none"><li>- Present preliminary budget to Finance Committee</li><li>- Positions and headcount summary compiled</li><li>- Finance Committee update</li><li>- Preliminary approval for position and headcount requests</li><li>- All budget packages are due</li></ul>
July	<ul style="list-style-type: none"><li>- Summary information/schedules prepared</li><li>- Revenue analysis begins</li><li>- Revisions to expense initiated</li></ul>
August	<ul style="list-style-type: none"><li>- Finance Committee update</li><li>- Revenue completed</li><li>- Internal budget hearings held</li><li>- Expense revisions</li></ul>

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### DESCRIPTION OF BUDGET PREPARATION & AMENDMENT PROCESS

<u>MONTH</u>	<u>TASK</u>
September	<ul style="list-style-type: none"><li>- Presentation information compiled</li><li>- Packages distributed to airlines and Finance Committee</li><li>- Expense revisions</li><li>- Presentation/meeting with the airlines</li><li>- Staff presentation</li></ul>
October	<ul style="list-style-type: none"><li>- Presentation to Finance Committee</li><li>- Commission approval</li></ul>
November	<ul style="list-style-type: none"><li>- Begin compiling 1998 budget book</li></ul>
December	<ul style="list-style-type: none"><li>- Notice of rate changes to all tenants</li><li>- Complete budget book</li></ul>

### AMENDING PROCESS

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

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

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

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

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### DESCRIPTION OF BUDGET PREPARATION & AMENDMENT PROCESS

The individual line-items will include the following:

- |                                   |                        |
|-----------------------------------|------------------------|
| 1. <b>Personnel</b>               | 6. <b>Maintenance</b>  |
| Salaries & Wages                  | Trades                 |
| Benefits                          | Building               |
| Commissioner Per Diem             | Field                  |
| Total Personnel                   | Equipment              |
|                                   | Cleaning               |
| 2. <b>Administrative Expenses</b> | Total Maintenance      |
|                                   |                        |
| 3. <b>Professional Services</b>   | 7. <b>Depreciation</b> |
|                                   |                        |
| 4. <b>Utilities</b>               | 8. <b>Other</b>        |
|                                   | General Insurance      |
| 5. <b>Operating Services</b>      | Other                  |
| Parking Management                | Reimbursed Expense     |
| Shuttle Bus Services              | Total Other            |
| Service Agreements                |                        |
| Storm Water Monitoring            | <b>Total Expense</b>   |
| Other                             |                        |
| Total Operating Services          |                        |



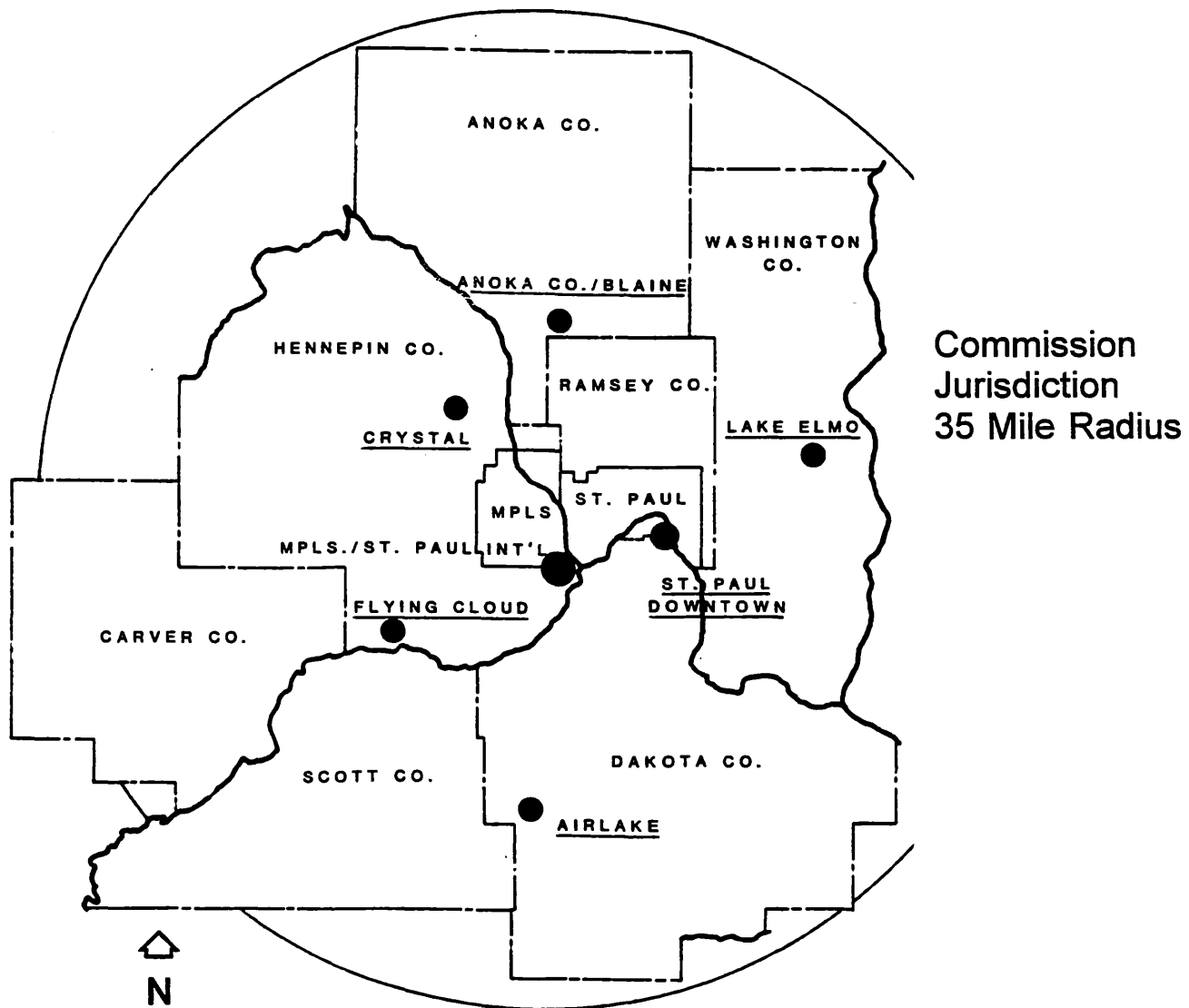




## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### ORGANIZATIONAL STRUCTURE – 1998 OPERATING BUDGET

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



## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### ORGANIZATIONAL STRUCTURE – 1998 OPERATING BUDGET

The Commission is governed by 14 Commissioners and a chairperson. 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.

**Chairperson:** Pierson Grieve

**Commissioners:**

District A Darcy Hitesman

District B Daniel Johnson

District C John Himle

District D Alton Gasper

District E Edward Fiore

District F Darwin Reedy

District G John Dowdle

District H Louis Miller

City of Minneapolis Steve Cramer

City of St. Paul Dick Long

Representing Greater  
Minnesota Area:

Carl D'Aquila

John Kahler

Paul Rehkamp

Georgiann Stenerson

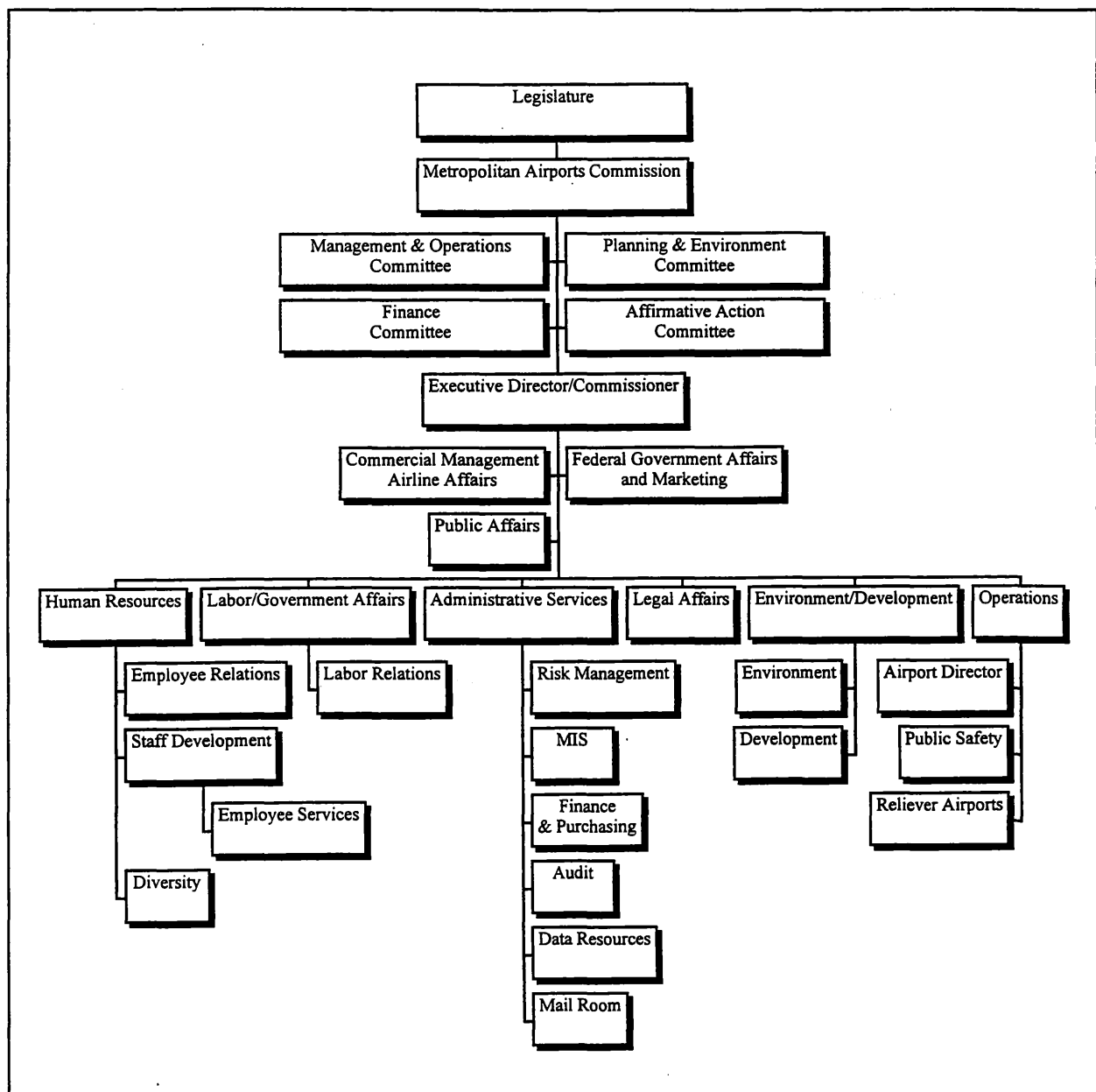
**Executive Director:** Jeffrey W. Hamiel

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

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## ORGANIZATIONAL STRUCTURE – 1998 OPERATING BUDGET

The remainder of this section includes detailed information on the organizational structure. The organizational chart below identifies the structure and departmental levels. This chart is followed by a table which lists the departments and the associated service centers which roll up into it. Next is the headcount table. This table includes positions by department, positions by classification and a summary of changes/vacancies/new positions. The last area is the summary by department. Each department shows the following information: expense by major category, this again is for departmental use, headcount summary and a brief description of the departments responsibility/function.



# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## ORGANIZATIONAL STRUCTURE – 1998 OPERATING BUDGET

Organizational Structure by Division, Department, and Service Center			
Division	Department	Service Center	
		Number	Name
Executive Director / Commissioner	Executive / Commission	75000	Executive – General / Special Projects
	Public Affairs	75100	Executive – Commissioners / Chairman
	Federal Government Affairs and Marketing	76000	Public Affairs
	Commercial Management / Airline Affairs	76100	Federal Government Affairs and Marketing
		80000	Commercial Management / Airline Affairs
Human Resources	Deputy – Human Resources	75700	Deputy – Human Resources
	Staff Development	76600	Staff Development
	Employee Relations	79100	Employee Services
	Office Of Diversity	81500	Employee Relations
		80600	Office Of Diversity
Labor / Government Affairs	Labor / Government Affairs	79500	Labor Relations
Administrative Services	Deputy – Administrative Services	75600	Deputy – Administrative Services / Data Resources / Mail Room
	Wellness	76700	Deputy Airports – Wellness
	Deputy Airports – Insurance	76800	Deputy Airports – Insurance
		85400	Environment – Safety
	MIS	79000	MIS
	Finance	78000	Finance
		78200	Purchasing
	Audit	78300	Audit
Legal Affairs	General Counsel	81000	General Counsel
Environment / Development	Planning	75500	Planning
	Environment	85000	Environment – General
		85100	Environment – Environmental
		85200	Environment – Part 150
	Airport Development	85300	Environment – Aviation Noise Program
		77000	Airport Development

(Continued on next page )

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## ORGANIZATIONAL STRUCTURE – 1998 OPERATING BUDGET

Organizational Structure by Division, Department, and Service Center			
Division	Department	Service Center	
		Number	Name
Operations	Deputy – Operations	75800	Deputy – Operations
	Airport Directors Office	82000	ADO – General
		82100	ADO – Telecommunication
	Airside Operations	82600	Airside Operations
		82650	Airside Operations – Internship Program
	Landside Operations	83000	Landside – Operations
		83300	Landside – Parking
		83400	Landside – Administration
	HHH Terminal	85500	HHH Terminal
	Facilities – Lindbergh Terminal	86000	Facilities – Administration
		86100	Facilities – Lindbergh Terminal
		86300	Facilities – Energy Management Center
	West Terminal Area	87000	Facilities – West Terminal
	Trades	88000	Trades – Electricians
		88100	Trades – Painters
		88200	Trades – Carpenters
		88300	Trades – Plumbers
	Maintenance	89000	Maintenance – Field
		89100	Maintenance – Repairs
		89200	Maintenance – Equipment Purchasing
		89300	Maintenance – General
	Communications	82700	Communications
	Fire	83500	Fire – Training
		83600	Fire – Rescue
	Police	84000	Police – General Office
		84100	Police – Narcotics / Investigations
		84200	Police – Administration / Training
		84300	Police – Patrol / CSO's
		84400	Police – Security
	Reliever Airports	90000	Relievers – Administration
		90200	Relievers – St. Paul
		90800	Reliever – Airport Maintenance
MAC General	MAC General	78100	MAC General

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### ORGANIZATIONAL STRUCTURE – 1998 OPERATING BUDGET

EXECUTIVE / COMMISSIONER	1996 <u>Actual</u>	1997 <u>Budget</u>	1998 <u>Budget</u>	\$ <u>Variance</u>	% <u>Variance</u>
Personnel	206,448	208,994	231,365	22,371	10.70%
Administrative Expenses	157,238	126,064	136,274	10,210	8.10
Professional Services	1,650	8,400	58,400	50,000	595.24
Utilities	1,441	1,400	1,400	0	.00
Operating Services/Expenses	229	1,115	1,115	0	.00
Other	7,388	10,000	14,000	4,000	40.00
Expenses	374,394	355,973	442,554	86,581	24.32%

HEADCOUNT SUMMARY	1996 <u>Actual</u>	1997 <u>Actual</u>	1997 <u>Budget</u>	1998 <u>Budget</u>
Executive / Commissioner	3	3	3	3

#### Responsibility/Function

##### Office of the Executive Director

The Executive Director is responsible for the overall administration of the Metropolitan Airports Commission and for the implementation of all Commission policies. The Office of the Executive Director is directly accountable to the Board of Commissioners for the safe and efficient operation of the seven airports under its jurisdiction. Responsibilities include the coordination, direction and implementation of programs and services of the Commission as well as external relations with those regulatory agencies and governmental bodies concerned with the operation and administration of the Commission. The increase in Personnel expenses are associated with the Executive Director participating in a senior level management seminar as directed by the Executive Committee of the Commission as part of his professional development. The majority of the increase in Administrative Expenses is due to estimated increases in fees and membership dues. The increase in Professional Services is for unanticipated need to utilize the services of consultants to prepare documents in response to Commission/Chairman requests. The increase in Other is due to increased use of rental aircraft for Commission travel in meeting with smaller airport members of ACI that may not have convenient/economical air service.

##### Metropolitan Airports Commission Board

It is the responsibility of the Board of Commissioners to: 1) Promote the public welfare; 2) Promote national, international, state and local air transportation; 3) Promote the safe, efficient and economical handling of air commerce both nationally and internationally and to fully develop the potential of the metropolitan area as an aviation center providing for the most economical and effective use of aeronautical facilities and services; 4) Assure residents of the metropolitan area minimum environmental impact from air transportation by promoting the overall goals of the State's environmental policies minimizing the public's exposure to noise and pursuit of the highest levels of safety at all Commission airports.

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## ORGANIZATIONAL STRUCTURE – 1998 OPERATING BUDGET

<b>PUBLIC AFFAIRS</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>\$</b>	<b>%</b>
	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>	<u>Variance</u>	<u>Variance</u>
Personnel	283,051	121,965	169,100	47,135	38.65%
Administrative Expenses	96,388	73,450	73,450	0	.00
Professional Services	319,197	121,187	146,182	24,995	20.63
Utilities	849	300	300	0	.00
Operating Services/Expenses	167,689	126,900	186,900	60,000	47.28
Maintenance	9,424	0	0	0	.00
Other	2,400	300	300	0	.00
Expenses	878,998	444,102	576,232	132,130	29.75%

<b>HEADCOUNT SUMMARY</b>	<b>1996</b>	<b>1997</b>	<b>1997</b>	<b>1998</b>
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>
Public Affairs	2	3	2	3

### Responsibility/Function

This function is responsible for internal and external communications, media relations and communications to the public. Also assists with the Commission's marketing through advertising – promoting the resources of MSP International and the reliever airports both domestically and internationally. Effective 1996, this department was divided into Public Affairs and Federal Government Affairs/Marketing. Both departments will maintain separate budgets for 1998. The 1996 actual expenses by category reflect the combined departments. The Personnel increase is due to the addition of one staff person. This person would draft press materials, field inquiries and assist the director in day-to-day activities. Additional dollars for Professional Services includes the second phase of implementing a website and its on-going updating.

<b>FEDERAL GOVERNMENT AFFAIRS AND MARKETING</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>\$</b>	<b>%</b>
	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>	<u>Variance</u>	<u>Variance</u>
Personnel	0	159,732	155,726	(4,006)	(2.51%)
Administrative Expenses	0	45,170	50,970	5,800	12.84
Professional Services	0	107,830	140,300	32,470	30.11
Utilities	0	1,200	1,200	0	.00
Operating Services/Expenses	0	11,300	60,300	49,000	433.63
Other	0	300	300	0	.00
Expenses	0	325,532	408,796	83,264	25.58%

<b>HEADCOUNT SUMMARY</b>	<b>1996</b>	<b>1997</b>	<b>1997</b>	<b>1998</b>
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>
Federal Government Affairs and Marketing	3	3	3	3

### Responsibility/Function

This department is responsible for two areas: 1) Air Service – Marketing MSP for more international passenger and cargo flights and for more low cost domestic passenger flights. Promoting the facilities and services of MSP and MAC's system of airports both domestically and internationally. 2) U.S. Government Affairs – Influencing U.S. Government policy relating to airports and aviation to facilitate adequate funding and appropriate regulation by Congress, the FAA, and other governmental and aviation agencies and organizations. The actual 1996 figures for this area are shown in Public Affairs above. The decrease in Personnel is due to replacement of the department head at a lower salary level than the current one. The increase in Operating Services/Professional Services is because the number ads will be increased over those run in 1997 to tout the new facilities and advantages of MSP.

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## ORGANIZATIONAL STRUCTURE – 1998 OPERATING BUDGET

COMMERCIAL DEVELOPMENT / AIRLINE AFFAIRS	1996 Actual	1997 Budget	1998 Budget	\$ Variance	% Variance
Personnel	300,404	295,374	308,166	12,792	4.33%
Administrative Expenses	42,168	39,000	44,365	5,365	13.76
Professional Services	115,499	106,000	162,000	56,000	52.83
Utilities	1,045	300	300	0	.00
Operating Services/Expenses	9,543	18,000	14,600	(3,400)	(18.89)
Other	802	115	16,200	16,085	13986.96
Expenses	469,461	458,789	545,631	86,842	18.93%

HEADCOUNT SUMMARY	1996 Actual	1997 Actual	1997 Budget	1998 Budget
Commercial Development / Airline Affairs	4	4	5	5

### Responsibility/Function

This area is responsible for managing the use and leasing activities of concessions and airlines related to the following airport properties: land, terminals, buildings, warehouses, hangars and other properties; negotiates with prospective tenants to develop bid criteria and specifications for the award of concession leases; negotiates non-bid use and rental leases and other agreements for concessions, airlines and other tenants; prepares written reports and recommendations for the Commission for maximizing revenues, awarding leases and other contracts; acts as primary contact with tenants for compliance with contractual obligations, airport policy and for coordination of property maintenance, coordinates property and tenant related issues with other airport departments. The increase in Professional Services is due to additional monies to be spent on professional services, due to unique expertise necessary to complete necessary 1998 programs and projects related to goals 2, 4 and 6 of MAC's strategic plan. The increase in Other is due to replacement of furniture due to loss of existing furniture during the 1996 reorganization to another department.

DEPUTY – HUMAN RESOURCES	1996 Actual	1997 Budget	1998 Budget	\$ Variance	% Variance
Personnel	0	111,840	114,408	2,568	2.30%
Administrative Expenses	0	8,400	18,580	10,180	121.19
Professional Services	0	2,000	2,000	0	.00
Utilities	0	500	300	(200)	(40.00)
Operating Services/Expenses	0	4,000	400	(3,600)	(90.00)
Expenses	0	126,740	135,688	8,948	7.06%

HEADCOUNT SUMMARY	1996 Actual	1997 Actual	1997 Budget	1998 Budget
Deputy – Human Resources	2	2	2	2

### Responsibility/Function

This was a newly created department resulting from the 1996 reorganization. This area is responsible for the oversight and management of Employee Relations, Staff Development, Employee Services, and the Office of Diversity. Each of these areas has a separate budget which is detailed later in this section. The increase in Administrative costs can be attributed to additional materials and supplies required to administer 1998 programs.



# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## ORGANIZATIONAL STRUCTURE – 1998 OPERATING BUDGET

STAFF DEVELOPMENT	1996 <u>Actual</u>	1997 <u>Budget</u>	1998 <u>Budget</u>	\$ <u>Variance</u>	% <u>Variance</u>
Personnel	80,594	143,748	193,748	50,000	34.78%
Administrative Expenses	10,605	12,800	12,800	0	.00
Professional Services	69,268	19,000	19,000	0	.00
Operating Services/Expenses	1,002	0	0	0	.00
Other	58	0	5,000	5,000	.00
Expenses	161,527	175,548	230,548	55,000	31.33%

<u>HEADCOUNT SUMMARY</u>	1996 <u>Actual</u>	1997 <u>Actual</u>	1997 <u>Budget</u>	1998 <u>Budget</u>
Staff Development	1	1	1	2

### Responsibility/Function

This department incorporates quality and several new areas involving leadership and management development, as well as performance planning and management. Staff Development was formerly the Quality department. The actual expense for 1996 is based upon the old Quality department. Because training and development are an important investment in the future of MAC, a Staff Development department was created in 1996. Clerical support is shared with the Deputy Executive Director for Human Resources. In 1997 responsibilities for developing and administering the strategic planning process were added. It is critical that this department be staffed with the necessary skilled staff to develop and implement the basic programs and functions of a Staff Development department.

EMPLOYEE SERVICES	1996 <u>Actual</u>	1997 <u>Budget</u>	1998 <u>Budget</u>	\$ <u>Variance</u>	% <u>Variance</u>
Personnel	44,310	46,408	49,950	3,542	7.63%
Administrative Expenses	3,067	4,100	4,100	0	.00
Operating Services/Expenses	26,996	45,500	45,500	0	.00
Other	(2,865)	3,350	3,350	0	.00
Expenses	71,508	99,358	102,900	3,542	3.56%

<u>HEADCOUNT SUMMARY</u>	1996 <u>Actual</u>	1997 <u>Actual</u>	1997 <u>Budget</u>	1998 <u>Budget</u>
Employee Services	1	1	1	1

### Responsibility/Function

This area is responsible for planning and coordinating employee and retiree programs. This area reports to Staff Development. No significant changes are projected for 1998.

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## ORGANIZATIONAL STRUCTURE – 1998 OPERATING BUDGET

EMPLOYEE RELATIONS	1996 Actual	1997 Budget	1998 Budget	\$ Variance	% Variance
Personnel	351,824	295,145	321,249	26,104	8.84%
Administrative Expenses	23,019	13,800	13,800	0	.00
Professional Services	61,874	27,000	57,000	30,000	111.11
Operating Services/Expenses	26,079	15,000	25,000	10,000	66.67
Other	21,822	0	0	0	.00
Expenses	484,618	350,945	417,049	66,104	18.84%

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HEADCOUNT SUMMARY	1996 Actual	1997 Actual	1997 Budget	1998 Budget
Employee Relations	7	6	7	7

### Responsibility/Function

This area is responsible for hiring, administering employee benefits and maintaining accurate personnel files. Personnel and Operating Services are decreasing as a result of a transfer of responsibilities and funding for organizational training and pager rental from this area to Staff Development and Telecommunications respectively. The Personnel amount includes funding for an additional 16 hours per week of clerical support services to be provided by two, part-time clerk/receptionists. The Employee Relations department does not utilize a full-time secretary position. Expanding the job responsibilities of the clerk/receptionists will provide critical support services to the department and eliminate the need to request an additional secretary headcount to provide these support services. In Professional Services the Flexible Spending Plan is actually a no-cost budget item. The third-party administrative cost of \$15,000 is recovered in payroll tax savings to the MAC. This expense was not budgeted for in the past. The other \$15,000 increase in Professional Services is to cover the actual recruitment and employment costs. In Operating Services an additional \$10,000 is being requested to cover previous cost overruns. The costs for 1994 through 1996 have averaged \$22,707 while the budget has averaged \$18,100 for the same period.

OFFICE OF DIVERSITY	1996 Actual	1997 Budget	1998 Budget	\$ Variance	% Variance
Personnel	223,353	234,012	244,920	10,908	4.66%
Administrative Expenses	14,945	16,600	16,600	0	.00
Professional Services	16,413	15,000	19,000	4,000	26.67
Operating Services/Expenses	7,008	9,900	9,900	0	.00
Other	415	0	0	0	.00
Expenses	262,134	275,512	290,420	14,908	5.41%

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HEADCOUNT SUMMARY	1996 Actual	1997 Actual	1997 Budget	1998 Budget
Office of Diversity	4	4	4	4

### Responsibility/Function

This area is responsible for contract compliance of the Federal Disadvantaged Business Enterprise Program and the State of Minnesota Targeted Group Business Program, the Affirmative Action Officer role/manager and for promoting the issue of diversity for MAC. No significant changes are forecasted for 1998.

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## ORGANIZATIONAL STRUCTURE – 1998 OPERATING BUDGET

LABOR / GOVERNMENT AFFAIRS	1996 <u>Actual</u>	1997 <u>Budget</u>	1998 <u>Budget</u>	\$ <u>Variance</u>	% <u>Variance</u>
Personnel	228,042	189,711	212,616	22,845	12.04%
Administrative Expenses	11,399	17,300	17,300	0	.00
Professional Services	98,178	111,000	111,000	0	.00
Utilities	826	1,250	1,250	0	.00
Operating Services/Expenses	200	8,200	8,200	0	.00
Other	2,759	0	0	0	.00
Expenses	341,404	327,521	350,366	22,845	6.98%

<u>HEADCOUNT SUMMARY</u>	1996 <u>Actual</u>	1997 <u>Actual</u>	1997 <u>Budget</u>	1998 <u>Budget</u>
Labor / Government Affairs	3	3	3	3

### Responsibility/Function

This division is responsible for two separate areas: 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, monitoring and influencing legislation involving or having the potential to impact the Commission. The labor function deals with negotiating and administering the contracts of nine labor unions at the Commission, interacting and mediating disputes between outside unions and contractors which could jeopardize Commission operations, and any other labor-management problems that may occur. The increase in Personnel is because at the time the 1997 budget was prepared, the Labor Relations Manager position was vacant due to the 1996 reorganization and reassignment of the individual formerly in that position. Although the individual that was hired to fill the Labor Relations Manager vacancy was hired at a lower rate than that paid to the former incumbent, the rate agreed upon was slightly higher than what was anticipated during the 1997 budget process.

DEPUTY – ADMINISTRATIVE SERVICES	1996 <u>Actual</u>	1997 <u>Budget</u>	1998 <u>Budget</u>	\$ <u>Variance</u>	% <u>Variance</u>
Personnel	124,135	189,565	198,184	8,619	4.55%
Administrative Expenses	4,263	8,988	8,988	0	.00
Professional Services	21,834	10,000	50,000	40,000	400.00
Utilities	183	150	150	0	.00
Operating Services/Expenses	2,997	800	800	0	.00
Other	982	0	0	0	.00
Expenses	154,394	209,503	258,122	48,619	23.21%

<u>HEADCOUNT SUMMARY</u>	1996 <u>Actual</u>	1997 <u>Actual</u>	1997 <u>Budget</u>	1998 <u>Budget</u>
Deputy – Administrative Services	3	3	3	3

### Responsibility/Function

This is a newly created department resulting from the 1996 reorganization. This area is responsible for the oversight and management of Risk Management, MIS, Finance, Purchasing, Audit, Data Resources Management, and the mail room. The increase in Professional Services is the result of transferring funds from other departments in order to allow this area to lead a customer survey project.

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## ORGANIZATIONAL STRUCTURE – 1998 OPERATING BUDGET

WELLNESS	1996 <u>Actual</u>	1997 <u>Budget</u>	1998 <u>Budget</u>	\$ <u>Variance</u>	% <u>Variance</u>
Operating Services/Expenses	120,680	121,500	121,500	0	.00%

### Responsibility/Function

The MAC Wellness Program provides opportunities to increase knowledge of health issues and to support and encourage healthier lifestyle choices, which may provide a positive impact on productivity, morale, absenteeism, care costs and employee self-worth. No significant changes are forecast for 1998.

RISK MANAGEMENT / SAFETY	1996 <u>Actual</u>	1997 <u>Budget</u>	1998 <u>Budget</u>	\$ <u>Variance</u>	% <u>Variance</u>
Personnel	2,473,486	3,178,902	3,244,899	65,977	2.08%
Administrative Expenses	7,921	11,600	14,730	3,130	26.98
Professional Services	28,469	91,500	88,370	(3,130)	(3.42)
Operating Services/Expenses	23,436	2,500	2,500	0	.00
Other	1,140,899	1,301,797	1,301,797	0	.00
Expenses	3,674,211	4,586,299	4,652,296	65,997	1.44%

HEADCOUNT SUMMARY	1996 <u>Actual</u>	1997 <u>Actual</u>	1997 <u>Budget</u>	1998 <u>Budget</u>
Risk Management / Safety	2	3	3	3

### Responsibility/Function

Risk Management is responsible for all MAC risk management efforts as well as formal insurance programs including Health, Property, Liability, Workers Compensation, and other miscellaneous coverages. Safety supports part of the MAC operating philosophy of "Safety is our number one priority," which ensures continued improvement towards a goal of accident and incident free operations. Safety procedures and programs also comply with applicable safety standards. The slight increase in Personnel is due to insurance costs for new employees.

AUDIT	1996 <u>Actual</u>	1997 <u>Budget</u>	1998 <u>Budget</u>	\$ <u>Variance</u>	% <u>Variance</u>
Personnel	90,934	115,630	158,901	43,271	37.42%
Administrative Expenses	3,317	4,050	4,050	0	.00
Professional Services	6,232	12,000	25,000	13,000	108.33
Operating Services/Expenses	91	200	200	0	.00
Expenses	100,574	131,880	188,151	56,271	42.67%

HEADCOUNT SUMMARY	1996 <u>Actual</u>	1997 <u>Actual</u>	1997 <u>Budget</u>	1998 <u>Budget</u>
Audit	2	2	2	3

### Responsibility/Function

This area is responsible for conducting audits according to internal auditing standards and applicable compliance requirements. The objectives of our audits include, but are not limited to, evaluation of controls, verification of revenues and expenditures, effectiveness and efficiency of policies and procedures. Our audits include MAC tenants, concessionaires, consultants, and vendors. We communicate our audit results to the appropriate agency heads and committees. An additional staff person was authorized by the Commission to facilitate the existing audit function. Also a number of audits will be outsourced, resulting in increased Professional Services.

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## ORGANIZATIONAL STRUCTURE – 1998 OPERATING BUDGET

MIS	1996 Actual	1997 Budget	1998 Budget	\$ Variance	% Variance
Personnel	438,210	465,814	515,333	49,519	10.63%
Administrative Expenses	21,139	34,500	37,704	3,204	9.29
Professional Services	39,711	20,000	0	(20,000)	(100.00)
Utilities	162	600	600	0	.00
Operating Services/Expenses	98,936	129,300	154,700	25,400	19.64
Other	39,054	0	0	0	.00
Expenses	637,212	650,214	708,337	58,123	8.94%

	1996 Actual	1997 Actual	1997 Budget	1998 Budget
<b>HEADCOUNT SUMMARY</b>				
MIS	7	6	7	8

### Responsibility/Function

This area is responsible for the recommendation, installation and support of hardware and software resources connected to the MACNET network. In addition, the department is responsible for providing assistance in the implementation of business solutions at MAC which utilize computer technology. The increase in Personnel is due to an additional position which will support the expanding technology infrastructure and the increasing number of customers on MACNET, which were identified in the MACNET 2000 plan and the strategic plan. The reduction in Professional Services is the result of expense transfer to the Finance department.

FINANCE/PURCHASING	1996 Actual	1997 Budget	1998 Budget	\$ Variance	% Variance
Personnel	1,008,142	1,003,676	1,063,083	59,407	5.92%
Administrative Expenses	76,974	120,060	109,922	(10,138)	(8.45)
Professional Services	105,705	164,250	153,500	(10,750)	(6.55)
Utilities	198	0	0	0	(.00)
Operating Services/Expenses	105,364	99,500	116,700	17,200	17.29
Maintenance	926	2,580	1,000	(1,580)	(61.24)
Other	8,516	25,000	24,500	(500)	(2.00)
Expenses	1,305,825	1,415,066	1,468,705	53,639	3.79%

	1996 Actual	1997 Actual	1997 Budget	1998 Budget
<b>HEADCOUNT SUMMARY</b>				
Finance	19	18	19	19

### Responsibility/Function

This area is responsible for the Commission's accounting and cash management, preparation of the annual operating budget, Comprehensive Annual Financial Report (CAFR), and purchasing Commission supplies. Financial planning and analysis are also major areas of focus. Effective 1998, Finance will monitor the consultant cost for the MAC's Financial and Human Resource software. This is a transfer of expenses from MIS.

In late 1996 measures were developed to monitor certain processes. These measures were to be analyzed and used to facility charges in the future to make the department work as efficiently as possible. The items measured and their results are:

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## ORGANIZATIONAL STRUCTURE – 1998 OPERATING BUDGET

### – Concessions Report

Because of the construction involved with the development of the new concessions area, this measure will not occur until the concessions plan is completed in late 1998.

### – Ratios/Finance Measures

	<u>1996 Actual</u>	<u>1997 Budget</u>	<u>1998 Budget</u>
• Cost/enplaned passenger	\$3.09	\$3.34	\$3.64
• Debt service coverage	2.19	2.11	2.31*
• Operating ratio	57.00%	56.95%	54.40%
• Enplanements/employee	32,432	32,425	31,482
• Debt/enplaned passenger	\$24.21	\$22.29	\$21.23*
• Concessions/enplaned passenger	\$3.51	\$3.46	\$3.89

\* Does not include the new bond issues in 1998.

The rising cost/enplaned passenger indicates that MAC's percentage increase in costs is rising slightly faster than enplanements. This increase is due to major projects being completed (depreciation) and staffing these expanded facilities.

The debt service coverage continues to hover in the \$2.20 to \$2.30 range and compares very favorably to the national average (see Statistical section).

The operating ratio continues to decline and move closer to the Moody's median (see Statistical section).

In the enplanements/employee, 1998 represents, for the first time in many years, that this figure has declined. The decrease is due to the amount of staff being added in order to keep pace with past activity and facility increases.

The debt/enplaned passenger, excluding any new issues, continues to be significantly below the national average (see Statistical section).

The concessions/enplaned passenger continues to improve as the Commission continues to open new facilities.

### – Budget Variance

Was distributed monthly on time.

### – Accounts Payable - Payment according to terms (1/97 – 3/97)

<u>Average</u>	<u>Goal</u>
92.5%	90.0%

Software problems prohibited this measure after the first quarter. Prior to that time the target of 90% payment according to terms was achieved.

### – Accounts Receivable - Average days outstanding

<u>Average</u>	<u>Goal</u>
55 days	45 days

Due to illness and staff shortages during the first six months of 1997 this objective was not met. However, if the year is split between first half and second half, the following results indicate the affect of the staffing shortage and illness:

	<u>A/R Outstanding Days</u>
January – June	77
July–November	44
January–November	55

### – Purchasing - Exceptions to \$25,000 purchase order limit

Due to the evaluation of the purchasing process new measures will be developed once the new process is in place.

### – Investments - Return on investment (Must exceed the six month Treasury bill average. Average return 12/96 – 11/97)

<u>Actual</u>	<u>Treasury Average</u>
5.65%	5.37%

During each month of 1997, actual investment results exceeded the targeted six month Treasury bill.

These measures will be evaluated in 1998 to determine changes that may be needed.

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## ORGANIZATIONAL STRUCTURE – 1998 OPERATING BUDGET

MAC GENERAL	1996 Actual	1997 Budget	1998 Budget	\$ Variance	% Variance
Personnel	3,254,533	5,431,830	5,474,584	42,754	0.79%
Administrative Expenses	48,102	52,260	48,600	(3,660)	(7.01)
Professional Services	4,300	40,000	40,000	0	.00
Utilities	6,058,175	5,267,240	5,771,299	504,059	9.57
Operating Services/Expenses	1,452,668	1,893,668	1,525,468	(368,200)	(19.45)
Maintenance	628,042	572,300	602,380	30,080	5.26
Other	(1,123,651)	(1,265,300)	(1,263,000)	2,300	(1.90)
Gross Depreciation	26,527,633	34,395,384	36,502,136	2,106,752	6.13
Expenses	36,849,802	46,387,382	48,701,467	2,314,085	4.99%

### Responsibility/Function

Oversight of this area is the responsibility of the Finance department. The costs listed in the table above represent general organization costs or requirements. Included in these are: Pensions, Postage, Utilities (heating, water, sewer, telephone, and electricity), Storm Water Monitoring, Depreciation, and Reimbursed Expense. From an operations view, significant changes are forecasted in Utilities, Operating Services and Depreciation. For Utilities the additional amount can be attributed to the following: 1) The new phone system has increased functionality. The cost for this system is approximately \$25,000 more annually than the previous system. 2) The 1997 budget assumed no change in rates due to the proposed merger of NSP and Wisconsin Electric. The merger has been cancelled. Staff anticipates an increase of approximately \$250,000 because of added facilities and rate increases. 3) Natural gas consumption is up in 1998 by \$150,000. The price continues to rise. In addition, the 1997 budget anticipated Hangars I and II to be demolished. At the present time it is expected that these Hangars will not be demolished until 1998. This amounts to approximately \$125,000 of the increase. An RFP for gas purchases is currently being developed to bid gas, effective March 1, 1998. An analysis of electricity will be completed after the gas contract is finalized. 4) Preliminary indications are that water and sewer charges will be increased by 6–7% in 1998. For Operating Services, the decrease is the result of the 1997 one-time AAAE conference fees and a decrease in storm water monitoring. For Depreciation – see expense assumptions for a listing of projects.

GENERAL COUNSEL	1996 Actual	1997 Budget	1998 Budget	\$ Variance	% Variance
Personnel	260,068	303,319	304,905	1,586	.52%
Administrative Expenses	24,612	29,600	29,600	0	.00
Professional Services	397,048	593,100	593,100	0	.00
Utilities	1,137	1,000	1,000	0	.00
Operating Services/Expenses	1,070	1,100	1,100	0	.00
Other	2,179	0	0	0	.00
Expenses	686,114	928,119	929,705	1,586	.17%

### HEADCOUNT SUMMARY

	1996 Actual	1997 Actual	1997 Budget	1998 Budget
General Counsel	5	4	5	5

### Responsibility/Function

The Commission's General Counsel is responsible for providing legal advice and representation to the Commission on legal matters, preparing legal documents and monitoring/coordinating outside legal counsel. No changes are foreseen.

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## ORGANIZATIONAL STRUCTURE – 1998 OPERATING BUDGET

PLANNING	1996 Actual	1997 Budget	1998 Budget	\$ Variance	% Variance
Personnel	135,187	140,895	146,513	5,618	3.99%
Administrative Expenses	57,140	47,000	47,000	0	.00
Professional Services	1,490,209	650,000	750,000	100,000	15.38
Operating Services/Expenses	8,167	10,300	10,300	0	.00
Other	918	1,200	1,200	0	.00
Expenses	1,691,621	849,395	955,013	105,618	12.43%

HEADCOUNT SUMMARY	1996 Actual	1997 Actual	1997 Budget	1998 Budget
Planning	2	2	2	2

### Responsibility/Function

This area supervises planning, engineering and construction of all Commission facilities. In addition, overall development of the strategic plan falls under the direction of this department. The increase in Professional Services is due to strategic planning.

ENVIRONMENT / PART 150 / NOISE	1996 Actual	1997 Budget	1998 Budget	\$ Variance	% Variance
Personnel	504,725	657,181	726,733	69,552	10.58%
Administrative Expenses	127,872	60,970	73,170	12,200	20.01
Professional Services	607,757	638,000	638,000	0	.00
Utilities	7,455	1,440	1,440	0	.00
Operating Services/Expenses	64,076	233,150	221,650	(11,500)	(4.94)
Maintenance	2,727	0	0	0	.00
Other	77,413	21,000	(2,266)	(23,266)	(110.79)
Expenses	1,392,025	1,611,741	1,658,727	46,986	2.92%

HEADCOUNT SUMMARY	1996 Actual	1997 Actual	1997 Budget	1998 Budget
Environment/Part 150/Noise	11	13	14	15

### Responsibility/Function

Integrate emerging technologies through research, development and implementing innovative solutions while striving for a balance between a better environment and the needs of the National Airspace System. The new position would facilitate solid waste management with all MAC tenants, including air carriers, restaurant/lounges, cargo areas, and reliever tenants. The program demonstrates a proactive approach to environmental issues and would present a positive public image for the MAC.



# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## ORGANIZATIONAL STRUCTURE – 1998 OPERATING BUDGET

AIRPORT DEVELOPMENT	1996 Actual	1997 Budget	1998 Budget	\$ Variance	% Variance
Personnel	682,079	793,590	858,410	64,820	8.17%
Administrative Expenses	30,243	46,590	46,590	0	.00
Professional Services	190,194	303,600	254,500	(49,100)	(16.18)
Utilities	2,157	960	960	0	.00
Operating Services/Expenses	533	1,200	1,200	0	.00
Maintenance	73	0	0	0	.00
Other	6,912	18,900	18,900	0	.00
Expenses	912,191	1,164,840	1,180,560	15,720	1.35%

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HEADCOUNT SUMMARY	1996 Actual	1997 Actual	1997 Budget	1998 Budget
Airport Development	11	10	13	14

### Responsibility/Function

This area is responsible for plans, programs and administering the implementation of the Capital Improvement Program. Coordinates those actions with appropriate local, state and federal agencies. Monitors state and federal aid program. The increase from 1997 budget to 1998 budget is a result of additional staff. The magnitude of the Capital Improvement Program requires the full time attention of the Airport Engineer at MSP. The new position will concentrate on the relievers and be available for back up to the Airport Engineer at MSP. The Professional Services category was reduced significantly (16%) to hold the total department budget growth to 1.35%.

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DEPUTY – OPERATIONS	1996 Actual	1997 Budget	1998 Budget	\$ Variance	% Variance
Personnel	0	123,000	133,620	10,620	8.63%
Administrative Expenses	86	11,450	11,450	0	.00
Professional Services	0	6,000	6,000	0	.00
Utilities	0	500	500	0	.00
Operating Services/Expenses	0	700	700	0	.00
Expenses	86	141,650	152,270	10,620	7.50%

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HEADCOUNT SUMMARY	1996 Actual	1997 Actual	1997 Budget	1998 Budget
Deputy – Operations	2	2	2	2

### Responsibility/Function

Responsible for oversight and administration of those departments that manage the day to day operations of MAC's system of airports. These department incorporate Police, Fire, Landside and Airside Operations, Reliever Airports, and Maintenance. A primary role is that of staff liaison for the Management and Operations Committee. Working with the Chair of the Committee, the responsibility is to ensure the effective conduct of business through the committee process of all operations issues. Finally, the position involves substantial participation at the senior staff level in policy development, strategic planning and interdepartmental coordination. No significant changes are foreseen.

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## ORGANIZATIONAL STRUCTURE – 1998 OPERATING BUDGET

AIRPORT DIRECTORS OFFICE	1996 <u>Actual</u>	1997 <u>Budget</u>	1998 <u>Budget</u>	\$ <u>Variance</u>	% <u>Variance</u>
Personnel	322,976	250,226	264,966	14,740	5.89%
Administrative Expenses	39,031	31,100	32,000	900	2.89
Professional Services	26,537	26,700	23,250	(3,450)	(12.93)
Utilities	571	500	500	0	.00
Operating Services/Expenses	95,552	86,970	90,780	3,810	4.38
Other	10,502	21,260	15,300	(5,960)	(28.04)
Expenses	495,169	416,756	426,796	10,040	2.41%

<u>HEADCOUNT SUMMARY</u>	1996 <u>Actual</u>	1997 <u>Actual</u>	1997 <u>Budget</u>	1998 <u>Budget</u>
Airport Directors Office	6	5	5	5

### Responsibility/Function

This area responds to both the operational and maintenance needs of the travelling public, outside agencies, airlines, and other tenants. Considered the "landlord" of WCF, customer service is a key element of this department. Special events and terminal complex activities are coordinated through this office. Funds have been shifted to accommodate changing needs. In general, no changes are foreseen.

AIRSIDE OPERATIONS	1996 <u>Actual</u>	1997 <u>Budget</u>	1998 <u>Budget</u>	\$ <u>Variance</u>	% <u>Variance</u>
Personnel	570,374	572,443	610,410	37,967	6.63%
Administrative Expenses	11,682	13,552	19,472	5,920	43.68
Professional Services	11,858	10,500	8,500	(2,000)	(19.05)
Utilities	4,983	6,000	6,000	0	.00
Operating Services/Expenses	4,389	6,650	14,300	7,650	115.04
Maintenance	992	7,425	1,625	(5,800)	(78.12)
Other	3,448	24,800	900	(23,900)	(96.37)
Expenses	607,726	641,370	661,207	19,837	3.09%

<u>HEADCOUNT SUMMARY</u>	1996 <u>Actual</u>	1997 <u>Actual</u>	1997 <u>Budget</u>	1998 <u>Budget</u>
Airside Operations	9	9	9	9

### Responsibility/Function

The primary responsibility/function for this area is maintaining a safe and efficient airfield at MSP. This is accomplished by providing the following three key services: 1) Continuously monitoring and reporting airfield conditions and related information such as weather forecasts and conditions. This is done from both the Airside Operations Center and/or from a vehicle on the airfield; 2) Participating in the planning and coordination of airfield operations, airfield systems, airfield projects, and airfield emergency response. This is done by working closely with other MAC departments, airfield tenants and regulatory agencies; and 3) Receiving, evaluating and forwarding calls for service for the airfield at MSP, as well as non-airfield facilities and other MAC airports that do not have staff available 24 hours per day. Funds have been shifted to accommodate overtime required in the Personnel area.

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## ORGANIZATIONAL STRUCTURE – 1998 OPERATING BUDGET

TELECOMMUNICATIONS	1996 <u>Actual</u>	1997 <u>Budget</u>	1998 <u>Budget</u>	\$ <u>Variance</u>	% <u>Variance</u>
Personnel	879	48,385	64,147	15,762	32.58%
Administrative Expenses	919	2,350	5,174	2,824	120.17
Professional Services	0	27,600	35,600	8,000	28.99
Utilities	0	0	800	800	.00
Operating Services/Expenses	0	121,160	106,610	(14,550)	(12.01)
Other	0	10,774	10,400	(374)	(3.48)
Expenses	1,798	210,269	222,731	12,462	5.93%

	1996 <u>Actual</u>	1997 <u>Actual</u>	1997 <u>Budget</u>	1998 <u>Budget</u>
<b>HEADCOUNT SUMMARY</b>				
Telecommunications	1	1	1	1

### Responsibility/Function

This department is responsible for the coordination of evaluating and maintaining existing or proposed telecommunications systems with the MAC. The Personnel increase is the result of a partial year budgeted in 1997 vs a full year in 1998.

LANDSIDE OPERATIONS	1996 <u>Actual</u>	1997 <u>Budget</u>	1998 <u>Budget</u>	\$ <u>Variance</u>	% <u>Variance</u>
Personnel	576,928	589,475	693,484	104,009	17.64%
Administrative Expenses	24,063	27,520	39,770	12,250	44.51
Professional Services	247,301	205,970	222,050	16,080	7.81
Utilities	858	1,200	1,200	0	.00
Operating Services/Expenses	6,007,214	5,723,426	7,423,839	1,700,413	29.71
Maintenance	18,901	36,500	36,500	0	.00
Other	66,980	52,650	87,000	34,350	65.24
Expenses	6,942,245	6,636,741	8,503,843	1,867,102	28.13%

	1996 <u>Actual</u>	1997 <u>Actual</u>	1997 <u>Budget</u>	1998 <u>Budget</u>
<b>HEADCOUNT SUMMARY</b>				
Landside Operations	15	17	18	20

### Responsibility/Function

This area is responsible for management oversight of all public parking facilities, employee parking facilities, ground transportation, commercial vehicle access, taxicab licensing and control, and contracted shuttle bus services. This involves dealing with 3,000 airport employees, 400 taxicabs and 10,000 public parking spaces. Another major area of involvement is the on-going construction and design work for the ground transportation center and passenger movement systems. Personnel is increasing because of additional staffing hours in the information booths and headcount. The change in headcount is attributed to workload for the managers and administrative support. Operating Services are increasing as a result of the increased cost for the management of the public parking facilities. Parking usage has increased significantly over 1996. As a result, additional hours and staff were added. In addition, changes in the shuttle bus contracts result in this \$1.7 million increase. (See Operating Services section of the Expense Assumptions for details.)

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## ORGANIZATIONAL STRUCTURE – 1998 OPERATING BUDGET

HHH TERMINAL	1996 <u>Actual</u>	1997 <u>Budget</u>	1998 <u>Budget</u>	\$ <u>Variance</u>	% <u>Variance</u>
Personnel	52,765	58,291	62,901	4,610	7.91%
Administrative Expenses	2,152	5,950	5,950	0	.00
Professional Services	0	500	500	0	.00
Operating Services/Expenses	1,843	4,200	11,900	7,700	183.33
Maintenance	5,182	13,000	13,000	0	.00
Expenses	61,942	81,941	94,251	12,310	15.02%

<u>HEADCOUNT SUMMARY</u>	1996 <u>Actual</u>	1997 <u>Actual</u>	1997 <u>Budget</u>	1998 <u>Budget</u>
HHH Terminal	1	1	1	1

### Responsibility/Function

Provide and manage safe, accessible and well maintained passenger terminal and federal inspections facilities for international arrivals and charter flights at MSP International located at the HHH Terminal and Lindbergh Terminal Gold Concourse. No significant changes are foreseen.

FACILITIES – LINDBERGH TERMINAL	1996 <u>Actual</u>	1997 <u>Budget</u>	1998 <u>Budget</u>	\$ <u>Variance</u>	% <u>Variance</u>
Personnel	361,737	377,114	413,557	36,443	9.66%
Administrative Expenses	4,474	11,900	11,900	0	.00
Professional Services	7,156	2,500	2,500	0	.00
Utilities	291	350	350	0	.00
Operating Services/Expenses	9,252	4,800	4,800	0	.00
Maintenance	3,849,994	4,025,085	4,251,691	226,606	5.63
Other	35,003	10,805	10,805	0	.00
Expenses	4,267,907	4,432,554	4,695,603	263,049	5.93%

<u>HEADCOUNT SUMMARY</u>	1996 <u>Actual</u>	1997 <u>Actual</u>	1997 <u>Budget</u>	1998 <u>Budget</u>
Facilities – Lindbergh Terminal	9	9	9	10

### Responsibility/Function

This area is responsible for maintaining and operating the terminal facility. Duties include oversight of various service contracts as well as responding to both tenant and public concerns. Additionally, we work with the Airport Development department to make sure projects are completed with the least amount of disruption to our operation. Our goal is to maintain the airport to a level that our customers expect. The increased headcount relates to customer service by having a full time technician on site at all times. Therefore, giving better and quicker response to problems within the system, which ultimately benefits the traveling public. This is a cost savings to the MAC by decreasing the cost of having technicians from outside companies service the equipment at a much greater cost. The increase in Maintenance is caused by: carousels coming out of warranty, replacing broken glass, increased glass and structural steel cleaning, and additions to the facility to be maintained.

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## ORGANIZATIONAL STRUCTURE – 1998 OPERATING BUDGET

ENERGY MANAGEMENT CENTER	1996 <u>Actual</u>	1997 <u>Budget</u>	1998 <u>Budget</u>	\$ <u>Variance</u>	% <u>Variance</u>
Personnel	618,318	635,002	648,517	13,515	2.13%
Administrative Expenses	772	2,600	2,800	200	7.69
Utilities	6,754	640	640	0	.00
Operating Services/Expenses	838	1,200	1,200	0	.00
Maintenance	206,737	138,000	155,700	17,700	12.83
Other	406	387	487	100	25.84
Expenses	833,825	777,829	809,344	31,515	4.05%

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	1996 <u>Actual</u>	1997 <u>Actual</u>	1997 <u>Budget</u>	1998 <u>Budget</u>
<b>HEADCOUNT SUMMARY</b>				
Energy Management Center	13	13	13	13

### Responsibility/Function

This area is responsible for heating and cooling the Lindbergh Terminal, Red, Blue, Green and Gold Concourses. The regional terminal, revenue building, HHH Terminal, auto rental facility, and glycol building are heated and cooled separately with boilers and roof top air conditioning units. The eleven operating engineers do all the maintenance of the equipment such as filter changing, belt changing, greasing/changing bearings, power wash heating/cooling coils, operating computer for the energy systems, respond to all incoming trouble calls and operate steam driven turbine chillers. This area logs all repair work completed, as well as gas, oil, water, and steam usage. A computerized preventative maintenance program has been started. No significant changes are forecasted for 1998.

WEST TERMINAL AREA	1996 <u>Actual</u>	1997 <u>Budget</u>	1998 <u>Budget</u>	\$ <u>Variance</u>	% <u>Variance</u>
Personnel	92,364	101,460	106,036	4,576	4.51%
Administrative Expenses	1,182	2,700	2,700	0	.00
Professional Services	3,249	0	0	0	.00
Utilities	501	300	300	0	.00
Operating Services/Expenses	32,311	5,350	5,350	0	.00
Maintenance	388,720	347,565	347,565	0	.00
Other	24,915	16,832	16,832	0	.00
Expenses	543,242	474,207	478,783	4,576	.96%

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	1996 <u>Actual</u>	1997 <u>Actual</u>	1997 <u>Budget</u>	1998 <u>Budget</u>
<b>HEADCOUNT SUMMARY</b>				
West Terminal Area	2	2	2	2

### Responsibility/Function

This area is responsible for maintaining and operation of all MAC facilities on the west side of the airport. These include all maintenance buildings, the MAC's general office and various office and hangar facilities.

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### ORGANIZATIONAL STRUCTURE – 1998 OPERATING BUDGET

TRADES	1996 Actual	1997 Budget	1998 Budget	\$ Variance	% Variance
Personnel	1,441,539	1,469,541	1,619,451	149,910	10.20%
Administrative Expenses	2,825	10,242	10,250	8	.08
Professional Services	5,612	5,400	5,400	0	.00
Utilities	1,596	1,360	1,360	0	.00
Operating Services/Expenses	9,742	6,100	6,200	100	1.64
Maintenance	438,236	531,374	542,874	11,500	2.16
Other	3,572	24,503	35,803	11,300	46.12
Expenses	1,903,122	2,048,520	2,221,338	172,818	8.44%

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<u>HEADCOUNT SUMMARY</u>	1996 Actual	1997 Actual	1997 Budget	1998 Budget
Trades	27	28	29	31

#### Responsibility/Function

The Trades area is comprised of carpenters, electricians, painters, and plumbers. The dollars shown in the table above represent the costs associated with the combined Trades area. The following is a description of the responsibility/function for each area:

**Carpenters** – To ensure that our facilities are safe, secure and aesthetically pleasing for MAC, its tenants and the travelling public in general. To provide quality service to the other departments in a timely manner. This includes floor to roof, wall to wall service consisting of: locksmith services, furniture and cabinet making, carpet, floor tile, ceilings, demountable furniture and partitions, drywall and acoustical applications, concrete form work, stairs, special and varied projects. In 1998 there will be one additional carpenter.

**Electricians** – To provide maintenance and repairs of electrical equipment and lighting fixtures in and around the terminal. To maintain and repair all directional signs and runway and taxiway lights to FAA specifications throughout the airport. To maintain and test new airfield lighting regulator and emergency generator building. In 1998 there will be one additional electrician.

**Painters** – To maintain a clean, comfortable and safe environment for the travelling public using the airport terminals (i.e. Lindbergh, regional, HHH, and St. Paul Downtown). To insure that all information signage is correct and completed, not only in the terminals, but also on the roadways and in the parking areas. To insure that only the best materials are utilized in accomplishing these tasks. Responsible for the correct markings used on public roadways for safe driving. Responsible for maintaining runway, taxiway and ramp markings in accordance with FAA regulations.

**Plumbers** – To provide maintenance and repair to all water and sewer systems used by both MAC and its tenants.

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## ORGANIZATIONAL STRUCTURE – 1998 OPERATING BUDGET

MAINTENANCE	1996 Actual	1997 Budget	1998 Budget	\$ Variance	% Variance
Personnel	4,322,814	3,962,378	4,333,128	370,750	9.36%
Administrative Expenses	23,427	58,364	59,089	725	1.24
Professional Services	57,873	46,000	46,000	0	.00
Utilities	3,247	3,400	3,500	100	2.94
Operating Services/Expenses	125,527	12,200	15,250	3,050	25.00
Maintenance	2,102,096	1,784,208	1,976,173	191,965	10.76
Other	61,580	49,191	59,226	10,035	20.40
Expenses	6,696,564	5,915,741	6,492,366	576,625	9.75%

HEADCOUNT SUMMARY	1996 Actual	1997 Actual	1997 Budget	1998 Budget
Maintenance	82	84	88	101

### Responsibility/Function

Maintenance is responsible for maintaining the ramp area, field/runway/taxiway area, the road system on airport property, parking facilities, and responding to tenant requests. In addition, this area maintains MAC's equipment and vehicle fleets and prepares the specifications for all vehicle purchases.

The increase in Personnel is the result of headcount additions for 1998. Newly constructed Airside and Landside pavements will require additional maintenance equipment and personnel to maintain MSP around-the-clock in winter operations and to provide a safe and efficient airport environment that meets FAA guidelines. In addition, the aging MSP pavements require increased summer maintenance and repair work to provide safe, efficient surfaces for all aircraft, ground vehicles and pedestrians. Increased MSP passengers and operations add to the required overall cleanup, maintenance and repair needed to keep the airport operating safely and efficiently on a year around basis. Added work requires ten additional Field Maintenance workers to bolster the day and night shifts. More MSP equipment in use around the clock by various MAC departments will result in more breakdowns, requiring the addition of two Equipment Mechanic Specialists to perform essential, timely equipment repairs, and one additional Equipment Service worker to perform preventative maintenance needed to prevent critical breakdowns.

The increase in Maintenance is because the added MSP Airside and Landside pavement surfaces will require additional quantities of deicing chemicals to provide safe, efficient and accessible pavement surfaces for all users. In addition, 1998 NPDES permit compliance may require MAC to discontinue urea deicer usage, pending successful testing of suitable replacement deicers. To date, solid sodium formate and liquid potassium acetate have shown promise as possible urea substitutes, however, costs of sodium formate may be five to six times that of urea, and potassium acetate may be 20 times as expensive as urea. To accommodate additional pavements, expanded deicer testing, and a forecasted 50% increase in the supplier's 1998 delivered cost for urea, the Field Maintenance line item cost for pavement deicers must be increased by \$120,000.

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## ORGANIZATIONAL STRUCTURE – 1998 OPERATING BUDGET

COMMUNICATIONS	1996 Actual	1997 Budget	1998 Budget	\$ Variance	% Variance
Personnel	448,981	462,921	505,687	42,766	9.24%
Administrative Expenses	11,105	11,950	11,950	0	.00
Professional Services	7,025	0	0	0	.00
Utilities	842	500	500	0	.00
Operating Services/Expenses	45,653	18,150	18,150	0	.00
Other Expenses	7,678	9,850	9,850	0	.00
	521,284	503,371	546,137	42,766	8.50

HEADCOUNT SUMMARY	1996 Actual	1997 Actual	1997 Budget	1998 Budget
Communications	8	10	10	11

### Responsibility/Function

This 24 hour per day department has daily interaction with police, fire, EMS, FAA, and other state and federal agencies in determining priorities according to changing conditions. The Communications Center is the 911 public safety answering point for the Minneapolis-St. Paul International Airport community. The staff analyzes and makes critical decisions to ensure the safety of the tenants, passengers, police officers, fire fighters, and other users of the airport. This includes the operation of the Secured Area Access System as well as other fire and security systems. The increase in Personnel is due to a request for one additional full time dispatch position. The present staff of nine Communications Coordinators provides 24 hour coverage 365 days a year. From 1990 to 1996 activity has increased in the following areas: police calls for service – 42%, fire calls – 27%, facility alarms – 79%, and secured area access points (FAA mandated) – 98%. These increases have made the work load overwhelming during times when only one dispatcher is on duty. The additional position will allow expansion to double coverage hours. This will directly affect our ability to provide service to callers as one coordinator will be available to devote time to answering questions from the public while the other coordinator continues to provide public safety related tasks.

FIRE	1996 Actual	1997 Budget	1998 Budget	\$ Variance	% Variance
Personnel	1,996,516	2,167,913	2,406,052	238,139	10.98%
Administrative Expenses	12,084	26,320	26,320	0	.00
Professional Services	6,063	10,500	10,500	0	.00
Utilities	968	1,800	1,800	0	.00
Operating Services/Expenses	18,472	21,553	21,553	0	.00
Maintenance	5,319	4,948	4,948	0	.00
Other Expenses	41,020	47,680	115,160	67,480	141.53
	2,080,442	2,280,714	2,586,333	305,619	13.40%

HEADCOUNT SUMMARY	1996 Actual	1997 Actual	1997 Budget	1998 Budget
Fire	38	38	40	40

### Responsibility/Function

Training is the key to the Fire department's efficiency. By providing an effective training program we continue our commitment of providing professional fire protection and emergency medical assistance to airlines, airline passengers, airport employees, tenants, visitors, and others who use the airport. Fire fighters are prepared to respond to fires, accidents and medical emergencies on a 24 hour basis. The increase in Personnel costs can be attributed to two new fire fighters and an error in wages for 1997 budgeted fire captain salaries. Other is increasing due to the need for an emergency reserve supply of lightwater (\$40,000) and replacement of old and damaged fire fighting safety equipment.



# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## ORGANIZATIONAL STRUCTURE – 1998 OPERATING BUDGET

POLICE	1996 Actual	1997 Budget	1998 Budget	\$ Variance	% Variance
Personnel	3,447,765	3,612,771	3,774,065	161,294	4.46%
Administrative Expenses	108,760	88,700	92,000	3,300	3.72
Professional Services	37,288	25,750	25,150	(600)	(2.33)
Utilities	3,496	3,200	3,200	0	.00
Operating Services/Expenses	189,122	247,647	292,354	44,707	18.05
Maintenance	45,128	66,900	73,400	6,500	9.72
Other	18,422	19,505	27,205	7,700	39.48
Expenses	3,849,981	4,064,473	4,287,374	222,901	5.48%

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HEADCOUNT SUMMARY	1996 Actual	1997 Actual	1997 Budget	1998 Budget
Police	75	73	82	83

### Responsibility/Function

Police consists of the following areas: Training & Administration, Security & Investigation, Narcotics Investigations, and Patrol Operations. The main focus is to provide a safe and secure environment for the travelling public, all tenants and employees. The increase in Operating Expenses is the result of two new programs and two specific line items. \$30,000 to retain the services, pay travel, lodging, and meal expenses of Israeli security consultant David Shachar on three projected visits during 1998. \$6,000 is necessary to fund Operation S.C.A.N. (Spot, Challenge, And Notify) and it's MSP Cash Challenge component. This security awareness and reward program is designed to help ensure strong compliance with FAA regulations for badge display and challenge. The remaining \$9,000 reflects increased fixed costs for secured area access control system (SAACS) maintenance service under a new three year contract and an increase in the cost (based on projected increased volume) of employment verifications required by FAA regulation.

RELIEVER AIRPORTS	1996 Actual	1997 Budget	1998 Budget	\$ Variance	% Variance
Personnel	1,397,170	1,452,458	1,500,995	48,537	3.34%
Administrative Expenses	24,901	32,050	37,050	5,000	15.60
Professional Services	56,427	28,996	28,996	0	.00
Utilities	7,800	4,000	4,000	0	.00
Operating Services/Expenses	48,794	59,000	59,000	0	.00
Maintenance	304,641	506,850	605,850	99,000	19.53
Other	17,835	28,050	45,450	17,400	62.03
Expenses	1,857,568	2,111,404	2,281,341	169,937	8.05%

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HEADCOUNT SUMMARY	1996 Actual	1997 Actual	1997 Budget	1998 Budget
Reliever Airports	27	27	27	27

### Responsibility/Function

The Reliever Airport staff is responsible for maintenance and safe operation of the MAC's six reliever facilities. In addition to responding to various tenant requests, lease issues are also reviewed and responded to. The increase in Maintenance is created by the control tower at the Anoka County/Blaine Airport. This building and it's contents are owned and maintained by the MAC. Included in the maintenance is a contract to maintain the electronic equipment to FAA standards. Also included is a contract for monthly window washing, which is a FAA requirement. Janitorial service and elevator repair make up the balance of the increase. The increase in Other can be attributed to conference room furniture and a copy/fax machine at the St. Paul Downtown Airport. In addition, new air to ground radios are needed on reliever maintenance equipment.

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## ORGANIZATIONAL STRUCTURE – 1998 OPERATING BUDGET

### ORGANIZATIONAL PERSONNEL

The personnel information below shows the changes between 1995 actual and 1998 budget. The information this year is divided into three sections: Headcount by Department, Headcount by Classification and Summary Information. The Summary section details transfers/changes and vacancies as of 10/15/97. Additionally the chart below reflects the changes made as a result of the organization which took place in April 1996.

<u>Headcount By Department</u>	<u>1995 Actual</u>	<u>1996 Actual</u>	<u>1997 <sup>A</sup> Actual</u>	<u>1997 Budget</u>	<u>1998 Budget</u>
Executive / Commissioner	3	3	3	3	3
Planning	2	2	2	2	2
Deputy – Administrative Services	0	3	3	3	3
Deputy – Human Resources	0	2	2	2	3
Deputy – Operations	0	2	2	2	2
Deputy – Airports	3	0	0	0	0
Federal Government Affairs and Marketing	0	3	3	3	3
Public Affairs	4	2	3	2	3
Risk Management / Safety	2	2	3	3	3
Airport Development	10	11	10	13	14
Finance / Purchasing	20	19	18	19	19
Internal Audit	2	2	2	2	3
MIS	8	7	6	7	8
Labor / Governmental Affairs	3	3	3	3	3
Commercial Development / Airline Affairs	5	4	4	5	5
Office Of Diversity	4	4	4	4	4
General Counsel	4	5	4	5	5
Employee Development / Events	0	2	2	2	2
Employee Relations	7	7	6	7	7
Airport Directors Office	6	6	5	5	5
Telecommunications	0	1	1	1	1
Airside Operations	9	9	9	9	9
Communications	10	8	10	10	11
Landside Operations	14	15	17	18	20
Fire	38	38	38	40	40
Police	80	75	73	82	83
Environment / Part 150 / Noise	13	11	13	14	15
HHH Terminal	1	1	1	1	1
Facilities – Lindbergh Terminal	9	9	9	9	10
Energy Management Center	13	13	13	13	13
West Terminal Area	2	2	2	2	2
Trades	27	27	28	29	31
Maintenance	81	82	84	88	101
Reliever Airports	<u>26</u>	<u>27</u>	<u>27</u>	<u>27</u>	<u>27</u>
Total Personnel	406	407	410	435	461

<sup>A</sup> As of 10/15/97

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## ORGANIZATIONAL STRUCTURE – 1998 OPERATING BUDGET

<u>Headcount By Classification</u>	<u>1995 Actual</u>	<u>1996 Actual</u>	<u>1997<sup>A</sup> Actual</u>	<u>1997 Budget</u>	<u>1998 Budget</u>
Organized					
Local 70 Operating Engineers	11	11	11	11	11
49er's Equipment Maintenance	12	12	12	13	15
320's – MSP Int'l – Field	59	60	59	65	76
320's – MSP Int'l – Lindbergh Terminal	6	5	5	5	6
320's – Reliever Airports	20	20	20	20	20
Painters	5	5	6	6	6
Carpenters	5	5	5	5	6
Plumbers	4	4	4	4	4
Electricians	12	12	12	13	14
Police Officers	36	37	36	37	37
Firefighters	<u>28</u>	<u>28</u>	<u>27</u>	<u>30</u>	<u>30</u>
Total Organized	198	199	197	209	225
Total Non-Organized					
Chairperson / Executive Director	2	2	2	2	2
Deputy Directors / Directors	12	16	16	16	16
Managers / Supervisors	72	70	75	78	81
Police Chief / Fire Chief <sup>B</sup>	2	0	0	0	0
Community Service Officers (CSO's)	23	16	19	23	23
Passenger Assistants	9	7	9	9	9
Fire Captains / Fire Training	8	9	9	9	9
Police Sergeants / Lieutenants	13	13	13	13	13
Administrative Support	<u>67</u>	<u>75</u>	<u>70</u>	<u>76</u>	<u>83</u>
Total Non-Organized	208	208	213	226	236
Total MAC	406	407	410	435	461

<sup>A</sup> As of 10/15/97.

<sup>B</sup> Positions shifted as a result of the reorganization.

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### ORGANIZATIONAL STRUCTURE – 1998 OPERATING BUDGET

#### Summary Information

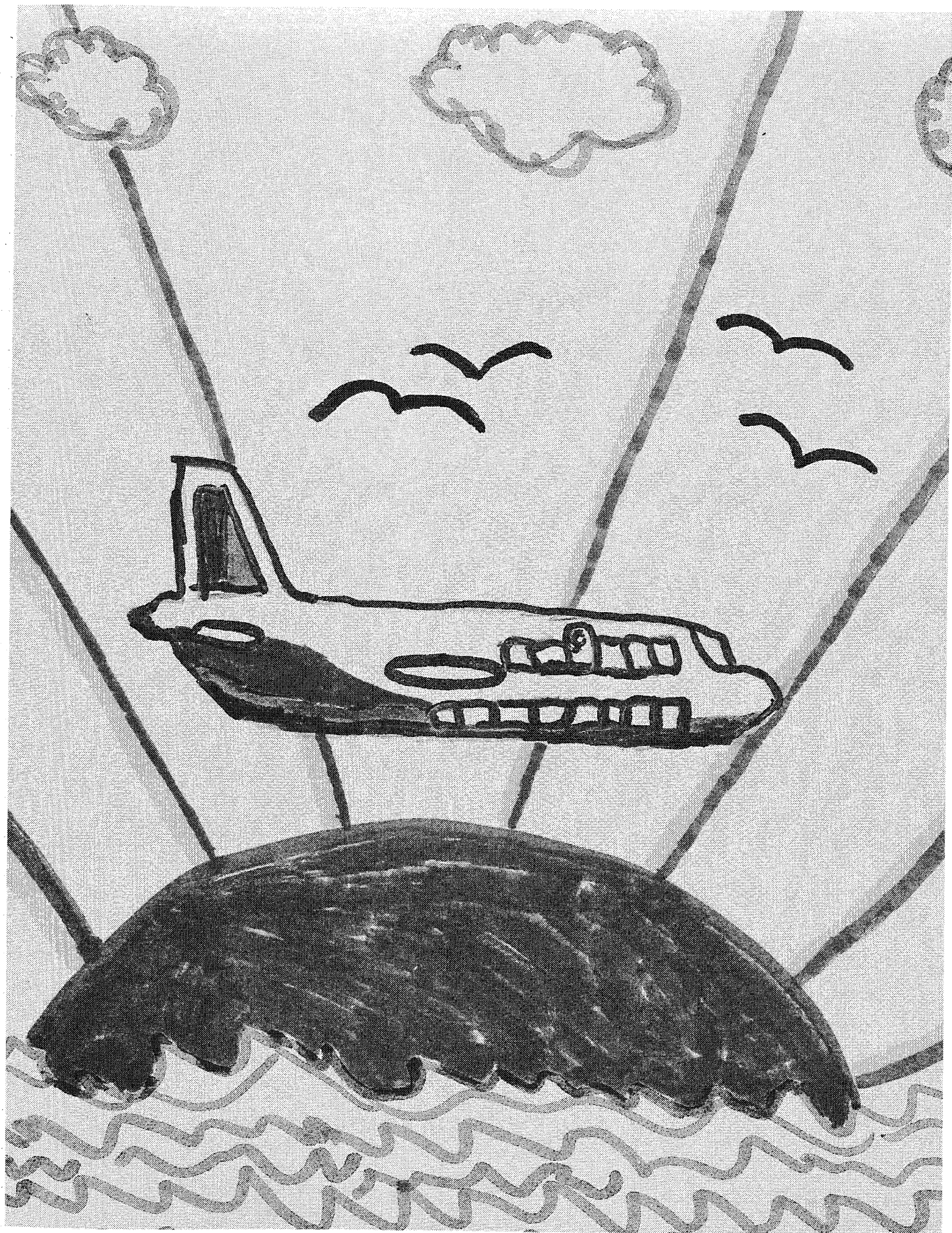
The following positions were vacant as of 10/15/97:

Secretary – Human Relations	– 1
Assistant Engineer – Airport Development (4/1)	– 1
Architect – Airport Development (4/1)	– 1
Vending Technician – Finance	– 1
Concessions Manager – Commercial Development/Airline Affairs	– 1
Receptionist – Personnel	– 1
Secretary – General Counsel	– 1
Passenger Assistants – Landside	– 1
Firefighters – Fire (2 - 7/1)	– 3
CSO's – Police	– 4
Police Officer – Police	– 1
Technical Support – Environment	– 1
Electrician – Electrical (4/1)	– 1
Permanent Seasonal 320's – Field Maintenance (11/1)	– 4
Maintenance Worker 320's – Field Maintenance (1 - 7/1)	– 2
Equipment Mechanic 49er – Field Maintenance (7/1)	– 1

#### New Positions for the 1998 Budget:

Staff Development Coordinator – Human Resources	– 7/1/98
Communications Specialist – Public Affairs	– 2/1/98
Technical Support – MIS	– 1/1/98
Electrician – Electrical	– 1/1/98
Administrative Aide – Landside Operations (.5)	– 2/1/98
Assistant Manager – Landside Operations	– 4/1/98
Lost & Found Clerk – Police	– 7/1/98
Automation Technician – Lindbergh Terminal	– 7/1/98
Internal Auditor – Internal Audit	– 1/1/98
Reliever Airport Engineer – Airport Development	– 8/15/98
Mechanic (2) – Maintenance	– 5/1/98
Equipment Worker – Maintenance	– 5/1/98
Field Maintenance (10) – Maintenance	– 7/1/98
Carpenter – Carpenters	– 1/1/98
Waste Management Specialist – Environment	– 1/1/98
Communications Coordinator – Communications	– 4/1/98

Total 1998 New Positions = 26





## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### 1998 OPERATING BUDGET

As in 1997, the operating revenue and operating expense assumptions have been prepared comparing the previous year's budget (1997) with the current year's budget (1998).

The Operating Budget section is presented in two sections. In the first section, the total revenues and expenses detailed from operations are incorporated into the Total Operating Budget summary. This schedule includes revenue and expense items which are non-operating. These include interest income and transfers to other funds. In the second part only revenue and expense derived from operating the Commissions facilities are presented. Revenue derived from user fees include various fees from the airlines, concessions and miscellaneous/utilities/rental fees. Expenses detailed include Personnel, Administrative, Professional Services, Utilities, Operating Services, Maintenance, Depreciation, and Other. Equipment purchases are also detailed at the end of the expense by subledger section.

In April 1997, the Finance Committee established the following target for the 1998 operating budget:

1. Revenue growth would exceed expense growth.
2. Expense growth would focus on areas affected by activity (i.e. traffic and passengers).

As the table below shows, the first target established was met. Assumptions and changes in both revenue and expense are explained in the second section as is the second target, or operational portion, of the budget.

(\$ = 000)	1997 <u>Budget</u>	1998 <u>Budget</u>	\$ <u>Variance</u>	% <u>Variance</u>
Operating Revenue	\$100,674	\$114,482	\$13,808	13.71%
Operating Expense	<u>91,734</u>	<u>98,783</u>	7,049	7.68%
Operating Income	<u>\$ 8,940</u>	<u>\$ 15,699</u>		

### FINANCIAL POLICIES – OPERATING BUDGET

The following represent the basic Operating Budget and Cash Management/Investment Policies under which this portion of the budget were prepared:

#### A. Operating Budget Policies

1. The Commission will pay all current expenditures from current revenues.
2. The Commission will maintain a working capital balance of \$16 million or approximately four months of operating expenses. If the Commission deems it appropriate to reduce working capital for the portion above the formula amount, such reductions shall not exceed 50% of the excess in any one year.
3. The operating budget will be submitted with revenues exceeding expenditures with a sufficient margin to provide for replacement of property, plant and equipment.
4. In the event of a revenue shortfall in a current budget year, the Executive Director may recommend a transfer from the Commission's Operating Fund.
5. The budget will provide for adequate funding of all retirement systems.

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### 1998 OPERATING BUDGET

6. The Finance Department will prepare monthly variance reports comparing actual versus budget revenue and expense.
  7. The budget will provide summary information regarding the Operating Fund, Construction Fund and Debt Service Fund projected for the next three years.
  8. Where possible the Commission will integrate performance measurement and/or efficiency indicators in the budget.
  9. Department heads will review monthly reports comparing actual revenues and expenses to budgeted amounts. Any variance in revenue, spending category or capital expenditures for their department as a whole projected to exceed \$100,000 by year-end, will be reported in writing to the Director of Finance and the Executive Director.
  10. The operating budget shall be submitted which has adequate revenues to cover all accrual based expenses except for depreciation on PFC or non-airport owned assets (airport noise abatement of off airport property).
- B. Operating Reserve - established by staff at four months working capital. Approximately \$16 million.
- C. Investment/Cash Management Policies
1. Cash Management
    - a) All securities are safekept at one institution.
    - b) All deposits must be insured or collateralized.
  2. Investments
    - a) Investment purchases are made only from dealers with offices located in the state of Minnesota.
    - b) All investment purchases require bids to be taken from several different dealers.
    - c) Investments purchased will be diversified under legal requirements trying to maximize Rate of Return.
    - d) The average Rate of Return will exceed the six month treasury bill.
    - e) All repurchase agreements are required to be collateralized.
    - f) The maturity of any investment shall not exceed three years.
    - g) To the extent possible, the MAC will attempt to match its investments with anticipated cash flow requirements.
    - h) The MAC will have at least 98% of its cash funds earning interest.
    - i) The addition of new accounts to the approved wire transfer list shall require the written authorization of the Finance Director and Executive Director.
  3. Collateral
    - a) Collateral must always be held by an independent third party with whom the MAC has a custodial agreement.
    - b) A clear marked evidence of ownership (safekeeping) must be supplied to the entity and retained.
    - c) To the extent that funds deposited are in excess of the available Federal Deposit Insurance, the MAC shall require the financial institutions to furnish collateral, security or corporate surety bond executed by a company authorized to do business in the state.
    - d) The MAC shall not own investments held in Government Accounting Standard No. 3 Risk Category Three for longer than four days and in no event shall Risk Category Three exceed 5% of the MAC's investment.

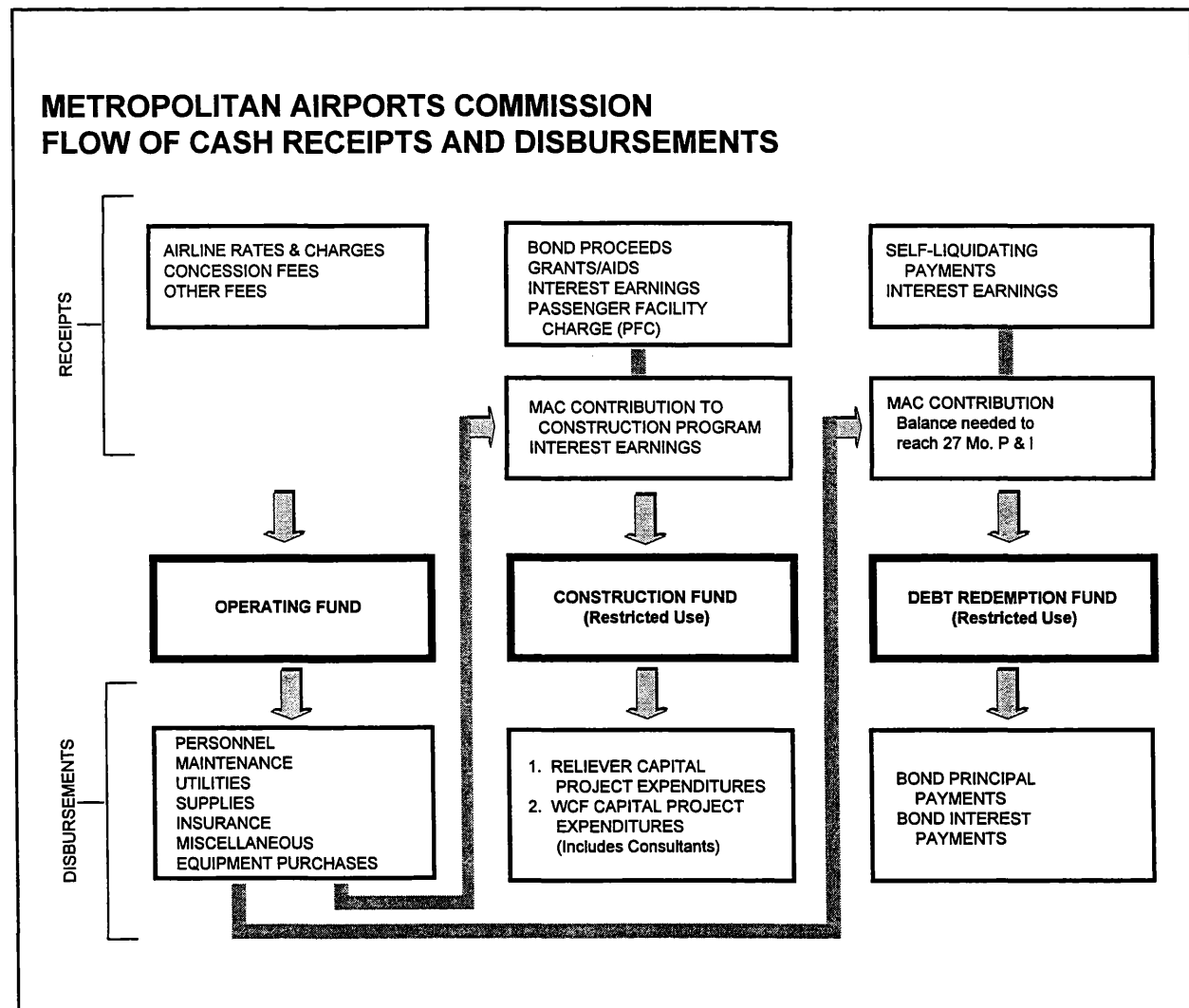


## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### FLOW OF FUNDS/TAXING AUTHORITY – 1998 OPERATING BUDGET

The MAC is accounted for as an Enterprise Fund. An Enterprise Fund accounts for all cost allocations including depreciation while its cost of services are recovered through user fees/charges. Amounts are restricted for construction and debt redemption. For internal purposes, MAC maintains three funds corresponding to three major functions: Operating Fund (Budget), Construction Fund (Budget) and Debt Redemption Fund (Budget).

The Flow of Funds chart below identifies the sources and uses of dollars within each fund and between funds. This chart is followed by a general summary of the three funds.



## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### FLOW OF FUNDS/TAXING AUTHORITY – 1998 OPERATING BUDGET

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

#### FUND BALANCE SUMMARY – 1998 BUDGET (\$=000)

	<u>1997 Estimate</u>	<u>1997 Budget</u>	<u>1998 Budget</u>	<u>1999 Estimate</u>	<u>2000 Estimate</u>
<b>OPERATING FUND</b>					
1/1 Balance	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000
Total Sources of Funds	112,530	109,974	123,782	134,120	147,868
Total Uses of Funds	(107,217)	(105,886)	(124,309)	(126,756)	(149,818)
Transfers & Working Capital Changes	<u>(5,313)</u>	<u>(4,088)</u>	<u>527</u>	<u>(7,364)</u>	<u>1,950</u>
Ending Balance	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000
<b>CONSTRUCTION FUND</b>					
1/1 Balance	\$ 71,888	\$ 81,372	\$ 36,469	\$ 56,711	\$ 76,919
Total Sources of Funds	87,956	250,578	253,122	258,644	278,742
Total Uses of Funds	<u>(123,375)</u>	<u>(287,049)</u>	<u>(232,880)</u>	<u>(238,436)</u>	<u>(257,340)</u>
Ending Balance	\$ 36,469	\$ 44,901	\$ 56,711	\$ 76,919	\$ 98,321
<b>DEBT SERVICE FUND</b>					
1/1 Balance	\$ 88,927	\$ 88,866	\$ 90,272	\$ 115,287	\$ 126,846
Total Sources of Funds	44,332	67,504	73,500	73,500	73,500
Total Uses of Funds	<u>(42,987)</u>	<u>(43,108)</u>	<u>(48,485)</u>	<u>(61,941)</u>	<u>(75,329)</u>
Ending Balance	\$ 90,272	\$ 113,262	\$ 115,287	\$ 126,846	\$ 125,017

- (1) Funds are described in detail and show all sources and uses of funds in their respective sections of this document.
- (2) Net change in working capital represents fluctuations in year end operating payments and receivables.
- (3) These figures are included in the Sources of Funds under the Construction Fund and Debt Service Fund respectively.

### 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.

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### FLOW OF FUNDS/TAXING AUTHORITY – 1998 OPERATING BUDGET

2. The power to levy property taxes not in excess of .00806 percent in each year upon the taxable market value of all property in the Metropolitan Area for Airport operation and maintenance costs of airport facilities, provided revenues are not otherwise available.

Although the Commission may levy property taxes for operation and maintenance expenses, the Commission is not currently levying taxes for these purposes. The Commission has entered into agreements in accordance with the Airport Law and the Resolution, whereby rental received by the Commission, together with other charges, rates, and fees imposed by the Commission, are sufficient to meet all expense of operation and maintenance of the Commission's property.

If the Commission were to have levied a tax based on the 1996/1997 taxable market value, the maximum amount available for maintenance and operations of the Commission would have been approximately \$7,900,000.

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### TOTAL OPERATING BUDGET SUMMARY

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

The summary below illustrates how dollars are received and disbursed.

<b>1998 TOTAL OPERATING BUDGET SUMMARY</b>					
<b>(\$ = 000)</b>					
	<u>1997 Estimate</u>	<u>1997 Budget</u>	<u>1998 Budget</u>	<u>1999 Estimate</u>	<u>2000 Estimate</u>
1/1 Balance	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000
Sources of Funds					
Operating Revenues	104,930	100,674	114,482	126,620	140,868
Interest Earnings	<u>7,600</u>	<u>9,300</u>	<u>9,300</u>	<u>7,500</u>	<u>7,000</u>
Total Sources of Funds	\$112,530	\$109,974	\$123,782	\$134,120	\$147,868
Uses of Funds					
Operating Expenses (excluding depreciation)	(59,330)	(57,334)	(62,281)	(65,581)	(69,439)
Equipment Purchases	(3,300)	(3,300)	(8,100)	(3,500)	(3,500)
Debt Service Transfer	(9,747)	(10,822)	(9,700)	(9,700)	(9,700)
Construction Fund Transfer	<u>(34,840)</u>	<u>(34,430)</u>	<u>(44,228)</u>	<u>(47,975)</u>	<u>(67,179)</u>
Total Uses of Funds	(\$107,217)	(\$105,886)	(\$124,309)	(\$126,756)	(\$149,818)
Net Change in Working Capital <sup>2</sup>	(\$ 5,313)	(\$ 4,088)	\$ 527	(\$ 7,364)	\$ 1,950
12/31 Balance	<u>\$ 16,000</u>	<u>\$ 16,000</u>	<u>\$ 16,000</u>	<u>\$ 16,000</u>	<u>\$ 16,000</u>

<sup>1</sup> Interest Rate Assumed 5.50% in 1997-2000.

<sup>2</sup> Net change in working capital represents fluctuations in year end operating payments and receivables.

### SOURCES AND USES

#### SOURCES

There are two sources of funding: operating revenues (airline rates and charges, concessions, and other rentals/miscellaneous) which are described in detail in the Revenue Assumptions section and interest earnings. Interest earnings are assumed to be at 5.5% for 1997 and 2000. The interest is earned on the balance in the Operating Fund and on MAC funded leases (i.e. Self-Liquidating—those facilities built by MAC and then leased to tenant).

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### TOTAL OPERATING BUDGET SUMMARY

#### USES

The Operating Fund starts with a \$16,000,000 balance in January and builds to a \$35–\$65 million balance toward September. On October 10th of each year, MAC must contribute from its Operating Fund to the Debt Service Fund an amount necessary to bring that fund balance up to the 27 month principal and interest level required by law. (See Debt Service Budget for complete details.) The balance then increases until December at which time the Commission analyzes the fund making sure that all operating expenses have been paid including capital equipment purchases, the debt service transfer made and the four months working capital balance is funded at \$16 million. If there are net funds after this analysis, they are transferred to the Construction Fund. This transfer is estimated at \$44.2 million in 1998.

There are two related significant changes between the 1997 and 1998 budget years. First of all there is an increase in Operating Revenue of \$13,808,000. This increase is explained in detail in the Revenue Assumptions. The other significant change is seen in the Construction Fund Transfer. This increase of \$9,798,000 can be attributed to the increase in Net Revenues between the two years. The Construction Fund Transfer and Debt Service Transfer are explained in detail in their respective sections.

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### APPROVED EQUIPMENT REQUESTS – 1998 OPERATING BUDGET

The approved equipment requests for 1998 are represented below. The total cost of each piece of equipment is amortized over its useful life through depreciation charges. Snow plowing equipment qualifies for state and federal aid. As always, 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 service centers whose total approved equipment requests exceed \$45,000.

Summary	1998 Budget	1997 Budget
Main Office	\$ 766,600	\$ 975,300
MSP International	6,282,312	1,989,100
Relievers	764,750	335,500
Total	\$7,813,662	\$3,299,900

Service Center Name	Description of Equipment	Purchase Price	Purpose
<u>Main Office</u>			
MIS	Consulting and software tools for decision support pilot	\$ 50,000	Implement a pilot project to create a human resource decision support system. Services include consulting and acquisition of complimentary software tools. Expand organizational access to JDE human resource information.
	Microsoft training, conversion assistance and development	190,000	Provide training and conversion assistance to organization for Microsoft desktop tools, includes application development (i.e. consulting and programming services). Will improve organizational productivity.
	Upgrade MACNET infrastructure	130,500	Implementation of TCP/IP. Upgrading of wiring closet equipment, backbone servers & software and Internet connection. Consulting on business continuity, performance management and capacity planning.
	JDE on-going technical support	65,000	Provide technical support services for JDE application software. Services to include performance tuning, capacity planning and acquisition of AS/400 hardware upgrades to support growth.
	Preventative maintenance system	125,000	Provide consulting services and acquisition of new software for the implementation of a PM system.
	1998 capital computer	78,500	Expanded access to MACNET and upgrading other equipment attached to MACNET.

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## APPROVED EQUIPMENT REQUESTS – 1998 OPERATING BUDGET

<u>Service Center Name</u>	<u>Description of Equipment</u>	<u>Purchase Price</u>	<u>Purpose</u>
<b><u>Main Office – Continued</u></b>			
Environment	Mobile data terminals (MDT)	50,000	TracLink, a real time automatic vehicle location/2-way digital communication system for asset management, implemented with DGPS ground station installation in 1996. TracLink allows vehicles equipped with MDT's to be located with DGPS accuracy. The purchase of 15 MDT units will augment the on-going program to equip all airport vehicles.
Main Office	Other Equipment < \$45,000	77,600	Includes: computer assisted audit technique auditing software, MACNET to Microsoft and continued management of the GIS system.
Total Main Office Purchases		\$766,600	
<b><u>MSP International</u></b>			
Communications	Digitized voice logging recorder	\$ 48,550	Replacement of 24 hour audio tape logging recorder system used to record all radio frequencies and telephone lines in the Communications Center. Purchase of this equipment will expedite transition to digital technology. Existing equipment has exceeded life expectancy and is costly to maintain. Excessive manpower hours are required to make recordings required for incident debriefing sessions and liability coverage concerns. The current system has all channels accounted for. The addition of a fourth radio position in the last year has also created a need to record 6 new channels. Communications has recently added a shared radio channel with U.S. Customs which presently cannot be recorded because no channel space is available on the existing equipment.
Landside – Parking	Two 40' transit buses	466,470	To replace shuttle buses 1627 and 1626 which are 1987 Saab buses used on the Lindbergh-Humphrey-Econolot-employee lot shuttle route and transport an average of 120,000 riders per month. Each of these buses will have in excess of 425,000 miles of use by 1/1/98. The MCTO has sold off all of their Saab buses, therefore, our two buses are the only Saab buses still in service in this area. This purchase would be made by adding our bus order to an even larger order of buses that MCTO is placing enabling us to receive MCTO's volume pricing. This purchase was already agreed to by Tim Anderson (see memorandum dated 2/20/97) in order to get onto the 1998 build schedule by Gillig Corporation (the firm providing buses to MCTO). After these two 1998 Gillig buses arrive, our fleet of six buses will be as follows: (1) 1989 Gillig Phantom, (3) 1996 Gillig Phantoms and (2) 1998 Gillig Phantoms.

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## APPROVED EQUIPMENT REQUESTS – 1998 OPERATING BUDGET

<u>Service Center Name</u>	<u>Description of Equipment</u>	<u>Purchase Price</u>	<u>Purpose</u>
<b>MSP International – Continued</b>			
Fire	Station alarm system	45,000	This will replace the old, outdated station alarm system which is operating on 1965 wiring, sound and alarm technology. Because of a system failure early this year, we were forced to operate with portable radios and telephones - the system was out for 36 hours.
	ARFF vehicle, T-3000 with secondary fire fighting agent	600,000	Replacement of a 1983 ARFF vehicle (Rescue #9) which has no secondary agent as required by FAA. Rescue #9 is the oldest vehicle and is in need of a total rebuild. Replacement of #9 will make Rescue #7 the oldest vehicle which can then be moved to reserve status.
Police-Patrol/CSO	2 station wagons (new) and 2 sedans (rental returns)	70,000	The station wagons will be used for the K-9 program. Two eight year old marked vehicles will be traded in. These vehicles are currently experiencing high repair costs. The sedans will replace two vehicles used by Narcotics/Investigations. One of the vehicles is 10 years old and the other is 9. Each is experiencing high maintenance costs.
Field Maintenance	4 hydraulic lift light plants	100,000	These are needed to provide safer, more efficient working conditions for night construction projects. The additional light plants will allow more jobs to be done simultaneously, and will provide additional, needed light plants for use by contractors and the MAC Plumbing and Electrical departments, without taking them from scheduled Field Maintenance work. The additional light plants will also give needed equipment depth for MAC's emergency plan.
	1 - 36,000 GVW single axle track w/reversible & underbelly plows	70,000	This unit is needed to replace 616-391, a 12-year-old two person FWD plow truck currently used as lead plow on runways and taxiways. Currently, 616-391 has very limited parts availability, but would be retained for one year as a back-up vehicle until the replacement unit proves its workability as a two-person lead plow. If workability of the new unit is proven, 616-391 would be traded on next year's budget.
	1 vacuum street sweeper	100,000	This is needed to replace 616-564, a 5-year-old Moil Athey unit with high hours and heavy usage. This replacement unit is needed to continue to maintain year-round airport safety, cleanliness and to facilitate cleanup of construction debris without the down time the old sweeper would incur.



# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## APPROVED EQUIPMENT REQUESTS – 1998 OPERATING BUDGET

<u>Service Center Name</u>	<u>Description of Equipment</u>	<u>Purchase Price</u>	<u>Purpose</u>
<b>MSP International – Continued</b>			
Field Maintenance – Continued	2 industrial sweepers	95,000	These units are required for speedier sweeping of sand and debris in tight spaces on the ever-increasing pavements of the air operations area, tug drive, public areas, parking lots, and parking decks. Trade-in replacement unit 618-538 is a 6-year-old unit with high hours and usage which would experience much down time in time-critical operations. The additional sweeper would allow for more work to be done simultaneously in time-critical cleaning situations on ramp gates and parking decks.
	5 snow dozers w/plows	1,250,000	These units are needed to replace 616-347, 616-348, 616-349, all 13-year-old FWD snow dozers, used on runways, taxiways and ramps. The existing trade-in units are no longer made and parts are no longer readily available to repair critical pieces of equipment which are essential to maintain a safe and operational airport. The additional two units are needed to do snow removal on the recent 2,700 feet of runway 4/22 and associated taxiways, and in anticipation of new pavements, such as Whiskey taxiway and feeders, Mike taxiway, Juliet taxiway, and additional ramps along both the Gold and Green Concourses.
	3 snow blowers	1,000,000	These are needed to replace two existing snow blowers, 616-387, a 12-year-old Oshkosh, and 616-412, an 11-year-old Oshkosh, both of which experience many repairs and much critical down time. The new blowers will have a much larger snow blowing capacity, enabling more work to be done in less time. The additional blower is needed because of increased pavements including Mike taxiway, 2,700 additional feet on runway 4/22, many associated new taxiways at the south end of the field, the projected 1998 Whiskey taxiway, the new regional ramp, and additional gates on the east end of the Gold Concourse.
	2 - 16 yard sanders w/pre-wet kits	360,000	These units are needed to replace 616-430, a 10-year-old FWD 12-yard capacity sander, and to provide an additional 16-yard capacity sander. The additional and replacement units will provide extra capacity and extra coverage on winter sanding and pre-wet chemical operations on increased pavement surfaces on the air operations area.
	4 runway brooms	1,200,000	These are needed to provide cleaner, safer, pavement surfaces on runways, taxiways and ramps during winter operations. These units will lessen usage amounts of sand and expensive deicing chemicals, while providing both a safer and cleaner airport environment.

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## APPROVED EQUIPMENT REQUESTS – 1998 OPERATING BUDGET

<u>Service Center Name</u>	<u>Description of Equipment</u>	<u>Purchase Price</u>	<u>Purpose</u>
<b>MSP International – Continued</b>			
Field Maintenance – Continued	1 - 4,000 gallon anti-icing truck	200,000	This additional anti-icing truck is needed for faster winter application of liquid deicer fluids on runways, taxiways, high-speed turn-offs and on an ever-increasing quantity of airport surfaces which need to be done simultaneously in freezing rain events. The FAA approved liquid deicers work at lower temperatures than solid deicers and better prevent the bonding of ice to pavements in freezing rain events.
	2 - 4x2 150-hp tractors w/flail mowers	195,000	These are needed to replace two existing tractors, 616-306 and 616-307, both 15-year-old units with high hours. Trade-in unit 616-307 is equipped with a permanently mounted, much used mower unit that will be traded with the tractor.
	2 - 4x4 125-hp tractors w/plows	163,500	These are needed to facilitate winter snow removal on the new Post Road employee lot, the additional gates on the east end of the Gold Concourse, and the additional aircraft parking ramps located at the Regional Terminal and former Post Office stub areas. In the summer, they would be converted to cleanup work, vacuuming, grass cutting, raking, tilling, seeding, herbicide spraying, as well as loaded to the Reliever airports for grass cutting.
	Other Equipment < \$45,000	318,792	Includes: upgrading 4 electronic kiosks in the Lindbergh and HHH terminals, Conveyant console telephone system, Trades facility telephone system, Airside telephone system upgrade, service vehicle, convert Andover alarms to Graphics Central system, replace Hennepin County intersystem radio base, one fiber optic sign, half ton pick-up truck, wet sweeper/scrubber, purpose build file server, 3 EMS defibrillators, copier, service van, 4wd pick-up truck, 2 tow-type 15' mower decks, 1 front-end loader fork attachment w/quick coupler & hook, 3 pusher plow front-end loader attachments and 4wd sedan.
Total MSP International Purchases		\$6,282,312	
<b>Relievers</b>			
St. Paul Downtown	Runway broom	\$ 300,000	With the increase in local and itinerant jet traffic, a faster and more efficient snow removal unit is required.
Airlake	Dump truck w/plow & sander	85,000	Replaces 616-415 which was purchased in 1987. The amortization schedule calls for a ten year replacement. Increased cost in maintaining this vehicle can be anticipated due to its age.

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### APPROVED EQUIPMENT REQUESTS – 1998 OPERATING BUDGET

<u>Service Center Name</u>	<u>Description of Equipment</u>	<u>Purchase Price</u>	<u>Purpose</u>
<b><u>Relievers – Continued</u></b>			
Flying Cloud	Snow blower	280,000	This vehicle will replace 616-431 which was purchased in 1988. The amortization schedule bases this piece of equipment on a ten year cycle. Increased repair expense has happened already and is anticipated to increase.
Relievers	Other Equipment < \$45,000	99,750	Includes: 4wd half ton pick-up, 15' bat wing pull behind mowers, field sprayer, 4wd utility vehicle.
Total Reliever Purchases		<u>\$ 764,750</u>	
Total All Purchases		<u><b>\$7,813,662</b></u>	

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## SUMMARY OF REVENUE AND EXPENSE - 1998 OPERATING BUDGET

(\$ = 000)

REVENUE CATEGORY	1996 Actual	1996 Budget	1997 Estimate	1997 Budget	1998 Budget	1997 Budget vs 1998 Budget	
						Dollar Change	Percentage Change
Airline Rates & Charges	\$34,453	\$34,207	\$ 40,930	\$ 39,841	\$ 44,563	\$ 4,722	11.85%
Concessions	47,872	39,939	51,300	48,740	56,490	7,750	15.90%
Other	13,581	10,622	12,700	12,093	13,429	1,336	11.05%
Total Operating Revenue	\$95,906	\$84,768	\$104,930	\$100,674	\$114,482	\$13,808	13.71%

OPERATING EXPENSE	1996 Actual	1996 Budget	1997 Estimate	1997 Budget	1998 Budget	1997 Budget vs 1998 Budget	
						Dollar Change	Percentage Change
Personnel	\$26,341	\$26,441	\$30,500	\$29,971	\$31,830	\$1,859	6.20%
Administrative Expenses	1,028	1,084	1,105	1,109	1,176	67	6.04
Professional Services	4,040	3,929	3,550	3,436	3,722	286	8.32
Utilities	6,105	5,080	5,450	5,300	5,805	505	9.53
Operating Services	8,705	8,757	9,053	9,053	10,580	1,527	16.87
Maintenance	8,007	7,430	8,825	8,037	8,613	576	7.17
Depreciation	26,528	26,701	34,400	34,395	36,502	2,107	6.13
Other	477	288	847	433	555	122	28.18
Total Operating Expense	\$81,231	\$79,710	\$93,730	\$91,734	\$98,783	\$7,049	7.68%

Net Operating Income      \$14,675\*    \$ 5,058\*    \$11,200\*    \$ 8,940\*    \$15,699\*

\* Required as contribution to debt service and construction program financing.

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## OPERATING REVENUES – 1998 OPERATING BUDGET

	1996 Actual	1997 Estimate	1997 Budget	1998 Budget	1997 Budget vs 1998 Budget	
					Dollar Change	Percentage Change
<b>Airline Rates &amp; Charges</b>						
Landing Fees	\$21,181,405	\$ 23,000,000	\$ 22,610,096	\$ 26,001,228	\$ 3,391,132	15.00%
Ramp Fees	3,396,143	3,900,000	3,745,212	4,258,025	512,813	13.69
Terminal Rentals—Agreement	8,759,868	10,950,000	10,850,088	10,938,772	88,684	0.82
Terminal Rentals—Other	431,261	420,000	341,334	420,765	79,431	23.27
Terminal Rentals—IAF Facility	0	2,000,000	1,672,686	2,068,041	395,355	23.64
Carousels & Conveyors	229,349	160,000	113,880	157,105	43,225	37.96
Noise Surcharge	455,118	500,000	508,091	719,925	211,834	41.69
<b>Total Airline Rates &amp; Charges</b>	<b>\$34,453,144</b>	<b>\$ 40,390,000</b>	<b>\$ 39,841,387</b>	<b>\$ 44,563,861</b>	<b>\$ 4,722,474</b>	<b>11.85%</b>
<b>Concessions</b>						
<b>Landside</b>						
Parking	\$30,291,376	\$ 33,100,000	\$ 31,832,680	\$ 37,127,363	\$ 5,294,683	16.63%
Auto Rental	8,464,872	8,500,000	8,152,244	9,081,090	928,846	11.39
Ground Transportation Fees	1,123,373	1,350,000	1,128,560	1,807,088	678,528	60.12
<b>Total Landside</b>	<b>\$39,879,621</b>	<b>\$ 42,950,000</b>	<b>\$ 41,113,484</b>	<b>\$ 48,015,541</b>	<b>\$ 6,902,057</b>	<b>16.79%</b>
<b>Terminal / Other</b>						
Food & Beverage	\$ 2,359,335	\$ 2,500,000	\$ 2,053,153	\$ 2,762,420	\$ 709,267	34.55%
Merchandise & Services	2,729,256	2,850,000	2,442,696	3,230,708	788,012	32.26
Other Concessions / Services	2,903,623	3,000,000	3,130,276	2,481,034	(649,242)	(20.74)
<b>Total Terminal / Other</b>	<b>\$ 7,992,214</b>	<b>\$ 8,350,000</b>	<b>\$ 7,626,125</b>	<b>\$ 8,474,162</b>	<b>\$ 848,037</b>	<b>11.12%</b>
<b>Total All Concessions</b>	<b>\$47,871,835</b>	<b>\$ 51,300,000</b>	<b>\$ 48,739,609</b>	<b>\$ 56,489,703</b>	<b>\$ 7,750,994</b>	<b>15.90%</b>
<b>Other</b>						
Building Rentals	\$ 4,372,700	\$ 4,250,000	\$ 3,930,730	\$ 3,743,204	\$ (187,526)	(4.77%)
Lobby Fees—HHH Terminal	1,346,170	1,100,000	1,000,000	1,121,930	121,930	12.19
Ground Rent—SW Cargo	982,913	1,000,000	1,006,850	980,982	(25,868)	(2.57)
Ground Rent—Other	2,312,648	2,100,000	2,244,261	3,052,877	808,616	36.03
Utilities	1,584,019	1,300,000	1,226,000	1,445,115	219,115	17.87
Other	2,982,571	2,950,000	2,685,120	3,083,511	398,391	14.84
<b>Total Other</b>	<b>\$13,581,021</b>	<b>\$ 12,700,000</b>	<b>\$ 12,092,961</b>	<b>\$ 13,427,619</b>	<b>\$ 1,334,658</b>	<b>11.05%</b>
<b>Total Operating Revenue</b>	<b>\$95,906,000</b>	<b>\$104,930,000</b>	<b>\$100,673,957</b>	<b>\$114,481,183</b>	<b>\$13,807,226</b>	<b>13.71%</b>

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### REVENUE ASSUMPTIONS – 1998 OPERATING BUDGET

Estimates of revenue for 1998 have been made compiling information from the following sources:

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

The explanations for revenue assumptions are based on a comparison of 1997 budget versus 1998 budget figures.

REVENUE CATEGORY	1996 Actual	1996 Budget	1997 Estimate	1997 Budget	1998 Budget	1997 Budget vs 1998 Budget	
						Dollar Change	Percentage Change
Airline Rates & Charges	\$34,453	\$34,207	\$ 40,930	\$ 39,841	\$ 44,563	\$ 4,722	11.85%
Concessions	47,872	39,939	51,300	48,740	56,490	7,750	15.90%
Other	13,581	10,622	12,700	12,093	13,429	1,336	11.05%
Total Operating Revenue	<u>\$95,906</u>	<u>\$84,768</u>	<u>\$104,930</u>	<u>\$100,674</u>	<u>\$114,482</u>	<u>\$13,808</u>	13.71%

### AIRLINE RATES AND CHARGES

The current airline use agreement expired on 12/31/97. Negotiations were taking place at the time the 1998 budget was prepared. Rates and charges for the airlines were calculated based on the agreement expiring 12/31/97. It was assumed that the formulas would stay basically the same.

Approximately \$45 million, or 39%, of MAC's \$115 million in revenue is generated from rates charged to the airlines. The formulas for the rates (landing fee, ramp fee, noise surcharge, and terminal rates) are established in the airline use agreement. In addition the Lindbergh Terminal International Arrivals Facility (IAF) is included in this category. In accordance with these agreements, expenses from the Police, Fire, Maintenance Labor, Maintenance Equipment, and Administration service centers are allocated to the Field & Runway, Ramp, Terminal Building, and IAF service centers. 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.

### LANDING FEES

The Landing Fee is based upon total estimated expense (excluding MAC's portion of New Airport Planning Costs for the years 1989–1996) in the Field & Runway service 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 1998 the landing fee rate is based upon a break even philosophy in which total revenue equals total expense. For the period 1989–1996 there was a deficit in this service center. This deficit was the result of the New Airport Planning Costs, which were shared equally by MAC and the airlines.

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### REVENUE ASSUMPTIONS – 1998 OPERATING BUDGET

A comparison of estimated 1997, 1997 budgeted and 1998 budgeted landing fee rates, landed weight and revenue of the major carriers follows:

	<u>1997 Estimate</u>	<u>1997 Budget</u>	<u>1998 Budget</u>	<u>% Change Budget to Budget</u>
Landing Fee	\$0.98	\$0.95	\$1.07	12.63%
Landed Weight (000 lbs)	23,500,000	23,937,948	24,187,327	1.04
Revenue	\$23,000,000	\$22,610,096	\$26,001,228	15.00
Gross Expense	\$23,000,000	\$22,610,096	\$26,001,228	15.00

The landing fee change between budgeted 1997 and 1998 can be attributed to the following combination:

1. Landed weight projections provided by the airlines indicate a 1.04% increase over the 1997 budget. This change reflects domestic and international activity as well as runway closures attributed to construction in 1998. The change in weight results in a \$.01 decrease in the fee.
2. Depreciation and interest associated with several reconstruction and rehabilitation projects results in an increase of \$.075 or \$1,820,000. These projects include:
  - 1997 general runway pavement reconstruction and joint sealing (\$414,000).
  - Post Road reconstruction and realignment (\$275,000).
  - 1997 general apron and taxiway construction (\$260,000).
  - Runway 12R/30L reconstruction - segment 1 (\$466,000).
  - Taxiway W segment 1 (\$188,000).
  - Runway 12R/30L temporary extension (\$253,000).
3. Additional staff (26 positions) will increase the landing fees an estimated \$.025. These positions in general are (see Personnel section for further detail):
  - A. Maintenance Labor Allocation – 15 positions in field maintenance (10), equipment workers (3), electrician (1), and carpenter (1), are necessary to maintain current conditions with increasing facilities and traffic. 50% of this cost is allocated to the landing fee.
  - B. Administrative Allocation – There are 11 new positions. These positions will be allocated throughout the Commission's facilities. Approximately 24% of these costs are charged to the landing fee.
4. Equipment/Building/Maintenance and Fire Allocations – will add an estimated \$.015 to the landing fee. The reasons for this increase are:
  - A. New maintenance facilities will be built in 1998. These include material storage buildings, fueling facilities and a new trades building. (This facility will consolidate the trades [painters, carpenters, electricians, and plumbers] in one building.)
  - B. An adjustment to the Fire captains wages which was effective in 1997 is being corrected in the 1998 budget.

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### REVENUE ASSUMPTIONS – 1998 OPERATING BUDGET

- C. Depreciation and interest associated with new equipment for 1998 will add to the fee. In the past the Commission has purchased \$3.0 million in new equipment. In 1998, the budget includes just over \$8.0 million. This is a year in which the Commission will catch-up with current needs. (See equipment depreciation and interest in the Expense section.)
5. Depreciation and interest associated with the noise abatement/Part 150 program will add \$.03 to the landing fee. Schools added to the program as part of the dual track legislation which were outside the program boundaries are the reason.

### RAMP FEES

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

The following is a comparison of estimated 1997, budgeted 1997 and budgeted 1998 ramp rates, revenue and expense.

	<u>1997 Estimate</u>	<u>1997 Budget</u>	<u>1998 Budget</u>	<u>% Change Budget to Budget</u>
Ramp Fee (Per Lineal foot)	\$459.04	\$440.98	\$501.19	13.69%
Major Airline Ramp Footage	8,496	8,496	8,496	-
Total Ramp Lineal Footage	8,874	8,874	8,874	-
Revenue (Airline)	\$3,900,000	\$3,745,212	\$4,258,025	13.69
Expense Total	\$4,073,521	\$3,913,257	\$4,447,534	13.69

The increase in the rate between the two years can be attributed to the following:

1. Depreciation and interest associated with the new temporary regional ramp will add an estimated \$27.00 to the fee. The decision to build this ramp was made after completion of the 1997 budget. The ramp, because it is temporary, is depreciated over four year rather than the normal period of 20 years. This ramp construction is the result of moving Mesaba, a regional carrier, from the Gold concourse to the regional terminal. Three additional jet gates were constructed on the Gold concourse by Northwest Airlines causing the move. In conjunction with this move and to facilitate expansion of the Green concourse, a new "temporary" regional terminal and ramp was constructed.
2. The Maintenance Labor allocation will increase the fee approximately \$3.25. This is a result of the 15 positions being added in the 1998 budget. (See landing fee explanation above.) Five percent of these costs are allocated to the ramp fee.



## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### REVENUE ASSUMPTIONS – 1998 OPERATING BUDGET

3. The Maintenance Equipment/Building allocation will add an estimated \$16.77 to the ramp fee. Approximately 43% of these costs are allocated to the ramp. The reason for the increase is two-fold:
  - A. Depreciation and interest associated with the new maintenance building facilities (see explanation above for landing fee - 4A).
  - B. Depreciation and interest for new equipment (see explanation above for landing fee - 4C).
4. The Administration allocation will add \$8.12 to the fee. Five percent of these cost are charged to the ramp. The increases can be attributed to the following:
  - A. Additional staff (11 positions) (see Personnel section of Expense Assumptions for details).
  - B. Depreciation and interest primarily for technology upgrades.

### TERMINAL AIRLINES – AGREEMENT

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

A comparison of estimated 1997, budgeted 1997 and 1998 rates follows:

	<u>1997 Estimate</u>	<u>1997 Budget</u>	<u>1998 Budget</u>	<u>% Change Budget to Budget</u>
Exclusive (Per Sq. Ft.)	\$27.15	\$26.83	\$28.27	5.37%
Exclusive Janitored (Per Sq. Ft.)	\$30.25	\$29.73	\$31.83	7.06

The rate change for exclusive space results from the items listed below:

1. Depreciation and interest costs for various terminal rehabilitation projects, on-going modification projects and the Ground Transportation Center (GTC) east and west vertical circulation projects. These projects will add approximately \$1.23/sq. ft. to the exclusive rate.
2. Administration allocation will add approximately \$.20/sq. ft. to the rate. Twenty-three percent of these costs are allocated to the Lindbergh Terminal. (See ramp fee discussion above - #4).

In general the Lindbergh Terminal became a major focus for 1997 and 1998. In order to improve appearance and maintain the significant space increases with continued passenger activity growth, budget dollars were allocated in a greater percentage to this area.

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### REVENUE ASSUMPTIONS – 1998 OPERATING BUDGET

#### LINDBERGH TERMINAL – IAF

In November of 1996 a new International Arrivals Facility (Lindbergh Terminal IAF) was completed on the Gold Concourse. The agreement negotiated for this facility includes a fee calculation similar to the ramp and landing fees (break even/revenue equals expense). Users of the facility will be charged a use fee based upon projected expenses. At year end an adjustment will be made for any overage or shortage.

The table below shows the fees for estimated 1997, budgeted 1997 and budgeted 1998:

	<u>1997 Estimate</u>	<u>1997 Budget</u>	<u>1998 Budget</u>	<u>% Change Budget to Budget</u>
Total Costs	\$2,180,000	\$2,156,000	\$2,218,041	2.87%
Passengers	485,000	700,000	500,000	(28.57)
Fee/Passenger	\$4.49	\$3.08	\$4.44	44.16

The increase in the fee can be directly attributed to the passenger estimates provided by the airlines.

#### CARROUSELS AND CONVEYORS

The budget for 1998, a \$43,225 increase from 1997, reflects the actual costs for 1997 and a new maintenance contract.

#### 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.

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.

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### REVENUE ASSUMPTIONS – 1998 OPERATING BUDGET

	<u>1997 Estimate</u>	<u>1997 Budget</u>	<u>1998 Budget</u>	<u>% Change Budget to Budget</u>
Stage II and Stage III Landings	155,500	156,800	157,000	1.29%
Off Airport Noise Costs	\$500,000	\$508,091	\$719,925	41.69
Noise Surcharge/Landing	\$3.54	\$3.24	\$4.58	41.36

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).

The change in the charge from 1997 to 1998 is due to the non-federal aid and non-eligible PFC portions of Visitation, St. Thomas and Mount Calvary School noise programs.

### CONCESSIONS

The 1998 budget for Concessions revenues shows a 15.90% increase from the budgeted 1997 amount. The two major components of concessions are Auto Parking (which accounts for approximately 66% of total concessions) and Auto Rental fees (which accounts for approximately 16% of total concessions). Other components of this category include Food & Beverage, Merchandise & Personal Services, Ground Transportation Fees, and Other Concessions/Services.

### PARKING

Parking revenues are projected to increase 16.63% or approximately \$5,294,683 from the 1997 budget. The parking rate changes which become effective October 1, 1997, are projected to impact customer usage and revenues.

The new rates are designed to impact only those patrons staying for a longer period of time, except for valet garage rates which will affect every patron of that facility. The projected effect would make pick-up and drop-off more attractive and long term patron parking less attractive.

The expected impact of the change should reduce long term patronage and increase space availability for patrons either with a short duration, or for those willing to pay the new price.

Total revenue is projected to increase 15%, factoring in a shorter duration of parking and the estimated utilization of the facilities.

In 1998 several spaces lost to construction will be returned to the short term parking facility.

## **MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION**

### **REVENUE ASSUMPTIONS – 1998 OPERATING BUDGET**

#### **AUTO RENTAL**

Auto Rental fees are projected to increase by \$928,846 or 11.39% over the 1997 budget amount. Auto Rental firms pay a minimum rental fee plus a percentage (8.5%) of gross revenue above the minimum fee. The change in revenue is attributed to recent activity increases. These activity level changes have averaged just over 7% increases for the past five years. 1998 assumes a 5% growth in activity. A new contract is being negotiated. In developing the budget an agreement similar to the existing one was assumed.

#### **GROUND TRANSPORTATION**

These fees are set by Ordinance and have been phased in over the past three years. In 1998 they will be fully implemented. The result is an increase in revenue for this area of 60.2% from \$1,128,560 to \$1,807,088. Approximately \$200,000 of the increase is from taxi licenses and \$500,000 is from trip fees, dwell time and permit fees from other modes of commercial ground transportation.

#### **FOOD & BEVERAGE**

Food and Beverage is projected to increase 34.55% from \$2,053,153 to \$2,762,420. This significant change can be attributed to the following:

1. The 1997 budget anticipated no growth from facilities that were under construction, but were installing temporary facilities. These facilities have shown increases in revenue.
2. Passenger activity continues to grow.
3. As more and more brand name facilities come on-line revenue continues to grow. An example of this trend is Starbucks Coffee which is at the top or near the top nationwide in sales per square foot.

#### **MERCHANDISE & PERSONAL SERVICES**

This area is projected to increase 32.26% from \$2,442,696 to \$3,230,708. The change can be attributed to the same factors as identified above in the Food and Beverage area. An example of brand sales continually exceeding expectations is Wilson's Leather.

#### **OTHER CONCESSIONS**

This area includes advertising (indoor and outdoor), telephones, vending, auto services, and in-flight catering. The decrease of 20.74% from \$3,130,270 to \$2,481,034 can be attributed to the following:

1. The concessions expansion/renovation plan in the Lindbergh Terminal results in reduced advertising space available (\$125,000 reduction) and the removal of the game room (video games - \$204,000 reduction). It is projected that the revenue generated from the name-brand facilities once completed will more than offset the lost revenue from these two areas.

## **MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION**

### **REVENUE ASSUMPTIONS – 1998 OPERATING BUDGET**

2. Outdoor advertising will be reduced by \$190,000 due to some leases which will or have expired and not be renewed (\$190,000 reduction).
3. An "On Airport" parking garage and auto service center lease expired and was not renewed (\$102,000 reduction).

#### **OTHER**

The Other category is projected to increase 11.05% from \$12,092,961 to \$13,427,619. Included in this category are Building Rentals, Lobby Fees, Ground Rent–Southwest Cargo Area, Ground Rent–Other, Utilities, and Other.

#### **LOBBY FEES/HHH TERMINAL FEES**

When the new International Arrivals Facility opened in November 1996, most of the international arrival passengers moved from the Humphrey Terminal to the Lindbergh Terminal. This resulted in the Humphrey Terminal operating at a deficit in 1997. The Commission had directed staff to make this facility breakeven. As a result, a new fee structure was developed in 1997 revising the old Ordinance which had established the previous fee structure. The new fee structure is based on operations rather than passengers, and will ensure the facility breaks even after the phase in period. The increase in fees is necessary to offset the movement of international arriving passengers from the Humphrey Terminal to the Lindbergh Terminal and will be phased in over a two year period beginning in 1998. The increase is from \$1,000,000 to \$1,121,930.

#### **GROUND RENT – OTHER**

The fees for this category are set by a Commission Ordinance. The Ordinance establishes a policy whereby every five years an airport land appraisal will be conducted to ensure that the proper rates are being charged. In 1997 an appraisal for all airport ground rent was completed. This resulted in most categories of ground rent receiving a fee increase. Additional revenue for 1998 is estimated at \$808,616.

#### **UTILITIES**

The increase in this category can be attributed to the change in rates for water and sewer charged to the MAC by the City of Minneapolis. MAC passes these rates on to the tenant through meters located on the airport. The 1998 budget is \$1,445,115, up from \$1,226,000 in 1997.

#### **OTHER**

The additional revenue in this category results from the following two items:

1. Reclassification of certain building rental items.

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### REVENUE ASSUMPTIONS – 1998 OPERATING BUDGET

2. An increase in fees charged to employees to ride the shuttle to and from the Humphrey and Lindbergh Terminals is the major reason for the change. The number of employees riding the bus continues to rise.

In addition, the movement of the employee lot has resulted in an increase in the current contract. The added revenue is estimated at \$153,000.

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## OPERATING EXPENSES – 1998 OPERATING BUDGET

	1996 Actual	1997 Estimate	1997 Budget	1998 Budget	1997 Budget vs 1998 Budget	
					Dollar Change	Percentage Change
<b>Personnel</b>						
Salaries & Wages	\$20,330,866	\$21,369,000	\$20,817,565	\$22,744,230	\$1,926,665	9.25%
Benefits	5,983,336	9,100,000	9,123,854	9,056,229	(67,625)	(0.74)
Commissioner Per Diem	26,450	31,000	29,350	29,350	0	0.00
Total Personnel	\$26,340,652	\$30,500,000	\$29,970,769	\$31,829,809	\$1,859,040	6.20%
<b>Administrative Expenses</b>	\$ 1,027,883	\$ 1,105,000	\$ 1,109,050	\$ 1,176,468	\$ 67,418	6.04%
<b>Professional Services</b>	\$ 4,040,174	\$ 3,550,000	\$ 3,436,283	\$ 3,721,798	\$ 285,515	8.32%
<b>Utilities</b>	\$ 6,105,634	\$ 5,450,000	\$ 5,300,090	\$ 5,804,849	\$ 504,759	9.53%
<b>Operating Services</b>						
Parking Management	\$ 3,830,276	\$ 3,850,000	\$ 3,655,750	\$ 4,038,250	\$ 382,500	10.46%
Shuttle Bus Services	1,722,601	1,800,000	1,631,967	2,774,714	1,142,747	70.02
Service Agreements	709,570	860,000	858,662	932,658	73,996	8.62
Storm Water Monitoring	1,175,111	1,220,000	1,370,000	1,225,000	(145,000)	(10.58)
Other	1,267,914	1,323,000	1,535,860	1,609,397	73,537	4.79
Total Operating Services	\$ 8,705,472	\$ 9,053,000	\$ 9,052,239	\$10,580,019	\$1,527,780	16.87%
<b>Maintenance</b>						
Trades	\$ 481,267	\$ 725,000	\$ 608,634	\$ 623,134	\$ 14,500	2.38%
Field	1,622,989	1,590,000	1,468,588	1,660,553	191,965	13.07
Building	1,451,623	1,750,000	1,403,209	1,484,816	81,607	5.82
Equipment	1,092,961	1,110,000	960,305	1,079,975	119,670	12.46
Cleaning	3,358,297	3,650,000	3,595,999	3,764,228	168,229	4.68
Total Maintenance	\$ 8,007,137	\$ 8,825,000	\$ 8,036,735	\$ 8,612,706	\$ 575,971	7.17%
<b>Depreciation</b>	\$26,527,633	\$34,400,000	\$34,395,384	\$36,502,136	\$2,106,752	6.13%
<b>Other</b>						
General Insurance	\$ 1,114,058	\$ 1,225,000	\$ 1,237,097	\$ 1,237,097	\$ 0	0.00%
Minor Equipment	367,607	332,000	239,460	283,770	44,310	18.50
Other	227,397	450,000	234,392	311,832	77,440	33.04
Reimbursed Expense	(1,231,700)	(1,160,000)	(1,278,000)	(1,278,000)	0	0.00
Total Other	\$ 477,362	\$ 847,000	\$ 432,949	\$ 554,699	\$ 121,750	28.18%
<b>Total Operating Expense</b>	<b>\$81,231,947</b>	<b>\$93,730,000</b>	<b>\$91,733,499</b>	<b>\$98,782,484</b>	<b>\$7,048,985</b>	<b>7.68%</b>

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### EXPENSE ASSUMPTIONS – 1998 OPERATING BUDGET

The Finance Committee, after lengthy discussion with the staff, determined that the 1998 expense budget should be developed under the following guidelines:

- Any changes from the 1997 service center budgets needed justification and detailed analysis to support the change.
- The year 1998 would be a year in which capital equipment purchases would catch up with what staff felt was required to do their job.

As a result of these guidelines 51% of the service centers developed budgets that were at the same level or lower than their 1997 budget.

Based on the information supplied by budget specialists, utility companies, suppliers and historical analysis the 1998 expense budget is projected to increase 7.68% from \$91,733,499 to \$98,782,484.

(\$ = 000)						1997 Budget vs 1998 Budget	
OPERATING EXPENSE	1996 Actual	1996 Budget	1997 Estimate	1997 Budget	1998 Budget	Dollar Change	Percentage Change
Personnel	\$26,341	\$26,441	\$30,500	\$29,971	\$31,830	\$1,859	6.20%
Administrative Expenses	1,028	1,084	1,105	1,109	1,176	67	6.04
Professional Services	4,040	3,929	3,550	3,436	3,722	286	8.32
Utilities	6,105	5,080	5,450	5,300	5,805	505	9.53
Operating Services	8,705	8,757	9,053	9,053	10,580	1,527	16.87
Maintenance	8,007	7,430	8,825	8,037	8,613	576	7.17
Depreciation	26,528	26,701	34,400	34,395	36,502	2,107	6.13
Other *	477	288	847	433	555	122	28.18
Total Operating Expense	<u>\$81,231</u>	<u>\$79,710</u>	<u>\$93,730</u>	<u>\$91,734</u>	<u>\$98,783</u>	<u>\$7,049</u>	7.68%

\* Includes General Insurance, Minor Equipment, Reimbursed Expense and miscellaneous items.

### PERSONNEL

Personnel costs are projected to increase 6.20% or \$1,859,040 over the 1997 budget. The increase can be attributed to the following items:

1. Headcount – Staff has proposed an increase of 26 positions over the current staffing level of 433. The new positions for 1998 are:
  - Staff Development Coordinator – This position will be responsible for Commission wide training and development. The existing coordinator is now responsible for strategic planning for the organization.
  - Communications Specialists – This individual will focus on external and media relations, draft press materials, field inquiries and assist the Director of Public Affairs in day-to-day activities.



## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### EXPENSE ASSUMPTIONS – 1998 OPERATING BUDGET

- Reliever Airport Engineer – In Airport Development the magnitude of the Capital Improvement Program (CIP) now requires the full attention of an engineer. The new position will focus on the reliever airport system and provide support for MSP. There is a corresponding decrease in Professional Service as a result of this added position.
- Network Support – This MIS position will support the expanding technology infrastructure and the increasing numbers of employees on the internal network.
- Communications Coordinator – The Communications service center has responded to the continued increase in calls over the past 5 years. This position will allow for expanded double coverage and allow for better response time in dispatching and answering questions from the public.
- Administrative Assistant, Landside (half time) – Due to the relocation of the Airport Director's Office, there is no longer any administrative support for this service center.
- Assistant Manager, Landside – This position will provide additional support in parking, commercial vehicles and taxis. Currently this service center is not able to provide an adequate level of service.
- Lost and Found Badging Clerk, Police (half time) – Due to the continued increase in tenants and construction projects, security badging and lost and found activity have increased to the point where the current staff can no longer manage the facility. The Police have reduced their budget in various areas in order to accommodate this position.
- Solid Waste Management Specialist, Environment – This new position will facilitate solid waste management with all MAC tenants. This program demonstrated a proactive approach to environmental issues. There is a corresponding decrease in Professional Services to accommodate this position.
- Automation Technician, Facilities – This position will allow for better and quicker responses to problems with the temperature control equipment. There is a corresponding reduction in the service contract (Operating Services) that offsets this additional position.
- Electrician – Additional areas within the Lindbergh Terminal and Field is a reason for this need. Another is the continued re-lamping and changing of the ballast throughout the terminal. A temporary electrician will no longer be needed and this position will reduce the need for outside contractors.
- Carpenter – Again, expanding facilities is the reason for this position. Current staffing levels cannot respond in a timely manner to all of the requests that come in. This position will eliminate the need for a temporary carpenter and reduce the need to contract out smaller jobs.
- Field Maintenance Workers (10) – These workers will be added to both the day and night shifts. More equipment is used around the clock. Expanded facilities and aging facilities require more attention to maintain them. These positions will also allow for a safe and more efficient environment, particularly in winter months.
- Equipment Mechanic Specialists (2) and Equipment Service Worker (1) – As more and more equipment is used around the clock, it is imperative that, if there is a breakdown, the equipment can be put back into service as quickly as possible. These positions will also enhance the existing preventative maintenance program.

## **MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION**

### **EXPENSE ASSUMPTIONS – 1998 OPERATING BUDGET**

- Auditor – This position will aid in conducting tenants' audits, internal service center audits and contract audits. The current staff (2) is unable to respond to both staff and Commission requests in a timely manner.

These 26 positions will add approximately \$650,000 to the 1998 budget.

2. Wages for 1998 will increase as a result of salary and contract adjustments. These are estimated at \$725,000.
3. Positions budgeted for a partial year in 1997 will be on staff for all of 1998. This will result in an increase of \$225,000.
4. The balance of the increase, approximately \$200,000, is spread throughout severance, education, uniforms, fire adjustment and temporaries.

#### **ADMINISTRATIVE**

This category is projected to increase 6.04% or \$67,418. The increase can be attributed to the following areas: Travel/Registration Fees–Executive, Brochure Printing–Federal Government Affairs and Marketing and increased operating supplies required by Landside.

#### **PROFESSIONAL SERVICES**

Professional Services are estimated to increase 8.32% or \$285,515. The increase is the result of the following significant items:

1. Executive \$50,000 – In the past unanticipated requests to utilize various consultants have been made on this service center. To accommodate these requests other service centers would forfeit dollars or forego planned projects. It is anticipated that these requests will continue in the future.
2. Commercial Management/Airport Affairs \$55,000 – These fees are related to non-project costs associated with the Concessions Development plan. The implementation of this plan is aligned with MAC's strategic planning goals two, four and six.
3. Aviation Noise Program \$50,000 – These costs are related to the Differential Global Positioning System (DGPS) segmented approach at St. Paul Downtown Airport. This system allows runway approaches from the same existing ground station rather than having systems at each runway (\$20,000). In addition, hardware consulting costs are needed to maintain and update the existing noise computer network (\$30,000).
4. The remainder of this increase represents costs spent throughout the organization. In no instance is the increase in any service center greater than \$25,000.

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### EXPENSE ASSUMPTIONS – 1998 OPERATING BUDGET

The following table identifies the major consulting areas:

<u>Type of Service</u>	<u>Department</u>	<u>Dollars</u>
Accounting & Audit Fees	Finance	\$ 113,000
Legal Fees	General Counsel	476,000
	Environmental/Noise	86,000
	Reliever Airports	36,000
Engineering Fees	Planning & Development - General	248,000
	Planning & Development - MSP	650,000
Environmental Engineering	Environmental - MSP/Relievers	525,000
Legislative	Marketing Affairs - National	87,000
	Labor/Legislative - Local	81,000
Computer Services	Landside Operations	145,000
Strategic Planning	Deputy - Administration	100,000
		<u>\$2,547,000</u>

### UTILITIES

Utilities are increasing 9.53% or \$504,759 over the 1997 budget. These changes can be attributed to the following items:

1. The 1997 budget assumed no change in electrical rates because of the pending merger between NSP and Wisconsin Electric. The merger was not approved and as a result, rates increased. Additional facilities add to the increase. The budgeted increase for 1998 for electricity is \$250,000.
2. Natural Gas/Fuel Oil is projected to increase \$150,000. Prices for natural gas have not followed historical patterns (up and down), but have remained high (\$30,000 for rate increases). Also, the 1997 budget anticipated that Hangars I and II would be demolished. At the present time, these hangars are not scheduled to be destroyed until mid to late 1998. This will account for approximately \$70,000 of the increase. The remainder of the increase is due to fuel oil. For the past three years no fuel oil purchases were budgeted, yet the Commission incurred \$40,000 to \$60,000 in expense. Fuel oil was not budgeted because for the period 1990 through 1995 little or no fuel oil was needed. This change will result in an additional \$50,000.
3. Indications from the City of Minneapolis are that water and sewer rates will be up 5 to 7% in 1998. This will result in additional costs of approximately \$75,000.

### OPERATING SERVICES

Operating Services are projected to increase 16.87% or \$1,527,780. Major components of this category include Shuttle Bus Services, Parking Management Contracts, Service Agreements and Storm Water Monitoring. Together these items compromise over 84% of this category. The increase can be attributed to changes in shuttle bus services and the parking management contract.

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### EXPENSE ASSUMPTIONS – 1998 OPERATING BUDGET

#### SHUTTLE BUS SERVICES

1. All three of the shuttle bus services (Lindbergh/Humphrey, Regional Terminal and Auto Rental) are being increased significantly.

<u>Shuttle Service</u>	<u>1997 Budget</u>	<u>1998 Budget</u>	<u>Difference</u>
Auto Rental	\$ 634,000	\$ 750,000	\$ 116,000
Lindbergh/Humphrey *	819,000	1,338,000	519,000
Regional Terminal	<u>179,000</u>	<u>687,000</u>	<u>508,000</u>
	\$1,632,000	\$2,775,000	\$1,143,000

\* In 1997, \$222,000 was reallocated to this figure from other areas to maintain service levels.

- Auto Rental – An increase is projected due to additional ridership and the re-bid of the contract. The new contract will require new vehicles.
- Lindbergh/Humphrey – Increased costs are associated with the movement of the employee parking lot and ridership continues to be high even though nearly all of the international traffic has shifted to the Lindbergh Terminal.
- Regional Terminal – The operational cost of this shuttle is estimated to increase \$508,000 from \$179,000 to \$687,000. Northwest Airlines requested additional frequency of service with the movement of Mesaba (regional carrier) from the Gold Concourse to the Regional Terminal. The 1997 budget factored in ten minute service. Currently the service is every five minutes. The request included in the 1998 budget is service every three minutes.

#### PARKING MANAGEMENT CONTRACT

Under terms of the agreement, APCOA, the parking management firm is reimbursed for all personnel and operating costs. The increase in the budget from \$3,655,750 to \$4,038,250 (\$382,500) can be attributed to the following:

1. APCOA union contract settlement increased wages and benefits.
2. More cashier hours were added to the contract to cover longer peak activity periods and continued increased traffic flow.

#### MAINTENANCE

This category has five components: Trades (Painters, Carpenters, Electricians and Plumbers), Field, Building, Equipment and Cleaning. In total, the increase in this category is 7.17% or approximately \$575,971. The table below identifies the changes in the individual components:

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### EXPENSE ASSUMPTIONS – 1998 OPERATING BUDGET

<u>Components</u>	<u>1997 Budget</u>	<u>1998 Budget</u>	<u>Change</u>	
			<u>Dollars</u>	<u>Percentage</u>
Trades	\$ 609,000	\$ 623,000	\$ 14,000	2.3%
Field	1,469,000	1,661,000	192,000	13.1
Building	1,403,000	1,485,000	82,000	5.8
Equipment	960,000	1,080,000	120,000	12.5
Cleaning	<u>3,596,000</u>	<u>3,764,000</u>	<u>168,000</u>	<u>4.7</u>
	\$8,037,000	\$8,613,000	\$576,000	7.12%

#### FIELD

The \$192,000 increase can be attributed to the following:

1. Snow Removal Materials – The Environmental Permit for 1998 is anticipated to require MAC to discontinue urea deicer usage pending successful testing of suitable substitutes. To date the leading substitutes are Sodium Formate and liquid Potassium Acetate. Both of these alternatives are substantially more expensive. The 1998 budget includes \$120,000 in additional funds for this item.
2. Landscape/Turf Maintenance - The cost of materials and labor for maintaining and upgrading the landscaping around MSP International are expected to add \$50,000 to the budget. The majority of these dollars are for upgrading the existing landscaping.

#### BUILDING

The \$82,000 increase is due primarily to the new carrousel and conveyor maintenance contract. This contract is estimated to increase \$75,000.

#### EQUIPMENT

It is projected this area will increase in cost by \$120,000. This is the result of:

1. Parts – As more and more equipment is added to the MAC fleet the cost of parts increase. In addition, recent historical trends indicate that this area is rising due to more 24 hour a day usage.
2. Gasoline – Anticipated price increases as well as a larger fleet are the cause for the \$25,000 increase.

#### CLEANING

This area is estimated to increase \$168,000. Expanded facilities (Lindbergh Terminal), a new cleaning contract and added cleaning frequencies in the Lindbergh Terminal are the reasons for this change.

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### EXPENSE ASSUMPTIONS – 1998 OPERATING BUDGET

#### DEPRECIATION

MAC records depreciation on a gross basis for both budget and financial statement purposes. Depreciation will comprise 37% of the total 1998 budget. It will increase 6.13% or \$2,106,752 in 1998. Estimates for depreciation are derived from four sources:

1. Current Fixed Asset listing (as of 9/05/97).
2. The 1997 budgeted items not yet purchased or constructed. (These items are reviewed to determine status, i.e. to be constructed or purchased or a decision made not to move on them.)
3. The 1998 Preliminary Capital Improvement Plan.
4. The 1998 Budgeted Capital Equipment purchases.

The table below identifies major projects to be closed in 1997 and 1998.

<u>Major Projects Scheduled for Closing 1997/1998</u>	<u>Gross Depreciation</u>
1997 Pavement Reconstruction/Joint Sealing	\$ 175,000
Regional Airline Apron Construction	243,000
Ground Transportation Center – Valet Parking Office / West Vertical Circulation	224,000
Ground Transportation – East Vertical Circulation	116,667
Runway 12R/30L Reconstruction – Segment I	195,000
Equipment – 1997/1998	<u>700,000</u>
	<u>\$1,918,417</u>

#### OTHER

There are four major areas in this category: General Insurance, Minor Equipment, Reimbursed Expense and Other. This category is projected to increase 28.18% or \$121,750. No change is anticipated in the General Insurance or Reimbursed Expense areas. Minor Equipment (items costing less than \$5,000), especially tools and furniture, are adding \$46,000 to the budget. These items are increased due to additional headcount and expanded facilities. The Other area is increasing \$75,000 as a result of additional emergency supplies required in Maintenance and Fire.

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## OBJECT ACCOUNT BY SUBLEDGER - 1998 OPERATING BUDGET

	<u>Total</u>	<u>Lindbergh Terminal</u>	<u>Energy Mgmt. Center</u>	<u>Ramp Area</u>	<u>Field &amp; Runways</u>	<u>Control Tower</u>	<u>Terminal Roads / Landscape</u>	<u>Parking Lot</u>	<u>Int'l Arrival</u>
<b>Personnel</b>									
Wages									
Regular	20,925,749	399,661	587,979				635,428		
Overtime/Double Time									
Double Time - Regular	488,224		21,126						
Overtime - Regular	1,066,391	5,876	35,412				57,001		
Overtime - Special Events	<u>1,592</u>								
Total Overtime/Double Time	1,556,207	5,876	56,538				57,001		
Commissioner Per Diem	29,350								
Temps - Administration	154,406						18,360		
Snow Shovellers	13,008								
Temporary 49ers	66,060								
Grass Cutters	<u>28,800</u>								
Total Wages	22,773,580	405,537	644,517				710,789		
Benefits									
Employee Insurance - Family	2,800,000	64,190	90,180				124,918		
Pension - FICA (Social Security) Base	2,972,177	60,186	82,166				88,894		
Training									
Continuing Education (College)	157,329	3,000	1,500				6,500		
Executive Leadership Training	45,000								
Management Requirements	37,720	920	1,000				1,500		
Organizational Requirements	44,400	500							
Regulatory Requirements	29,000								
Local Seminars	<u>108,684</u>	<u>1,800</u>					<u>500</u>		
Total Training	422,033	6,220	2,500				8,500		
Post Retirement Benefit	2,375,000	21,889	71,141				98,502		
Workers Compensation	250,000	7,232	10,446				3,214		
Uniforms									
Uniforms - Police/Fire Allowance	55,375								
Uniforms - Rental	47,443	1,800	1,000				4,550		
Uniforms - Safety Shoes	<u>6,794</u>		<u>500</u>						
Total Uniforms	109,612	1,800	1,500				4,550		
Severance - Contract Allowance	127,407	2,311	3,663				3,972		
Total Benefits	<u>9,056,229</u>	<u>163,828</u>	<u>261,596</u>				<u>332,550</u>		
Total Personnel	31,829,809	569,365	906,113				1,043,339		
<b>Administrative Expenses</b>									
Supplies									
Office Supplies & Materials	91,322	700	800		4,800		5,200		
Computer Supplies									
Computer Supplies - General	56,620	500							
Computer Supplies - Software	<u>36,924</u>							12,500	
Total Computer Supplies	93,544	500						12,500	
Special Supplies									
Special Supplies - Badging	12,000								
Special Supplies - Film/Photo	36,150				1,800		2,000		
Special Supplies - Other	<u>11,250</u>						<u>1,500</u>		
Total Special Supplies	59,400				1,800		3,500		
Total Supplies	244,266	1,200	800		6,600		8,700	12,500	
Travel									
Travel - Lodging	15,600								
Travel - Meals	5,450								
Travel - Miscellaneous	1,360								
Travel - Transportation									
Travel - Transportation/Airfare	329,208	4,000	1,000		25,000		6,700		
Travel - Shuttle/Taxi/Auto	<u>805</u>								
Total Travel - Transportation	330,013	4,000	1,000		25,000		6,700		
Registration Fees	28,730				6,000				
Mileage	<u>42,079</u>	<u>500</u>	<u>350</u>		<u>480</u>		<u>750</u>		
Total Travel	423,232	4,500	1,350		31,480		7,450		

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## OBJECT ACCOUNT BY SUBLEDGER - 1998 OPERATING BUDGET

	Total	Lindbergh Terminal	Energy Mgmt. Center	Ramp Area	Field & Runways	Control Tower	Terminal Roads / Landscape	Parking Lot	Int'l Arrival
<b>Other Administrative Expenses</b>									
Local Meetings									
Local Meetings – On Airport/GO	18,880	1,400					750		
Local Meetings – Off Airport	39,780	1,400	150				300		
Total Local Meetings	58,660	2,800	150				1,050		
<b>Information Sources</b>									
Memberships/Dues/Pro. Assoc.	132,375				900		2,000		
Other Information Sources	61,450	1,900	100				850		
Publications/Subscriptions	40,995	500			3,600				
Total Information Sources	234,820	2,400	100		4,500		2,850		
<b>Printing Costs</b>									
Printing – Publications	96,400						4,600		
Printing – Color Charts	3,980								
Printing – Forms	17,700						2,500		
Printing – Stationary/Envelopes	15,200								
Total Printing Costs	133,280						7,100		
Delivery Services	16,520	500	200		1,200		120		
Freight Charges	4,040	500	200		600				
Postage	61,650								
Total Other Administrative Expenses	508,970	6,200	650		6,300		11,120		
<b>Total Administrative Expenses</b>	<b>1,176,468</b>	<b>11,900</b>	<b>2,800</b>		<b>44,380</b>		<b>27,270</b>	<b>12,500</b>	
<b>Professional Services</b>									
Accounting/Audit Fees	138,000								
Affirmative Action Fees	14,000								
RFP/Leases									
Airline Agreement	50,000								
Architect Fees – Concessions	25,000								
Concept Development/Feasibility	26,000								
RFP/Lease Evaluation	20,000								
Total RFP/Leases	121,000								
<b>Computer Services</b>									
General									
Hardware Consulting	30,000								
Software Consulting	97,737								
Total General	127,737								
<b>Terminal Services</b>									
Terminal Services – Ground Transportation	70,000						70,000		
Terminal Services – Parking	75,000							75,000	
Total Terminal Services	145,000						70,000	75,000	
Total Computer Services	272,737						70,000	75,000	
Engineering Fees	858,763	125,287	14,663	19,826	217,073		11,429	25,000	
Graphic Design	68,955								
Labor Relations	30,000								
Legal Fees									
Legal – Environmental	86,000								
Legal – General	409,600							4,500	
Legal – Federal	66,000								
Legal – Relievers	36,000								
Total Legal Fees	597,600							4,500	
<b>Legislative</b>									
Legislative – Local	81,000								
Legislative – National	87,500								
Total Legislative	168,500								
<b>Medical Fees</b>									
Planning – MSP International	650,000				650,000				
Strategic Planning	100,000								
Pollution/Environmental Fees	9,000				3,000				
Public Information Services	50,905								
Recruiting & Employment Fees	25,000								



# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## OBJECT ACCOUNT BY SUBLEDGER - 1998 OPERATING BUDGET

	Total	Lindbergh Terminal	Energy Mgmt. Center	Ramp Area	Field & Runways	Control Tower	Terminal Roads / Landscape	Parking Lot	Int'l Arrival
<b>Safety Consultants</b>									
Safety – Training	44,870	3,000	2,500						
Safety – General	1,500								
Total Safety Consultants	46,370	3,000	2,500						
Communications Consultant	92,830	2,500					2,000		
Other/Miscellaneous	453,638	13,750			28,500		32,550	37,500	
<b>Total Professional Services</b>	3,721,798	144,537	17,163	19,826	898,573		115,979	142,000	
<b>Utilities</b>									
Electricity	2,476,012	1,147,007	284,988		147,000	25,008	147,025	215,907	
Heating Fuel – Natural Gas	1,165,141	4,014	800,029		11,988	2,002	54,008		
Sewer	1,184,012	581,427	5,091			1,267	3,315	2,013	
Water	686,105	260,533	3,327			600	39,006	3,000	
Telephones									
Telephones – Regular	260,029	4,014							
Telephones – Cellular	33,550	350	640		2,400		1,200		
Total Telephones	293,579	4,364	640		2,400		1,200		
<b>Total Utilities</b>	5,804,849	1,997,345	1,094,075		161,388	28,877	244,554	220,920	
<b>Operating Services/Expenses</b>									
<b>Advertising</b>									
Advertising – Bids	6,000								
Advertising – Employment	25,000								
Advertising – Events									
Advertising – Airport Days	17,500								
Advertising Special Events	5,000								
Total Advertising – Events	22,500								
Advertising – General	189,500							500	
Advertising – Parking	120,000							120,000	
Advertising – Relievers	45,000								
Total Advertising	408,000							120,500	
<b>Environmental Control</b>									
Hazardous Waste – General	19,250		500						
Pollution Control – Supplies	30,000		2,000	25,000					
Industrial Waste Management	37,000				37,000				
Laboratory Services	4,500								
Solvent Reclamation Service	6,000		750						
Spill Response	6,000								
Tire Disposal	2,040								
Other	600				600				
Total Environmental Control	105,390		3,250	25,000	37,600				
<b>Ground Transportation Services</b>									
AV ID Readers/Controllers	19,000						19,000		
AV ID Tags	30,000						30,000		
Commercial Roadway Tickets	3,500						3,500		
Total Ground Transportation Services	52,500						52,500		
<b>Shuttle Services</b>									
Auto Rental	750,000						750,000		
Lindbergh/Regional	686,977	686,977							
Lindbergh/Humphrey	1,337,737	533,895					535,895		
Total Shuttle Services	2,774,714	1,220,872					1,285,895		
<b>Parking Lots</b>									
Lot Tickets	49,500							49,500	
Management Contract	4,038,250							4,038,250	
Total Parking Lots	4,087,750							4,087,750	
Met Council Fees – General Fees	150,000				150,000				

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## OBJECT ACCOUNT BY SUBLEDGER - 1998 OPERATING BUDGET

	Total	Lindbergh Terminal	Energy Mgmt. Center	Ramp Area	Field & Runways	Control Tower	Terminal Roads / Landscape	Parking Lot	Int'l Arrival
<b>Employee Programs</b>									
ERRT									
ERRT - Award	18,000								
ERRT - Recognition	43,700	1,600	1,200				2,900		
Total ERRT	61,700	1,600	1,200				2,900		
<b>Holidays</b>									
Holidays - Holiday Catering	7,500								
Holidays - Miscellaneous	2,710								
Total Holidays	10,210								
Picnic	3,000								
Hospital Fund	1,500								
Retirement - Awards	5,500								
Service - Awards	10,000								
<b>Wellness</b>									
Wellness - Fitness Program	90,000								
Wellness - Health/Wellness	1,500								
Wellness - Nutrition/Stress	25,000								
Total Wellness	116,500								
Total Employee Programs	208,410	1,600	1,200				2,900		
<b>Events</b>									
Airport Days									
Airport Days - Other Expenses	13,100				500				
Airport Days - Rentals	45,000								
Total Airport Days	58,100				500				
Emergency Response Exercise - Other	6,350								
Picnic/Other Events	29,200						2,000		
Total Events	93,650				500		2,000		
<b>Other Charges/Fees</b>									
Bank Charges	162,000							60,000	
Security Services	145,000								
Recycling	1,700								
Copy Agreement	152,500								
Mediation Fees	8,000								
Miscellaneous Charges/Fees	68,747								
Jail Fees	4,000								
Total Other Charges/Fees	541,947							60,000	
<b>Service Agreements</b>									
Service - Computers	289,127							6,675	
Service - Fitness Equipment	5,000								
Service - Ground Transportation Equipment	117,300						117,300		
Service - Office Equipment	15,263	600			1,080				
Service - Other Equipment	82,033	2,600			480		7,500		
Service - Parking Equipment	192,000							192,000	
Service - Telephone Systems	43,735								
Service - Secured Access	113,200				113,200				
Service - Radios	75,000	1,500			21,100			600	
Storm Water Monitoring	1,225,000				1,225,000				
Total Service Agreements	2,157,658	4,700			1,360,860		124,800	199,275	
<b>Total Operating Services/Expenses</b>	10,580,019	1,227,172	4,450	25,000	1,548,960		1,468,095	4,467,525	
<b>Maintenance</b>									
Trades - Painters									
Paint									
Equipment - Paint	12,000	12,000							
Exterior - Paint	10,000	10,000							
Interior - Paint	13,000	8,000							
Paint - Other	7,000						3,000		
Traffic Paint - Parking	11,000							11,000	
Reliever Airport - Paint	8,000								
Traffic Paint - Roads	6,000								
Traffic Paint - Runways	25,000				25,000				
Total Paint	92,000	30,000			25,000		3,000	11,000	

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## OBJECT ACCOUNT BY SUBLEDGER - 1998 OPERATING BUDGET

	Total	Lindbergh Terminal	Energy Mgmt. Center	Ramp Area	Field & Runways	Control Tower	Terminal Roads / Landscape	Parking Lot	Int'l Arrival
Signs									
Regulatory – Signs	13,000								
Exterior Sign Materials	6,000								
Interior Sign Materials	4,000								
Reliever Airport Signs	4,800								
Total Signs	27,800								
Supplies									
Brushes & Supplies	5,000								
Paint Supplies – Other	3,500								
Equipment Spray	6,800								
Paint Tools	2,000								
Total Supplies	17,300								
Total Trades – Painters	137,100	30,000			25,000		3,000	11,000	
Trades – Carpenters									
Locks									
Locks – Doors	30,040	13,811			1,212			1,812	
Locks – Other	1,200	400							
Total Locks	31,240	14,211			1,212			1,812	
Flags – Material	450								
Lumber									
Lumber – Cabinets	11,050	5,000			450			600	
Lumber – Acoustical Ceiling	2,000	720			100			140	
Lumber – New Construction	16,400	6,000			800			1,100	
Lumber – Other	7,000								
Lumber – Remodeling	16,430	6,000			850			1,100	
Total Lumber	52,880	17,720			2,200			2,940	
Other									
Other – Floor Coverings	7,500	2,000							
Other – Hardware	9,000	3,880			400			560	
Other – Miscellaneous	1,000	1,000							
Other – Saw Blades	1,050	250			50			50	
Other – Tools	11,450	4,800			450			630	
Total Other	30,000	11,930			900			1,240	
Total Trades – Carpenters	114,570	43,861			4,312			5,992	
Trades – Plumbers									
Contractor Requirements – Water Meters	1,850	500				50	500		
Fire Protection System	17,424	5,894	750						
General Plumbing Supplies	17,170	8,000				335	500		
Irrigation Supplies	8,700	1,800							
Pumps	1,950	300							
Underground Utilities	2,000	1,100				30	300		
Water Distribution Systems	6,700	2,000				1,050	800		
Water Meters	4,000								
Plumbing – Tools	2,870	1,000				45	400		
Plumbing – Other	18,700	1,000				100	500		
Total Trades – Plumbers	81,364	21,594	750			1,610	3,000		
Trades – Electricians									
Repairs									
Electrical – Exterior	9,000								
Electrical – Interior	29,000								
Total Repairs	38,000								
Other									
Other – Batteries	4,000								
Other – Field Lights/Sensors	137,000			9,000	128,000				
Other – Gate Supplies	36,000	36,000							
Other – General Supplies	51,000								

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## OBJECT ACCOUNT BY SUBLEDGER - 1998 OPERATING BUDGET

	Total	Lindbergh Terminal	Energy Mgmt. Center	Ramp Area	Field & Runways	Control Tower	Terminal Roads / Landscape	Parking Lot	Int'l Arrival
Other - Motor	8,000								
Other - Secured Access System	10,000				10,000				
Other - Tools	6,000								
Total Other	<u>252,100</u>	<u>36,000</u>		<u>9,000</u>	<u>138,000</u>				
Total Trades - Electricians	290,100	36,000		9,000	138,000				
Maintenance - Field									
Snow Removal - Materials									
Materials - Liquid Anti Icer	43,128			1,696	41,432				
Materials - Sodium Formate	32,304				32,304				
Materials - Other Ice Control	4,668			888	2,580		228	744	
Materials - Salt	48,540						23,520		
Materials - Sand	116,940				81,564		10,188	10,188	
Materials - Urea	<u>290,020</u>			<u>27,444</u>	<u>254,076</u>				
Total Snow Removal - Materials	535,600			30,028	411,956		33,936	10,932	
Snow Removal - Equipment									
Equipment - Bobcats	25,000							25,000	
Equipment - Four Wheel Drive	50,000						10,000	40,000	
Equipment - Snow Haulers	52,000			40,000	5,000			5,000	
Equipment - Other	50,000			10,000	5,000			10,000	
Equipment - Rental - No Operator	244,212			62,724	62,724		8,961	8,961	
Equipment - Rental - No Operator - 5.5	<u>35,148</u>			<u>12,302</u>	<u>12,302</u>		<u>1,757</u>	<u>1,757</u>	
Total Snow Removal - Equipment	456,360			125,026	85,026		20,718	90,718	
Snow Removal - Miscellaneous									
Snow Removal - Meals	8,400				8,400				
Snow Removal - Plow Blades	24,000			4,800	4,800		4,800	4,800	
Snow Removal - Runway Brooms	<u>28,000</u>				<u>28,000</u>				
Total Snow Removal - Miscellaneous	60,400			4,800	41,200		4,800	4,800	
Summer Maintenance - Surface									
Surface Repair - Aggregate	13,200							7,020	
Surface Repair - Asphalt	64,500			15,000	15,000			3,000	
Surface Repair - Cement	10,120			2,880	2,800			720	
Surface Repair - Other	7,500						4,125	2,250	
Surface Repair - Re - Bar	1,400			1,400					
Surface Rubber Removal	45,000				37,500				
Surface Repair - Saw Blades	28,100			8,100	15,000				
Surface Repair - Hot Sealant	<u>34,500</u>			<u>2,000</u>			<u>2,000</u>	<u>18,000</u>	
Total Summer Maintenance - Surface	204,320			29,380	70,300		6,125	30,990	
Summer Maintenance - Landscape									
Summer Maintenance - Fencing	30,000				15,000				
Landscape/Turf - Materials	124,365				24,000		68,750		
Summer Maint. - Equip. Rental - LT	37,648			12,302	12,302		1,758	1,758	
Summer Maint. - Equip. Rental - No Op.	30,000			10,500	10,500		1,500	1,500	
Landscape/Turf - Agreement	<u>92,600</u>						<u>61,750</u>		
Total Summer Maintenance - Landscape	314,613			22,802	61,802		133,758	3,258	
Maintenance Field - Other									
Field Maintenance - Other/Emergencies	62,000	20,000			20,000	10,000			
Field Maintenance - Other - Material	2,500								
Field Maintenance - Other - Supplies	13,100			4,800	4,800				
Field Maintenance - Other - Tools	<u>11,660</u>			<u>4,360</u>	<u>4,800</u>				
Total Maintenance Field - Other	<u>89,260</u>	<u>20,000</u>		<u>9,160</u>	<u>29,600</u>	<u>10,000</u>			
Total Maintenance - Field	1,660,553	20,000		221,196	699,884	10,000	199,337	140,698	
Maintenance - Building									
Building - Temperature Control									
Temperature Control - Contracts	461,780	212,800				13,000	19,742	14,000	
Temperature Control - Filters	<u>113,200</u>		<u>100,500</u>			<u>300</u>			
Total Building - Temperature Control	574,980	212,800	100,500			13,300	19,742	14,000	

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## OBJECT ACCOUNT BY SUBLEDGER - 1998 OPERATING BUDGET

	Total	Lindbergh Terminal	Energy Mgmt. Center	Ramp Area	Field & Runways	Control Tower	Terminal Roads / Landscape	Parking Lot	Int'l Arrival
<b>Building – Mechanical Areas</b>									
Mechanical Areas – Carrousel	73,320	23,400							
Mechanical Areas – Conveyors	197,790	117,985							39,120
Mechanical Areas – Doors	27,500								
Mechanical Areas – Doors/Pub	24,825	10,000				2,225	8,900		
Mechanical Areas – Doors/Tug	6,160	5,160							
Mechanical Areas – Elevators	229,985	115,556				12,767	63,837		8,093
Mechanical Areas – Escalator	143,734	92,540				5,507	33,837		5,000
Mechanical Areas – Other	<u>3,850</u>	<u>3,250</u>							
Total Building – Mechanical Areas	707,164	367,891				20,499	106,574		52,213
<b>Building – Other</b>									
Other – Boiler Chemicals	14,500		11,000			1,500			
Other – Floors/Repairs	3,000	3,000							
Other – Outside Plumbing/Sewer	31,565								
Other – Roofing	54,200	5,500				2,000	2,100		
Other – Supplies	87,392	27,824	10,000			10,656	13,320		
Other – Tools	<u>12,015</u>	<u>1,736</u>	<u>2,200</u>			<u>1,446</u>	<u>1,843</u>		
Total Building – Other	202,672	38,060	23,200			1,500	14,102	17,263	
Total Maintenance – Building	1,484,816	618,751	123,700			14,800	54,343	137,837	52,213
<b>Maintenance – Cleaning</b>									
<b>Cleaning Services</b>									
Cleaning Services – Janitor	2,904,081	1,729,779				27,516	109,639	276,849	
Cleaning Services – Windows	<u>163,499</u>	<u>100,894</u>				<u>1,694</u>	<u>6,400</u>	<u>16,188</u>	
Total Cleaning Services	3,067,580	1,830,673				29,210	116,039	293,037	
<b>Cleaning Supplies</b>									
Cleaning Supplies – Bathroom	252,794	169,444				10,167	10,167		
Cleaning Supplies – General	<u>20,656</u>	<u>2,000</u>	<u>600</u>						
Total Cleaning Supplies	273,450	171,444	600			10,167	10,167		
<b>Rubbish Disposal</b>									
Rubbish Disposal – Recycle	29,980	28,000							
Rubbish Disposal – Regular	<u>386,250</u>	<u>84,000</u>			174,000	<u>1,650</u>	<u>9,000</u>		
Total Rubbish Disposal	416,230	112,000			174,000	1,650	9,000		
Towel & Laundry Services	3,520	1,000							
Other Cleaning Expenses	<u>3,448</u>								
Total Maintenance – Cleaning	3,764,228	2,115,117	600		174,000	41,027	135,206	293,037	
<b>Maintenance – Equipment</b>									
<b>Equipment – Parts</b>									
Parts – Automobiles	406,825								
Parts – Chiller Energy Management	29,400		29,400						
Parts – Equipment	163,200							32,000	
Parts – Other Equipment	<u>76,900</u>	<u>5,000</u>			<u>51,900</u>				
Total Equipment – Parts	676,325	5,000	29,400		51,900			32,000	
<b>Equipment – Shop</b>									
Shop – Garbage Bags	12,500				12,000				
Shop – Batteries	14,000								
Shop – Cleaners/Degreasers	37,000								
Shop – Oil & Filters	34,500								
Shop – Other Supplies	30,000		2,000						
Shop – Tires	33,000								
Shop – Tools	<u>21,000</u>								
Total Equipment – Shop	182,000		2,000		12,000				
Equipment – Gas – Unleaded	196,150		300					3,000	
<b>Equipment – Extinguishers</b>									
Extinguishers – Purchase	1,000								
Extinguishers – Repair	1,000								
Extinguishers – Reservice	<u>1,000</u>								
Total Equipment – Extinguishers	3,000								

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## OBJECT ACCOUNT BY SUBLEDGER - 1998 OPERATING BUDGET

	Total	Lindbergh Terminal	Energy Mgmt. Center	Ramp Area	Field & Runways	Control Tower	Terminal Roads / Landscape	Parking Lot	Int'l Arrival
Total Equipment – Miscellaneous Expenses	<u>22,500</u>						<u>4,500</u>		
Total Maintenance – Equipment	<u>1,079,975</u>	<u>5,000</u>	<u>31,700</u>		<u>63,900</u>		<u>4,500</u>	<u>35,000</u>	
<b>Total Maintenance</b>	<b>8,612,706</b>	<b>2,890,323</b>	<b>156,750</b>	<b>230,196</b>	<b>1,105,096</b>	<b>26,410</b>	<b>305,207</b>	<b>465,733</b>	<b>345,250</b>
<b>Other</b>									
General Insurance – Airport Liability	1,237,097	299,630		40,292	68,513		23,350	84,251	
Safety									
Safety – Training Materials	5,375		500						
Safety – Supplies	47,500		4,000						
Safety – Equipment	<u>6,500</u>								
Total Safety	<u>59,375</u>		<u>4,500</u>						
Medical Information/Supplies									
Medical – Routine Supplies	15,877	2,005	487						
Medical – Emergency Response	<u>4,300</u>	<u>4,000</u>							
Total Medical Information/Supplies	<u>20,177</u>	<u>6,005</u>	<u>487</u>						
Rentals									
Rental – Copiers	10,500								
Rental – Pagers	10,400								
Rental – Other Equipment	<u>30,030</u>								
Total Rentals	<u>50,930</u>								
Licenses/Permits									
Licenses – Autos/Equipment	16,020								
Licenses – Environmental	4,520								
Licenses – Other	<u>6,635</u>								
Total Licenses/Permits	<u>27,175</u>								
Miscellaneous Expenses									
Misc. – Firearm/Equip./Supplies	49,830								
Misc. – Emergency Response	57,080								
Misc. – Other	<u>42,430</u>								
Total Miscellaneous Expenses	<u>149,340</u>								
Reimbursed Expenses	(1,278,000)	(9,000)		(37,500)	(45,000)		(18,000)		
<b>Capital Assets</b>									
Minor Equipment/Assets									
Minor Assets – Tools	138,999	2,800					70,000		
Minor Assets – Office Furniture	103,499	6,000					4,500		
Minor Assets – Computers	11,484							12,500	
Minor Assets – Radios	25,650								
Minor Assets – Other	<u>8,973</u>								
Total Minor Equipment/Assets	<u>288,605</u>	<u>8,800</u>					<u>74,500</u>	<u>12,500</u>	
<b>Total Capital Assets</b>	<b>288,605</b>	<b>8,800</b>					<b>74,500</b>	<b>12,500</b>	
Other	554,699	305,435	4,987	2,792	23,513		79,850	96,751	
Gross Depreciation – Main Office	<u>36,502,136</u>	<u>5,050,093</u>	<u>368,490</u>	<u>649,288</u>	<u>6,910,641</u>		<u>2,913,920</u>	<u>4,273,582</u>	<u>1,354,999</u>
<b>Total Expenses</b>	<b><u>98,782,484</u></b>	<b><u>12,196,170</u></b>	<b><u>2,554,838</u></b>	<b><u>927,102</u></b>	<b><u>10,692,551</u></b>	<b><u>55,287</u></b>	<b><u>6,198,214</u></b>	<b><u>9,679,011</u></b>	<b><u>1,700,249</u></b>

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## OBJECT ACCOUNT BY SUBLEDGER - 1998 OPERATING BUDGET

	<u>Cargo Area</u>	<u>HHH Terminal</u>	<u>Public Area Roads</u>	<u>W. Term. Area / Building</u>	<u>Hangars &amp; Other Buildings</u>	<u>Maintenance Employees</u>	<u>Equipment Maintenance</u>	<u>Inventory/ Trades</u>	<u>Green Concourse</u>
<b>Personnel</b>									
Wages									
Regular		61,151		94,723		5,133,277			
Overtime/Double Time									
Double Time - Regular						359,549			
Overtime - Regular				8,153		277,922			
Overtime - Special Events									
Total Overtime/Double Time				8,153		637,471			
Commissioner Per Diem									
Temps - Administration						21,680			
Snow Shovellers						13,008			
Temporary 49ers						66,060			
Grass Cutters						28,800			
Total Wages		61,151		102,876		5,900,296			
Benefits									
Employee Insurance Family		10,209		16,956		665,170			
Pension - FICA (Social Security) Base		7,583		12,757		753,653			
Training									
Continuing Education (College)		1,000				5,579			
Executive Leadership Train									
Management Requirements		500		750		5,150			
Organizational Requirements						2,400			
Regulatory Requirements						1,200			
Local Seminars		250		2,410		7,360		800	
Total Training		1,750		3,160		21,689		800	
Post Retirement Benefits		5,472		10,945		667,627			
Workers Compensation		179		1,607		87,589			
Uniforms									
Uniforms - Police/Fire Allowance									
Uniforms - Rental						24,700		1,800	
Uniforms - Safety Shoes						5,994		300	
Total Uniforms						30,694		2,100	
Severance - Contract Allowance		349		586		32,938			
Total Benefits		25,542		46,011		2,259,360		2,900	
<b>Total Personnel</b>		86,693		148,887		8,159,656		2,900	
<b>Administrative Expenses</b>									
Supplies									
Office Supplies & Materials		250		500				4,510	
Computer Supplies									
Computer Supplies - General									
Computer Supplies - Software									
Computer - Tools									
Total Computer Supplies									
Special Supplies									
Special Supplies - Badging									
Special Supply - Film/Photo		50						100	
Special Supplies - Other								300	
Total Special Supplies		50						400	
Total Supplies		300		500				4,910	
Travel									
Travel - Lodging								750	
Travel - Meals								750	
Travel - Miscellaneous								100	
Travel - Transportation									
Travel - Transportation/Airfare		3,000					3,384	9,325	
Travel - Shuttle/Taxi/Auto								150	
Total Travel - Transportation		3,000					3,384	9,475	
Registration Fees		1,000						1,450	
Mileage		400		1,000				125	
Total Travel		4,400		1,000			3,384	12,650	

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## OBJECT ACCOUNT BY SUBLEDGER - 1998 OPERATING BUDGET

	Cargo Area	HHH Terminal	Public Area Roads	W. Term. Area / Building	Hangars & Other Buildings	Maintenance Employees	Equipment Maintenance	Inventory/ Trades	Green Concourse
Other Administrative Expenses									
Local Meetings									
Local Meetings – On Airport/GO				200				1,000	
Local Meetings – Off Airport		900						650	
Total Local Meetings		900		200				1,650	
Information Sources									
Memberships/Dues/Pro. Assoc.								750	
Other Information Sources		100				150			
Publications/Subscriptions		250		250			250	875	
Total Information Sources		350		250		150	250	1,625	
Printing Costs									
Printing – Publications									
Printing – Color Charts									
Printing – Forms									
Printing – Stationary/Envelopes									
Total Printing Costs									
Delivery Services				250				220	
Freight Charges				500				120	
Postage									
Total Other Administrative Expenses		1,250		1,200		150	250	3,615	
<b>Total Administrative Expenses</b>		<b>5,950</b>		<b>2,700</b>		<b>150</b>	<b>3,634</b>	<b>21,175</b>	
<b>Professional Services</b>									
Accounting/Audit Fees									
Affirmative Action Fees									
RFP/Leases									
Airline Agreement									
Architect Fees – Concessions									
Concept Development/Feasibility									
RFP/Lease Evaluation									
Total RFP/Leases									
Computer Services									
General									
ANOMS Consulting									
Hardware Consulting									
Software Consulting									
Total General									
Terminal Services									
Terminal Services – Ground Transportation									
Terminal Services – Parking									
Total Terminal Services									
Total Computer Services									
Engineering Fees		9,489	11,429						
Graphic Design									
Labor Relations									
Legal Fees									
Legal – Environmental									
Legal – General									
Legal – Federal									
Legal – Relievers									
Total Legal Fees									
Legislative									
Legislative – Local									
Legislative – National									
Total Legislative									
Medical Fees									
Planning – MSP Int'l									
Strategic Planning									
Pollution/Environmental Fees									
Public Information Services									
Recruiting & Employment Fees									



# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## OBJECT ACCOUNT BY SUBLEDGER - 1998 OPERATING BUDGET

	<u>Cargo Area</u>	<u>HHH Terminal</u>	<u>Public Area Roads</u>	<u>W. Term. Area / Building</u>	<u>Hangars &amp; Other Buildings</u>	<u>Maintenance Employees</u>	<u>Equipment Maintenance</u>	<u>Inventory/ Trades</u>	<u>Green Concourse</u>
Safety Consultants									
Safety – Training						12,170		9,500	
Safety – General									
Total Safety Consultants						<u>12,170</u>		<u>9,500</u>	
Communications Consultant		500							
Other/Miscellaneous		<u>1,250</u>				<u>5,400</u>			<u>2,000</u>
<b>Total Professional Services</b>		11,239	11,429			17,570		9,500	2,000
<b>Utilities</b>									
Electricity	1,015	130,015	1,040	62,965	53,729			78,019	
Heating Fuel – Natural Gas		54,019		48,021	80,002			60,005	
Sewer		1,208	560,008	1,800				5,701	
Water		6,303	357,000	919				4,200	
Telephones									
Telephones – Regular								1,427	
Telephones – Cellular				<u>300</u>			<u>450</u>	<u>2,010</u>	
Total Telephones				<u>300</u>			<u>450</u>	<u>3,437</u>	
<b>Total Utilities</b>	1,015	191,545	918,048	114,005	133,731		450	151,362	
<b>Operating Services/Expenses</b>									
Advertising									
Advertising – Bids									
Advertising – Employment									
Advertising – Events									
Advertising – Airport Days									
Advertising Special Events									
Total Advertising – Events									
Advertising – General									
Advertising – Parking									
Advertising – Relievers									
Total Advertising									
Environmental Control									
Hazardous Waste – General							2,000	14,000	
Pollution Control – Supplies							3,000		
Industrial Waste Management									
Laboratory Services									
Solvent Reclamation Service							2,000	750	
Spill Response							2,000	1,000	
Tire Disposal							840		
Other									
Total Environmental Control							<u>9,840</u>	<u>15,750</u>	
Ground Transportation Services									
AV ID Readers/Controllers									
AV ID Tags									
Commercial Roadway Tickets									
Total Ground Transportation Services									
Shuttle Services									
Auto Rental									
Lindbergh/Regional									
Lindbergh/Humphrey		<u>267,947</u>							
Total Shuttle Services		267,947							
Parking Lots									
Lot Tickets									
Management Contract									
Total Parking Lots									
Met Council Fees – General Fees									

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## OBJECT ACCOUNT BY SUBLEDGER - 1998 OPERATING BUDGET

	<u>Cargo Area</u>	<u>HHH Terminal</u>	<u>Public Area Roads</u>	<u>W. Term. Area / Building</u>	<u>Hangars &amp; Other Buildings</u>	<u>Maintenance Employees</u>	<u>Equipment Maintenance</u>	<u>Inventory/ Trades</u>	<u>Green Concourse</u>
Employee Programs									
ERRT									
ERRT – Awards									
ERRT – Recognition				100		11,100			
Total ERRT				100		11,100			
Holidays									
Holidays – Holiday Catering									
Holidays – Miscellaneous									
Total Holidays									
Picnic									
Hospital Fund									
Retirement – Awards									
Service – Awards									
Wellness									
Wellness – Fitness Program									
Wellness – Health/Wellness									
Wellness – Nutrition/Stress									
Total Wellness									
Total Employee Programs				100		11,100			
Events									
Airport Days									
Airport Days – Other Expense						1,000		2,500	
Airport Days – Rentals									
Total Airport Days						1,000		2,500	
Emergency Response Exercise – Other									
Picnic/Other Events									
Total Events						1,000		2,500	
Other Charges/Fees									
Bank Charges									
Security Services									
Recycling									
Copy Agreement									
Mediation Fees									
Miscellaneous Charges/Fees						3,050			
Jail Fees									
Total Other Charges/Fees						3,050			
Service Agreements									
Service – Computers									
Service – Fitness Equipment									
Service – Ground Transportation Equipment									
Service – Office Equipment		1,200		250		300			
Service – Other Equipment		10,200		5,000					
Service – Parking Equipment									
Service – Telephone Systems		500							
Service – Secured Access									
Service – Radios							25,000		
Storm Water Monitoring									
Total Service Agreements		11,900		5,250		300	25,000		
Total Operating Services/Expenses		279,847		5,350		15,450	34,840	18,250	
Maintenance									
Trades – Painters									
Paint									
Equipment – Paint									
Exterior – Paint									
Interior – Paint		1,000		1,000			3,000		
Paint – Other								4,000	
Traffic Paint – Parking									
Reliever Airport – Paint									
Traffic Paint – Roads			6,000						
Traffic Paint – Runways									
Total Paint		1,000	6,000	1,000			3,000	4,000	

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## OBJECT ACCOUNT BY SUBLEDGER - 1998 OPERATING BUDGET

	<u>Cargo Area</u>	<u>HHH Terminal</u>	<u>Public Area Roads</u>	<u>W. Term. Area / Building</u>	<u>Hangars &amp; Other Buildings</u>	<u>Maintenance Employees</u>	<u>Equipment Maintenance</u>	<u>Inventory/ Trades</u>	<u>Green Concourse</u>
Signs									
Regulatory – Signs								13,000	
Exterior Sign Materials								6,000	
Interior Sign Materials								4,000	
Reliever Airport Signs									
Total Signs								23,000	
Supplies									
Brushes & Supplies								5,000	
Paint Supplies – Other								3,000	
Equipment Spray								6,800	
Paint Tools						2,000			
Total Supplies						2,000		14,800	
Total Trades – Painters		1,000	6,000	1,000		2,000	3,000	41,800	
Trades – Carpenters									
Locks									
Locks – Doors		2,517	2,412	1,917	2,711				
Locks – Other		200		100	100				
Total Locks		2,717	2,412	2,017	2,811				
Flags – Material								200	
Lumber									
Lumber – Cabinets		600	850	500	750				
Lumber – Acoustical Ceiling		102	180	100	160				
Lumber – New Construction		1,000	1,500	850	1,300				
Lumber – Other									
Lumber – Remodeling		1,000	1,400	800	1,300				
Total Lumber		2,720	3,930	2,250	3,510				
Other									
Other – Floor Coverings				5,500					
Other – Hardware		480	720	400	640				
Other – Miscellaneous									
Other – Saw Blades		60	50	50	50				
Other – Tools		540	800	450	720				
Total Other		1,080	1,570	6,400	1,410				
Total Trades – Carpenters		6,517	7,912	10,667	7,731			200	
Trades – Plumbers									
Contractor Requirements – Water Meters		500	50	50					50
Fire Protection System		3,000		1,050					1,500
General Plumbing Supplies		3,000	600	60					3,000
Irrigation Supplies			6,000						
Pumps		500							1,000
Underground Utilities		300	60	60					50
Water Distribution Systems		800	300	300					800
Water Meters								4,000	
Plumbing – Tools		500	90	90					500
Plumbing – Other		500	200	200					500
Total Trades – Plumbers		9,100	7,300	2,350				4,000	7,400
Trades – Electricians									
Repairs									
Electrical – Exterior									
Electrical – Interior									
Total Repairs									
Other									
Other – Batteries								4,000	
Other – Field Lights/Sensors									
Other – Gate Supplies									
Other – General Supplies								51,000	

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## OBJECT ACCOUNT BY SUBLEDGER - 1998 OPERATING BUDGET

	Cargo Area	HHH Terminal	Public Area Roads	W. Term. Area / Building	Hangars & Other Buildings	Maintenance Employees	Equipment Maintenance	Inventory/ Trades	Green Concourse
Other - Motor								8,000	
Other - Secured Access System									
Other - Tools								6,000	
Total Other								69,100	
Total Trades - Electricians								69,100	
Maintenance - Field									
Snow Removal - Materials									
Materials - Liquid Anti Icer									
Materials - Sodium Formate									
Materials - Other Ice Control			228						
Materials - Salt			23,520						
Materials - Sand									
Materials - Urea									
Total Snow Removal - Materials			23,748						
Snow Removal - Equipment									
Equipment - Bobcats									
Equipment - Four Wheel Drive									
Equipment - Snow Haulers									
Equipment - Other						25,000			
Equipment - Rental - No Operator			35,842						
Equipment - Rental - No Operator - 5.5			7,030						
Total Snow Removal - Equipment			42,872						
Snow Removal - Miscellaneous									
Snow Removal - Meals									
Snow Removal - Plow Blades			4,800						
Snow Removal - Runway Brooms									
Total Snow Removal - Miscellaneous			4,800						
Summer Maintenance - Surface									
Surface Repair - Aggregate			780						
Surface Repair - Asphalt			3,000						
Surface Repair - Cement			720						
Surface Repair - Other			1,125						
Surface Repair - Re - Bar									
Surface Rubber Removal									
Surface Repair - Saw Blades									
Surface Repair - Hot Sealant									
Total Summer Maintenance - Surface			5,625						
Summer Maintenance - Landscape									
Summer Maintenance - Fencing									
Landscape/Turf - Materials			5,600						
Summer Maintenance - Equip. Rental - LT			7,028						
Summer Maintenance - Equip. Rental - No Op.			6,000						
Landscape/Turf - Agreement			4,200						
Total Summer Maintenance - Landscape			22,828						
Maintenance Field - Other									
Field Maintenance - Other/Emergencies			12,000						
Field Maintenance - Other - Material									
Field Maintenance - Other - Supplies									
Field Maintenance - Other - Tools									
Total Maintenance Field - Other			12,000						
Total Maintenance - Field			111,873			25,000			
Maintenance - Building									
Building - Temperature Control									
Temperature Control - Contracts		32,738		26,000	19,500			32,500	42,500
Temperature Control - Filters				300	450			750	
Total Building - Temperature Control		32,738		26,300	19,950			33,250	42,500

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## OBJECT ACCOUNT BY SUBLEDGER - 1998 OPERATING BUDGET

	Cargo Area	HHH Terminal	Public Area Roads	W. Term. Area / Building	Hangars & Other Buildings	Maintenance Employees	Equipment Maintenance	Inventory/ Trades	Green Concourse
Building - Mechanical Areas									
Mechanical Areas - Carrousel		49,920							
Mechanical Areas - Conveyors		40,685							
Mechanical Areas - Doors				5,000	10,000				
Mechanical Areas - Doors/Pub		3,700							
Mechanical Areas - Doors/Tug		700							300
Mechanical Areas - Elevators		3,168			1,500				18,564
Mechanical Areas - Escalator									6,850
Mechanical Areas - Other									600
Total Building - Mechanical Areas		98,173		5,000	11,500				26,314
Building - Other									
Other - Boiler Chemicals				1,500					
Other - Floors/Repairs									
Other - Outside Plumbing/Sewer				28,065			3,500		
Other - Roofing		2,100		3,000	6,000			4,000	2,500
Other - Supplies		10,000		4,000					592
Other - Tools		1,446		300					544
Total Building - Other		13,546		36,865	6,000		3,500	4,000	3,636
Total Maintenance - Building		144,457		68,165	37,450		3,500	37,250	72,450
Maintenance - Cleaning									
Cleaning Services									
Cleaning Services - Janitor		235,787		45,752	17,157			17,157	361,830
Cleaning Services - Windows		13,741		1,125	125			750	21,082
Total Cleaning Services		249,528		46,877	17,282			17,907	382,912
Cleaning Supplies									
Cleaning Supplies - Bathroom		30,500		3,957	440			2,638	23,722
Cleaning Supplies - General				5,325			600	290	1,741
Total Cleaning Supplies		30,500		9,282	440		600	2,928	25,463
Rubbish Disposal									
Rubbish Disposal - Recycle		1,080							900
Rubbish Disposal - Regular		28,500	2,100	24,000				21,000	9,600
Total Rubbish Disposal		29,580	2,100	24,000				21,000	10,500
Towel & Laundry Services							720	200	
Other Cleaning Expenses									
Total Maintenance - Cleaning		309,608	2,100	80,159	17,722		1,320	42,035	418,875
Maintenance - Equipment									
Equipment - Parts									
Parts - Automobiles							344,680		
Parts - Chiller Energy Management									
Parts - Equipment									
Parts - Other Equipment		10,000							
Total Equipment - Parts		10,000					344,680		
Equipment - Shop									
Shop - Garbage Bags									
Shop - Batteries							12,000		
Shop - Cleaners/Degreasers							36,000		
Shop - Oil & Filters							30,000		
Shop - Other Supplies								1,000	
Shop - Tires							25,000		
Shop - Tools							15,000		
Total Equipment - Shop							118,000	1,000	
Equipment - Gas - Unleaded							111,000		
Equipment - Extinguishers									
Extinguishers - Purchase									
Extinguishers - Repair									
Extinguishers - Reservice									
Total Equipment - Extinguishers									

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## OBJECT ACCOUNT BY SUBLEDGER - 1998 OPERATING BUDGET

	Cargo Area	HHH Terminal	Public Area Roads	W. Term. Area / Building	Hangars & Other Buildings	Maintenance Employees	Equipment Maintenance	Inventory/ Trades	Green Concourse
Total Equipment – Miscellaneous Expenses		<u>3,000</u>							
Total Maintenance – Equipment		<u>13,000</u>					<u>573,680</u>	<u>1,000</u>	
<b>Total Maintenance</b>		<b>483,682</b>	<b>135,185</b>	<b>162,341</b>	<b>62,903</b>	<b>27,000</b>	<b>581,500</b>	<b>195,385</b>	<b>498,725</b>
<b>Other</b>									
General Insurance – Airport Liability		41,812	23,350	20,222	5,967		129,954	7,565	
Safety									
Safety – Training Materials							1,700	1,000	
Safety – Supplies						20,500		13,000	
Safety – Equipment									
Total Safety						<u>20,500</u>	<u>1,700</u>	<u>14,000</u>	
Medical Information/Supplies									
Medical – Routine Supplies								200	
Medical – Emergency Response				<u>300</u>					
Total Medical Information/Supplies				<u>300</u>				<u>200</u>	
Rentals									
Rental – Copier						1,500		500	
Rental – Pagers									
Rental – Other Equipment						<u>8,000</u>		<u>500</u>	
Total Rentals						<u>9,500</u>		<u>1,000</u>	
Licenses/Permits									
Licenses – Autos/Equipment									
Licenses – Environmental									
Licenses – Other								<u>1,500</u>	
Total Licenses/Permits								<u>1,500</u>	
Miscellaneous Expenses									
Misc. – Firearm/Equip./Supplies									
Misc. – Emergency Response									
Misc. – Other				<u>10,000</u>					
Total Miscellaneous Expenses				<u>10,000</u>					
Reimbursed Expenses		(18,000)					(4,500)	(3,000)	
<b>Capital Assets</b>									
Minor Equipment/Assets									
Minor Assets – Tools				5,200			21,749	3,450	
Minor Assets – Office Furniture				1,332			9,102	13,275	
Minor Assets – Computers									
Minor Assets – Radios							17,600	4,800	
Minor Assets – Other								<u>5,853</u>	
Total Minor Equipment/Assets				<u>6,532</u>		<u>7,000</u>	<u>48,451</u>	<u>27,378</u>	
<b>Total Capital Assets</b>				<b>6,532</b>		<b>7,000</b>	<b>48,451</b>	<b>27,378</b>	
Other		23,812	23,350	37,054	5,967	37,000	175,605	48,643	
Gross Depreciation – Main Office	<u>261,314</u>	<u>1,051,603</u>	<u>266,386</u>	<u>132,304</u>	<u>38,557</u>		<u>1,044,171</u>	<u>406,637</u>	
<b>Total Expenses</b>	<b><u>262,329</u></b>	<b><u>2,134,371</u></b>	<b><u>1,354,398</u></b>	<b><u>602,641</u></b>	<b><u>241,158</u></b>	<b><u>8,256,826</u></b>	<b><u>1,840,200</u></b>	<b><u>853,852</u></b>	<b><u>500,725</u></b>

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## OBJECT ACCOUNT BY SUBLEDGER - 1998 OPERATING BUDGET

	<u>Police</u>	<u>Fire</u>	<u>Administration</u>	<u>Communications/ Operations</u>	<u>Environment/ Noise</u>	<u>Reliever Airports</u>
<b>Personnel</b>						
Wages						
Regular	3,422,034	2,190,192	5,447,713	944,880	757,411	1,231,300
Overtime/Double Time						
Double Time - Regular						107,549
Overtime - Regular	214,545	163,460	72,771	122,468	7,750	101,233
Overtime - Special Events			1,592			
Total Overtime/Double Time	214,545	163,460	74,363	122,468	7,750	208,782
Commissioner Per Diem			29,350			
Temps - Administration			81,760		1,886	30,720
Snow Shovellers						
Temporary 49ers						
Grass Cutters						
Total Wages	3,656,579	2,353,652	5,633,186	1,067,348	766,847	1,470,802
Benefits						
Employee Insurance - Family	556,767	258,871	590,752	131,665	104,675	185,647
Pension FICA (Social Security) Base	510,185	303,104	722,532	132,521	87,847	210,749
Training						
Continuing Education (College)	30,000	4,000	70,050	4,000	14,000	17,700
Executive Leadership Training			45,000			
Management Requirements		3,000	17,750	5,250	1,800	
Organizational Requirements			41,000		500	
Regulatory Requirements		25,800	2,000			
Local Seminars	18,470	1,000	66,310	1,559	7,725	500
Total Training	48,470	33,800	242,110	10,809	24,025	18,200
Post Retirement Benefits	448,733	218,894	503,456	103,975	76,613	147,753
Workers Compensation	65,893	30,536	15,536	3,393	2,678	21,697
Unemployment Tax						
Uniforms						
Uniforms - Police/Fire Allowance	36,775	18,600				
Uniforms - Rental			1,600			11,993
Uniforms - Safety Shoes						
Total Uniforms	36,775	18,600	1,600			11,993
Severance Contract Allowance	20,835	12,795	31,734	5,978	4,038	8,208
Total Benefits	1,687,658	876,600	2,107,720	388,341	299,876	604,247
<b>Total Personnel</b>	<b>5,344,237</b>	<b>3,230,252</b>	<b>7,740,906</b>	<b>1,455,689</b>	<b>1,066,723</b>	<b>2,075,049</b>
<b>Administrative Expenses</b>						
Supplies						
Office Supplies & Materials	10,000	5,000	43,062	2,800	8,500	5,200
Computer Supplies						
Computer Supplies - General			45,820		3,500	6,800
Computer Supplies - Software			15,424	4,000	5,000	
Computer - Tools						
Total Computer Supplies			61,244	4,000	8,500	6,800
Special Supplies						
Special Supplies - Badging	12,000					
Special Supplies - Film/Photo	6,200		20,700	300	5,000	
Special Supplies - Other	1,250		4,150	1,500	2,550	
Total Special Supplies	19,450		24,850	1,800	7,550	
Total Supplies	29,450	5,000	129,156	8,600	24,550	12,000
Travel						
Travel - Lodging	3,600		4,000		4,250	3,000
Travel - Meals	1,500		1,300		900	1,000
Travel - Miscellaneous			260			1,000
Travel - Transportation						
Travel - Transportation/Airfare	21,750	8,600	204,849	13,600	21,000	7,000
Travel - Shuttle/Taxi/Auto			175		80	400
Total Travel - Transportation	21,750	8,600	205,024	13,600	21,080	7,400
Registration Fees	8,200		8,770		1,300	2,000
Mileage	3,500	2,000	30,154	100	2,220	500
Total Travel	38,550	10,600	249,518	13,700	29,750	14,900

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## OBJECT ACCOUNT BY SUBLEDGER - 1998 OPERATING BUDGET

	<u>Police</u>	<u>Fire</u>	<u>Administration</u>	<u>Communications/ Operations</u>	<u>Environment/ Noise</u>	<u>Reliever Airports</u>
Other Administrative Expense						
Local Meetings						
Local Meetings – On Airport/GO			12,980	650	1,400	500
Local Meetings – Off Airport	4,000		29,130		1,250	2,000
Total Local Meetings	4,000		42,110	650	2,650	2,500
Information Sources						
Memberships/Dues/Pro. Assoc.	6,500	600	114,950	2,625	2,250	1,800
Other Information Sources		7,300	32,000	2,350	15,200	1,500
Publications/Subscriptions		2,040	30,880	350	2,000	
Total Information Sources	6,500	9,940	177,830	5,325	19,450	3,300
Printing Costs						
Printing – Publications	4,750		84,050	200		2,800
Printing – Color Charts			1,480		2,000	500
Printing – Forms	3,000		12,200			
Printing – Stationary/Envelopes	3,000	600	11,600			
Total Printing Costs	10,750	600	109,330	200	2,000	3,300
Delivery Services	1,500	60	11,520	200	300	450
Freight Charges	200	120	1,200			600
Postage	1,050		60,000			660
Total Other Administrative Expenses	24,000	10,720	401,990	6,375	24,400	10,750
<b>Total Administrative Expenses</b>	<b>92,000</b>	<b>26,320</b>	<b>780,664</b>	<b>28,675</b>	<b>78,700</b>	<b>37,650</b>
<b>Professional Services</b>						
Accounting/Audit Fees			138,000			
Affirmative Action Fees			14,000			
RFP/Leases						
Airline Agreement			50,000			
Architect Fees – Concessions			25,000			
Concept Development/Feasibility			26,000			
RFP/Lease Evaluation			20,000			
Total RFP/Leases			121,000			
Computer Services						
General						
ANOMS Consulting					30,000	
Hardware Consulting					53,500	
Software Consulting			44,237		83,500	
Total General			44,237		83,500	
Terminal Services						
Terminal Services – Ground Transportation						
Terminal Services – Parking						
Total Terminal Services						
Total Computer Services			44,237		83,500	
Engineering Fees			48,709		59,773	316,085
Graphic Design			68,955			
Labor Relations			30,000			
Legal Fees						
Legal – Environmental					86,000	
Legal – General			405,100			
Legal – Federal			66,000			
Legal – Relievers						36,000
Total Legal Fees			471,100		86,000	36,000
Legislative						
Legislative – Local			81,000			
Legislative – National			87,500			
Total Legislative			168,500			
Medical Fees		10,500	9,000		5,000	
Planning – MSP Int'l						
Strategic Planning			100,000			
Pollution/Environmental Fees					3,000	3,000
Public Information Services			50,905			
Recruiting & Employment Fees			25,000			



# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## OBJECT ACCOUNT BY SUBLEDGER - 1998 OPERATING BUDGET

	<u>Police</u>	<u>Fire</u>	<u>Administration</u>	<u>Communications/ Operations</u>	<u>Environment/ Noise</u>	<u>Reliever Airports</u>
Safety Consultants						
Safety – Training	2,600	2,600	3,000	1,500		8,000
Safety – General					1,500	
Total Safety Consultants	<u>2,600</u>	<u>2,600</u>	<u>3,000</u>	<u>1,500</u>	<u>1,500</u>	<u>8,000</u>
Communications Consultant	1,400		85,930	500		
Other/Miscellaneous	<u>18,500</u>		<u>276,942</u>	<u>8,000</u>		<u>29,246</u>
<b>Total Professional Services</b>	<b>22,500</b>	<b>13,100</b>	<b>1,655,278</b>	<b>10,000</b>	<b>238,773</b>	<b>392,331</b>
<b>Utilities</b>						
Electricity		12,009	45,063		5,200	120,022
Heating Fuel – Natural Gas			15,039			36,014
Sewer		1,066	8,702			12,414
Water		617	8,143			2,457
Telephones						
Telephones – Regular	6,500	1,429	112,023	54,006	48,002	33,123
Telephones – Cellular	<u>3,200</u>	<u>1,800</u>	<u>9,260</u>	<u>6,500</u>	<u>1,440</u>	<u>4,000</u>
Total Telephones	<u>9,205</u>	<u>3,229</u>	<u>121,283</u>	<u>60,506</u>	<u>49,442</u>	<u>37,123</u>
<b>Total Utilities</b>	<b>9,205</b>	<b>16,921</b>	<b>198,230</b>	<b>60,506</b>	<b>54,642</b>	<b>208,030</b>
<b>Operating Services/Expenses</b>						
Advertising						
Advertising – Bids			6,000			
Advertising – Employment			25,000			
Advertising – Events						
Advertising – Airport Days			17,500			
Advertising Special Events			<u>5,000</u>			
Total Advertising – Events			<u>22,500</u>			
Advertising – General	1,500		187,500			
Advertising – Parking						
Advertising – Relievers						<u>45,000</u>
Total Advertising	<u>1,500</u>		<u>241,000</u>			<u>45,000</u>
Environmental Control						
Hazardous Waste – General	500	500				1,750
Pollution Control – Supplies						
Industrial Waste Management						
Laboratory Services					4,500	
Solvent Reclamation Service		1,000				1,500
Spill Response		1,000			1,000	1,000
Tire Disposal						1,200
Other						
Total Environmental Control	<u>500</u>	<u>2,500</u>			<u>5,500</u>	<u>5,450</u>
Ground Transportation Services						
AV ID Readers/Controllers						
AV ID Tags						
Commercial Roadway Tickets						
Total Ground Transportation Services						
Shuttle Services						
Auto Rental						
Lindbergh/Regional						
Lindbergh/Humphrey						
Total Shuttle Services						
Parking Lots						
Lot Tickets						
Management Contract						
Total Parking Lots						
Met Council Fees – General Fees						

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## OBJECT ACCOUNT BY SUBLEDGER - 1998 OPERATING BUDGET

	<u>Police</u>	<u>Fire</u>	<u>Administration</u>	<u>Communications/ Operations</u>	<u>Environment/ Noise</u>	<u>Reliever Airports</u>
Employee Programs						
ERRT						
ERRT - Awards			18,000			
ERRT - Recognition	8,200	3,900	9,400	1,700	1,000	2,600
Total ERRT	8,200	3,900	27,400	1,700	1,000	2,600
Holidays						
Holidays - Holiday Catering			7,500			
Holidays - Miscellaneous			2,710			
Total Holidays			10,210			
Picnic			3,000			
Hospital Fund			1,500			
Retirement - Awards			5,500			
Service - Awards			10,000			
Wellness						
Wellness - Fitness Program			90,000			
Wellness - Health/Wellness			1,500			
Wellness - Nutrition/Stress			25,000			
Total Wellness			116,500			
Total Employee Programs	8,200	3,900	174,110	1,700	1,000	2,600
Events						
Airport Days						
Airport Days - Other Expenses	1,000	2,500	2,400	1,000		2,200
Airport Days - Rentals			45,000			
Total Airport Days	1,000	2,500	47,400	1,000		2,200
Emergency Response Exercise - Other			6,350			
Picnic/Other Events	2,500		24,700			
Total Events	3,500	2,500	78,450	1,000		2,200
Other Charges/Fees						
Bank Charges			102,000			
Security Services	105,000					40,000
Recycling			1,700			
Copy Agreement			150,000			2,500
Mediation Fees			8,000			
Miscellaneous Charges/Fees	31,377	120	32,700			1,500
Jail Fees	4,000					
Total Other Charges/Fees	140,377	120	294,400			44,000
Service Agreements						
Service - Computers	18,502		142,700	5,250	116,000	
Service - Fitness Equipment			5,000			
Service - Ground Transportation Equipment						
Service - Office Equipment	3,750		2,583	5,500		
Service - Other Equipment	1,500	13,233	22,120	11,000	4,400	4,000
Service - Parking Equipment						
Service - Telephone Systems	1,825	1,800	31,610	8,000		
Service - Secured Access						
Service - Radios	10,400	9,400	1,800			5,200
Storm Water Monitoring						
Total Service Agreements	35,977	24,433	205,813	29,750	120,400	9,200
Total Operating Services/Expenses	190,054	33,453	993,773	32,450	126,900	108,450
Maintenance						
Trades - Painters						
Paint						
Equipment - Paint						
Exterior - Paint						
Interior - Paint						
Paint - Other						
Traffic Paint - Parking						
Reliever Airport - Paint						8,000
Traffic Paint - Roads						
Traffic Paint - Runways						
Total Paint						8,000

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## OBJECT ACCOUNT BY SUBLEDGER - 1998 OPERATING BUDGET

	<u>Police</u>	<u>Fire</u>	<u>Administration</u>	<u>Communications/ Operations</u>	<u>Environment/ Noise</u>	<u>Reliever Airports</u>
Signs						
Regulatory - Signs						
Exterior Sign Materials						
Interior Sign Materials						
Reliever Airport Signs						4,800
Total Signs						<u>4,800</u>
Supplies						
Brushes & Supplies						
Paint Supplies - Other						500
Equipment Spray						
Paint Tools						
Total Supplies						<u>500</u>
Total Trades - Painters						13,300
Trades - Carpenters						
Locks						
Locks - Doors	1,212	1,212	912	12		300
Locks - Other	<u>100</u>	<u>100</u>	<u>100</u>	<u>12</u>		<u>200</u>
Total Locks	1,312	1,212	1,012	12		500
Flags - Material						250
Lumber						
Lumber - Cabinets	500	500	900	400		
Lumber - Acoustical Ceiling	100	100	200	80		
Lumber - New Construction	800	800	1,600	650		
Lumber - Other						7,000
Lumber - Remodeling	<u>850</u>	<u>850</u>	<u>1,600</u>	<u>680</u>		
Total Lumber	2,250	2,250	4,300	1,810		7,000
Other						
Other - Floor Coverings						
Other - Hardware	400	400	800	320		
Other - Miscellaneous						
Other - Saw Blades	50	50	50	40		300
Other - Tools	<u>450</u>	<u>450</u>	<u>900</u>	<u>360</u>		<u>900</u>
Total Other	900	900	1,750	720		1,200
Total Trades - Carpenters	4,462	4,362	7,062	2,542		8,950
Trades - Plumbers						
Contractor Water Meters		50	100			
Fire Protection System			1,230			4,000
General Plumbing Supplies		335	800			
Irrigation Supplies			900			
Pumps		150				
Underground Utilities		50	50			
Water Distribution Systems		150	500			
Water Meters						
Plumbing - Tools		45	200			
Plumbing - Other		<u>100</u>	<u>600</u>			<u>15,000</u>
Total Trades - Plumbers		880	4,380			19,000
Trades - Electricians						
Repairs						
Electrical - Exterior						9,000
Electrical - Interior						<u>29,000</u>
Total Repairs						38,000
Other						
Other - Batteries						
Other - Field Lights/Sensors						
Other - Gate Supplies						
Other - General Supplies						

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## OBJECT ACCOUNT BY SUBLEDGER - 1998 OPERATING BUDGET

	<u>Police</u>	<u>Fire</u>	<u>Administration</u>	<u>Communications/ Operations</u>	<u>Environment/ Noise</u>	<u>Reliever Airports</u>
Other – Motor						
Other – Secured Access System						
Other – Tools						
Total Other						
Total Trades – Electricians						38,000
Maintenance – Field						
Snow Removal – Materials						
Materials – Liquid Anti Icer						
Materials – Sodium Formate						
Materials – Other Ice Control						
Materials – Salt						1,500
Materials – Sand						15,000
Materials – Urea						8,500
Total Snow Removal – Materials						25,000
Snow Removal – Equipment						
Equipment – Bobcats						
Equipment – Four Wheel Drive						
Equipment – Snow Haulers						2,000
Equipment – Other						
Equipment – Rent – No Operator						65,000
Equip Rent – No Operator – 5.5						
Total Snow Removal – Equipment						67,000
Snow Removal – Miscellaneous						
Snow Removal – Meals						
Snow Removal – Plow Blades						
Snow Removal – Runway Broom						
Total Snow Removal – Miscellaneous						
Summer Maintenance – Surface						
Surface Repair – Aggregate						5,400
Surface Repair – Asphalt						28,500
Surface Repair – Cement						3,000
Surface Repair – Other						
Surface Repair – Re – Bar						
Surface Rubber Removal						7,500
Surface Repair – Saw Blades						5,000
Surface Repair – Hot Sealant						12,500
Total Summer Maintenance – Surface						61,900
Summer Maintenance – Landscape						
Summer Maintenance – Fencing						15,000
Landscape/Turf – Materials			7,015			19,000
Summer Maintenance – Equip. Rental - LT						2,500
Summer Maintenance – Equip. Rental - No Operator						
Landscape/Turf – Agreement			26,650			
Total Summer Maintenance – Landscape			33,665			36,500
Maintenance Field – Other						
Field Maintenance – Other/Emergencies						
Field Maintenance – Other – Material						2,500
Field Maintenance – Other – Supplies						3,500
Field Maintenance – Other – Tools						2,500
Total Maintenance Field – Other						8,500
Total Maintenance – Field			33,665			198,900
Maintenance – Building						
Building – Temperature Control						
Temperature Control – Contracts		15,600	16,900		6,500	10,000
Temperature Control – Filters		360	390		150	10,000
Total Building – Temperature Control		15,960	17,290		6,650	20,000

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

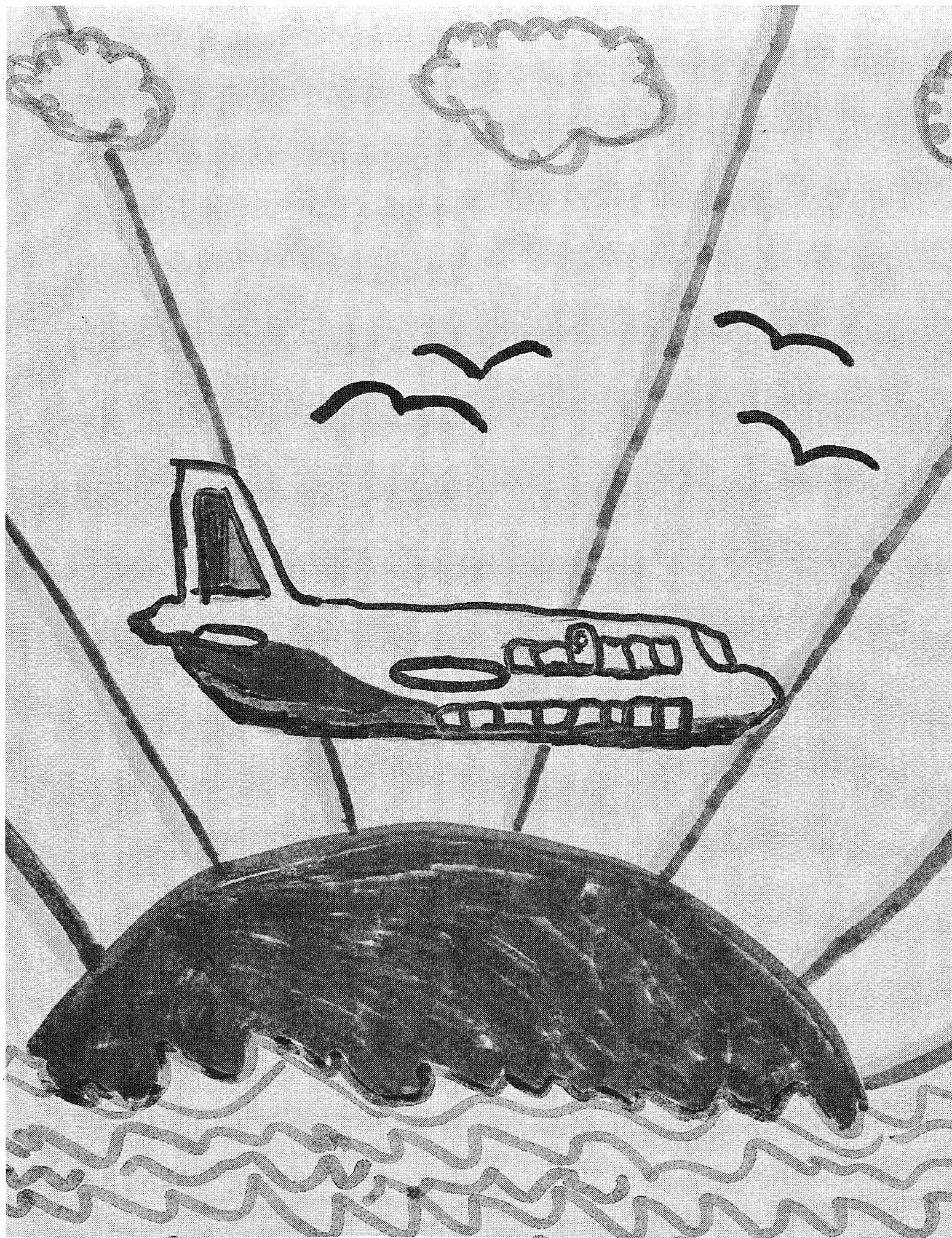
## OBJECT ACCOUNT BY SUBLEDGER - 1998 OPERATING BUDGET

	<u>Police</u>	<u>Fire</u>	<u>Administration</u>	<u>Communications/ Operations</u>	<u>Environment/ Noise</u>	<u>Reliever Airports</u>
Building - Mechanical Areas						
Mechanical Areas - Carrousel						
Mechanical Areas - Conveyors						
Mechanical Areas - Doors		5,000				7,500
Mechanical Areas - Doors/Pub						
Mechanical Areas - Doors/Tug						
Mechanical Areas - Elevators			1,500			5,000
Mechanical Areas - Escalator						
Mechanical Areas - Other						
Total Building - Mechanical Areas		<u>5,000</u>	<u>1,500</u>			<u>12,000</u>
Building - Other						
Other - Boiler Chemicals						500
Other - Floors/Repairs						
Other - Outside Plumbing/Sewer						
Other - Roofing		4,000	3,000			20,000
Other - Supplies						11,000
Other - Tools						<u>2,500</u>
Total Building - Other		<u>4,000</u>	<u>3,000</u>			<u>34,000</u>
Total Maintenance - Building		24,960	21,790		6,650	66,500
Maintenance - Cleaning						
Cleaning Services						
Cleaning Services - Janitor			34,315			48,300
Cleaning Services - Windows			<u>500</u>			<u>1,000</u>
Total Cleaning Services			34,815			49,300
Cleaning Supplies						
Cleaning Supplies - Bathroom			1,759			
Cleaning Supplies - General						<u>10,100</u>
Total Cleaning Supplies			<u>1,759</u>			10,100
Rubbish Disposal						
Rubbish Disposal - Recycle						
Rubbish Disposal - Regular			<u>12,000</u>			<u>20,400</u>
Total Rubbish Disposal			12,000			20,400
Towel & Laundry Services						1,600
Other Cleaning Expenses		<u>1,948</u>				<u>1,500</u>
Total Maintenance - Cleaning		1,948	48,574			82,900
Maintenance - Equipment						
Equipment - Parts						
Parts - Automobiles	37,760	19,260		1,625		3,500
Parts - Chiller Energy Management						
Parts - Equipment	3,000		1,000			127,200
Parts - Other Equipment						<u>10,000</u>
Total Equipment - Parts	<u>40,760</u>	<u>19,260</u>	<u>1,000</u>	<u>1,625</u>		<u>140,700</u>
Equipment - Shop						
Shop - Garbage Bags						500
Shop - Batteries						2,000
Shop - Cleaners/Degreasers						1,000
Shop - Oil & Filters						4,500
Shop - Other Supplies						27,000
Shop - Tires						8,000
Shop - Tools						<u>6,000</u>
Total Equipment - Shop						49,000
Equipment - Gas-Unleaded	18,600	8,550	10,800	3,000	900	40,000
Equipment - Extinguishers						
Extinguishers - Purchase		1,000				
Extinguishers - Repair		<u>1,000</u>				
Extinguishers - Reservice		<u>1,000</u>				
Total Equipment - Extinguishers		3,000				

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## OBJECT ACCOUNT BY SUBLEDGER - 1998 OPERATING BUDGET

	<u>Police</u>	<u>Fire</u>	<u>Administration</u>	<u>Communications/ Operations</u>	<u>Environment/ Noise</u>	<u>Reliever Airports</u>
Total Equipment – Miscellaneous Expenses						<u>15,000</u>
Total Maintenance – Equipment	<u>59,360</u>	<u>30,810</u>	<u>11,800</u>	<u>4,625</u>	<u>900</u>	<u>244,700</u>
<b>Total Maintenance</b>	<b>63,822</b>	<b>62,960</b>	<b>127,271</b>	<b>7,167</b>	<b>7,550</b>	<b>672,250</b>
<b>Other</b>						
General Insurance – Airport Liability	147,652	106,350	65,505	5,927	4,364	162,253
Safety						
Safety – Training Materials	1,175	250	250			500
Safety – Supplies	750	750	800		500	7,200
Safety – Equipment					<u>6,500</u>	
Total Safety	<u>1,925</u>	<u>1,000</u>	<u>1,050</u>		<u>7,000</u>	<u>7,700</u>
Medical Information/Supplies						
Medical – Routine Supplies	3,800	4,000	1,500	350		3,535
Medical – Emergency Response						
Total Medical Information/Supplies	<u>3,800</u>	<u>4,000</u>	<u>1,500</u>	<u>350</u>		<u>3,535</u>
Rentals						
Rental – Copier			8,500			
Rental – Pagers			10,400			
Rental – Other Equipment	<u>1,230</u>		<u>12,400</u>		<u>6,000</u>	<u>1,900</u>
Total Rentals	<u>1,230</u>		<u>31,300</u>		<u>6,000</u>	<u>1,900</u>
Licenses/Permits						
Licenses – Autos/Equipment			15,000			1,020
Licenses – Environmental					3,500	1,020
Licenses – Other		<u>100</u>			<u>1,000</u>	<u>4,035</u>
Total Licenses/Permits		<u>100</u>	<u>15,000</u>		<u>4,500</u>	<u>6,075</u>
Miscellaneous Expenses						
Misc. – Firearm/Equip./Supplies	7,500	42,080		250		
Misc. – Emergency Response	500	46,500				10,080
Misc. – Other		<u>22,480</u>	<u>9,950</u>			
Total Miscellaneous Expenses	<u>8,000</u>	<u>111,060</u>	<u>9,950</u>	<u>250</u>		<u>10,080</u>
Reimbursed Expense	(525,000)	(183,000)	(222,000)			(213,000)
<b>Capital Assets</b>						
Minor Equipment/Assets						
Minor Assets – Tools	12,000		4,500	9,550	2,000	750
Minor Assets – Office Furniture	1,000		48,700		2,000	17,590
Minor Assets – Computers			15,000		(18,266)	2,250
Minor Assets – Radios					1,000	2,250
Minor Assets – Other			<u>600</u>		<u>1,500</u>	<u>1,020</u>
Total Minor Equipment/Assets	<u>13,000</u>		<u>68,800</u>	<u>9,550</u>	<u>(11,766)</u>	<u>23,860</u>
<b>Total Capital Assets</b>	<b><u>13,000</u></b>		<b><u>68,800</u></b>	<b><u>9,550</u></b>	<b><u>(11,766)</u></b>	<b><u>23,860</u></b>
Other	(349,393)	39,510	(28,795)	16,117	10,098	2,403
Gross Depreciation – Main Office	<u>52,146</u>	<u>154,342</u>	<u>956,638</u>	<u>107,314</u>	<u>7,216,753</u>	<u>3,292,958</u>
<b>Total Expenses</b>	<b><u>5,424,571</u></b>	<b><u>3,576,858</u></b>	<b><u>12,423,965</u></b>	<b><u>1,717,918</u></b>	<b><u>8,800,139</u></b>	<b><u>6,789,121</u></b>







## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### CONSTRUCTION BUDGET – 1998 OPERATING BUDGET

The construction budget is presented in three sections. The Capital Improvement Plan (CIP) is detailed first, followed by a chart and discussion on sources and uses within this budget. This is followed by a brief summary of projects in process. Finally, a detailed description of the major projects by category along with a summary of how these projects will affect operating costs.

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

#### CAPITAL IMPROVEMENT PROGRAM PRIORITY CRITERIA

Staff has developed a set of project priority categories to use as a guide in determining what projects to include in the CIP, particularly the first year, where Commission approval authorizes staff to proceed with plans and specifications and bring the actual bids back to the Commission for contract award.

These priority categories, with a brief explanation, follow:

0. Committed  
Commission has made a commitment to complete these projects. Some projects are new while others are phases of a larger project.
1. Safety  
This category includes projects that staff feels are required to enhance or insure continued safety at each of the airports in the MAC system.
2. Essential Maintenance  
This category is for projects that cannot be accomplished by MAC maintenance forces, but are "essential" for reasons of economics or continued operation. Failure to proceed with the projects allows continued deterioration which leads to higher replacement/repair costs, safety problems or insurance claims.
3. Regulatory Requirements  
This category includes projects that are necessitated by regulatory control over the Commission's actions, such as Federal Aviation Regulations and local, state or federal laws.
4. Noise Abatement/Other Environmental  
These projects address various environmental issues ranging from asbestos abatement to wetland mitigation and are precipitated by environmental concerns as well as regulations.
5. Preventative Maintenance  
These are projects oriented toward the continuous changes occurring at the airports, the need to continuously upgrade older pavements to meet the loadings they receive today, and to avoid larger, disruptive projects in future years.

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### CONSTRUCTION BUDGET – 1998 OPERATING BUDGET

6. Customer Service/Tenant Projects

These projects, as the name implies, are oriented toward improved customer service and/or convenience.

7. Operational Improvements

These projects have been identified as improving various operational aspects of the airports, whether applicable to aircraft, tenants, MAC staff or off airport service providers.

8. Other

As might be expected, there are always projects that don't logically fall into any category.

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

Commission policies for Capital Projects are:

1. Maximize all federal aid.
2. Safety and customer service oriented.
3. Metropolitan Council approval required on Reliever Airport projects in excess of \$2 million and MSP International projects in excess of \$5 million if they are viewed as having a metropolitan significance.
4. Projects are prioritized.

Anticipated project totals planned for 1998, 1999, 2000, and the extended period 2001-2004 (i.e. the proposed Capital Improvement Plan for 1998) are summarized below by location. The amounts shown represent the estimated total cost for the projects in the year construction will begin. These figures differ from those shown in the "Use of Funds" section in the Construction Budget detailed further below because the figures listed there represent anticipated actual costs for that year.

All project costs listed in this section are in 1997 dollars.

CAPITAL IMPROVEMENT PLAN SUMMARY (CIP)					
(\$ = 000)					
	1998	1999	2000	2001-2004	Total 1998-2004
Minneapolis/St. Paul Int'l					
Field & Runway	\$ 57,650	\$124,500	\$ 99,900	\$151,300	\$ 433,350
Environmental	36,860	22,360	31,100	106,000	196,320
Self-Liquidating	10,200	0	0	0	10,200
Landside	303,690	40,250	23,800	81,500	449,240
Total Minneapolis/St. Paul Int'l	\$408,400	\$187,110	\$154,800	\$338,800	\$1,089,110
Reliever Airports					
St. Paul	\$ 7,050	\$ 500	\$ 500	\$ 900	\$ 8,950
Flying Cloud	10,200	4,450	5,500	6,800	26,950
Crystal	300	150	3,150	450	4,050
Anoka	800	0	6,300	2,350	9,450
Lake Elmo	400	0	700	6,600	7,700
Airlake	2,400	1,600	0	2,000	6,000
Total Reliever Airports	\$ 21,150	\$ 6,700	\$ 16,150	\$ 19,100	\$ 63,100
Total All Facilities	\$429,550	\$193,810	\$170,950	\$357,900	\$1,152,210

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## CONSTRUCTION BUDGET – 1998 OPERATING BUDGET

The seven year total of approximately \$1,152 million represents an increase of \$269 million from the previous year's CIP. This increase can be attributed to the dual track decision to expand MSP International.

The Construction Budget below represents anticipated sources and uses of funds during the years 1998-2000. The information for 1997 indicates expected transactions during the fourth quarter.

### CONSTRUCTION BUDGET 1997

(\$ = 000)

	<u>Estimated 1997</u>	<u>Budget 1998</u>	<u>Projected 1999</u>	<u>Projected 2000</u>	<u>Projected Total</u>
<b>Sources of Funds</b>					
Balance 12/31/96	\$ 71,888				\$ 71,888
Balance Carried Forward		\$ 36,469	\$ 56,711	\$ 76,919	
NWA Loan Repayment	4,860	4,860	4,860	4,860	19,440
Transfer From Operating Fund	34,840	39,368	43,115	62,319	179,642
PFC Funding	35,365	36,531	37,262	38,007	147,165
Federal Grants	5,924	16,163	17,207	17,356	56,650
State Grants	1,200	1,200	1,200	1,200	4,800
Interest Income <sup>1</sup>	5,767	5,000	5,000	5,000	20,767
Principal Amount of Bonds	0	150,000	150,000	150,000	450,000
<b>Total Sources of Funds</b>	<b>\$ 87,956</b>	<b>\$253,122</b>	<b>\$258,644</b>	<b>\$278,742</b>	<b>\$878,464</b>
<b>Uses of Funds</b>					
CIP Project Costs	(\$123,375)	(\$202,980)	(\$208,536)	(\$227,440)	(\$762,331)
Debt Service Reserve	0	0	0	0	0
Capitalized Interest	0	(26,000)	(26,000)	(26,000)	(78,000)
Issuance Expenses	0	(3,900)	(3,900)	(3,900)	(11,700)
<b>Total Use of Funds</b>	<b>(\$123,375)</b>	<b>(\$232,880)</b>	<b>(\$238,436)</b>	<b>(\$257,340)</b>	<b>(\$852,031)</b>
Balance Carried Forward	<u>\$ 36,469</u>	<u>\$ 56,711</u>	<u>\$ 76,919</u>	<u>\$ 98,321</u>	<u>\$ 98,321</u>

<sup>1</sup> Interest Rate Assumed 5.5% in 1997-2000.

### Funding Source Summary

Current Balance	7.56%
NWA Loan Repayment	2.05
Transfer From Operating Budget	18.90
PFC Funding	15.49
Federal Grants	5.96
State Grants	0.51
Interest Income	2.18
Bond Proceeds	<u>47.35</u>
Total	100.00%

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### CONSTRUCTION BUDGET – 1998 OPERATING BUDGET

#### SOURCES AND USES

From 12/31/97 through 2000, MAC has identified eight funding sources totalling \$950,352,000 including a beginning balance of \$71,888,000. During this period MAC will expend \$852,031,000 leaving a net balance of \$98,321,000 at the end of 2000.

#### SOURCES

Each source of funding is discussed below.

The NWA loan repayment represents a \$45,000,000 loan made to Northwest in 1992. This loan is being repaid quarterly over a 20-year period at an interest rate of 8.9%. From 1997 through 2000, this repayment will total \$19.4 million or 2.05% of the sources of funds.

The transfer from the operating budget is made at the end of each year after the debt service requirement and working capital balance have been funded. This transfer has been in the \$23 to \$34 million range during the 1995 through 1997 period. The significant increase from 1999 to 2000 can be attributed to the rise in concessions revenue and airline rates and charges. The concessions increase is due to the completion of a major renovation project, a new agreement to manage these concessions with Host-Marriott included new branded facilities (a branded facility is typically a national franchise, i.e. McDonalds) and increased passenger activity. Airline rates and charges revenue will increase due to the completion of some significant rehabilitation projects. It is projected that \$179.6 million will be transferred over this four year period or 18.90% of the total sources of funds.

PFC funding or Passenger Facility Charge funding is the third largest funding source at \$147.2 million or 15.49% of the total. Passenger Facility Charges (PFCs) were authorized by Congress to allow proprietors of commercial service airports, such as MAC, to impose a charge on enplaning passengers at those airports. The charge can be set at \$1, \$2, or \$3. Essential Air Service Flights and Frequent Flyers are exempted from this charge. The basis for the PFC is to provide needed supplemental revenues to expedite the improvement of airport facilities used by passengers, to mitigate noise impacts and to expand airport system capacity. The Commission's first application began collecting PFCs on June 1, 1992. This \$66 million application was completed (i.e. funded) on July 31, 1994. A second application was approved in 1994 totalling \$113 million. Collection on this application began on August 1, 1994, and will continue through December 1999. This application was submitted to be amended in November 1997. The amendment requested additional funding of \$18,846,000 and an extension of the collection period from May 1999 through December 1999. This amendment was necessary due to a reduction in anticipated Federal Aid. A decision on the amendment was expected in December 1997 or January 1998. A third application for \$32.7 million was approved in December 1995. Collection on this application began in August 1996 and was fully funded in 1997.

Federal Grants are funds which are used for FAA approved projects including approved noise compatibility programs and noise insulation projects for communities surrounding the airport. These funds are estimated at \$56.6 million or 5.96% of the sources listed above. Certain criteria must be met when an application for a project is submitted to the FAA. If the criteria is met the grant money may be issued.

State Grants are similar to Federal grants. The dollars are on a much smaller scale, but each application must meet the required criteria in order to receive the grant. This source is estimated at \$4.8 million or 0.51% of the total funding through 2000.

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### CONSTRUCTION BUDGET – 1998 OPERATING BUDGET

Interest Income is based on the balance in the fund. As noted above, a 5.5% rate is assumed for 1997 through 2000. This figure can vary significantly depending upon approval of projects and their starting dates. Interest Income of \$20.8 million or 2.18% of sources is projected.

Bond Funding, the largest source, will make up \$450.0 million or 47.35% of the total. The Commission will issue approximately \$540.0 million in debt. This figure includes estimated proceeds of \$450.0 million and an issuance capitalized interest and issuance costs of approximately \$90.0 million. These bond issues are discussed in more detail in the Debt Service Budget.

### USES

There are three general categories of uses listed. The first, CIP project costs (\$762.3 million) represent 89.5% of the total. The other two categories relate to the bond issues described above and also in the Debt Service Budget and comprise the other 10.5% of this total.

CIP project costs include both actual construction costs and any fees (i.e. architectural/engineering) which may be associated with the project. Also included in this figure are projects in process. Significant project costs include those associated with construction of runway 17/35, land acquisition for runway 17/35, public parking facilities, and additional terminal facilities.

The balance carried forward at the end of 2000 can be attributed to a number of significant projects scheduled to begin in early 2001. It is quite possible that this balance will be much smaller as the timing of the larger projects historically has been delayed for any number of reasons. This timing will be monitored very closely so that if bond funds are required they will not be issued prior to when they are necessary.

The table below identifies current projects in process whose estimated cost is greater than \$2.0 million.

<b>PROJECTS IN PROCESS (As of October 31, 1997)</b> <b>(\$ = 000)</b>		
<b><u>Project Description</u></b>	<b><u>Estimated Project Cost</u></b>	<b><u>Payments To Date</u></b>
1997 Pavement Reconstruction/Joint Sealing	\$ 3,586	\$ 3,032
Ground Transportation Center – Valet Parking Offices	6,234	5,705
Ground Transportation Center – East Vertical Circulation	6,906	5,933
New Ford Town/Rich Acres Buyout (B)	55,500	42,510
Part 150 Sound Insulation Projects – Homes/Schools (A)	30,285	19,094
(Monthly Bids 1996 through August 1997)		
Building Area – South Expansion – St. Paul Airport	2,312	1,597
All Other Projects In Process	89,670	29,797
	<u>\$194,493</u>	<u>\$107,668</u>
 (A) The Part 150 Sound Insulation projects for the period of 1993 through July 1996 are substantially complete and are awaiting final payment and closeout. This group of projects is on-going. (B) This buyout is scheduled to occur during the 1993 through 1998 time period.		

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### CONSTRUCTION BUDGET – 1998 OPERATING BUDGET

The listing below summarizes all construction, expansion and noise projects whose costs exceed \$3.0 million. The listing identifies the project by location, gives a brief description and the estimated costs for 1998 and 1999. The reason you see projects listed below and in the Projects In Process chart on the previous page is because of the different phases a particular project may have.

#### CAPITAL IMPROVEMENT PROJECTS

(Dollars in Thousands)

	1998 \$	1999 \$
<b><u>MSP International</u></b>		
<b>Field and Runways</b>		
<u>Runway 12L Deicing/Holding Apron</u>	\$12,000	
Deicing of aircraft is an environmental issue as the glycol which runs off can reduce the oxygen levels in bodies of water it comes in contact with. Deicing aprons will therefore be constructed at the end of each runway which would incorporate a collection system to collect the glycol which runs off. The apron also would function as an aircraft holding area for aircraft which reach the end of the runway and then are delayed or must be resequenced. This project provides for the construction of the deicing/holding apron on Runway 12L.		
<u>Runway 17/35 Construction</u>	\$37,500	\$75,000
The 1989 Metropolitan Airports Planning Act required the MAC and the Met Council to complete a comprehensive and coordinated study of the region's long term aviation needs. The seven year study came to an end in 1996 when the Legislature stopped further study of a new airport and directed the MAC to implement the MSP 2010 Long Term Comprehensive Plan (LTCP). One of the key facility requirements of the LTCP is the construction of a new 8,000 foot runway on the west side of the airport. It is proposed to phase the construction of Runway 17/35 starting in 1997 with land acquisition. Work proposed to begin in 1998 includes purchase of additional off-airport property, the relocation of the Metropolitan Council Environmental Services (MCES) sanitary interceptor sewer around the future runway, wetland mitigation and the demolition of basements, utilities and roadways in the New Ford Town and Rich Acres subdivisions.		
<u>Green Concourse Apron Expansion</u>		\$10,000
The expansion of the Green Concourse will require the expansion of the apron and fueling hydrant system which will be required to serve the new gates. The apron will be constructed in phases beginning in 1999 as gates are added to the concourse. The apron required to serve the first four new gates will be included in the 1999 project.		
<u>Pavement Rehabilitation – Aprons</u>	\$2,500	\$3,500
An ongoing project to replace sections of concrete pavement in the aircraft operational areas that have deteriorated to a point where maintenance is no longer a viable option. This year's project will include the reconstruction of the apron adjacent to Gates 1 and 2 on the Gold Concourse and also a segment on the north side of the Blue Concourse.		

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### CONSTRUCTION BUDGET – 1998 OPERATING BUDGET

	1998 \$	1999 \$
<b>Field and Runways – Continued</b>		
<u>Pavement Rehabilitation – Runway 12R/30L</u>		\$13,300
This is the continuation of the reconstruction of Runway 12R/30L and includes the reconstruction of the southeast 2,900 feet of the runway.		
<u>Pavement Rehabilitation – Taxiway A/H</u>		\$3,000
Taxiways A/H are located on Apron south of the Red Concourse. The taxiways consist of 12-inch concrete pavement which has deteriorated to the point where reconstruction is required.		
<u>Runway 12R Deicing/Holding Pad</u>		\$9,000
This project will construct the second deicing/holding pad on Runway 12R to allow for the efficient deicing of aircraft and collection of glycol as well as for the holding of aircraft for operational reasons.		
<u>Taxiway W Construction</u>		\$9,500
This is the second phase in the program to construct Taxiway W and includes the section southeast of the Runway 4/22 intersection. Construction of Taxiway W on the south side of Runway 12R/30L will reduce aircraft crossing of the runway by over 45,000 per year (a significant safety enhancement) and reduce aircraft operating delays by \$800,000 annually.		
<b>Other Field &amp; Runway Projects Less Than \$3,000,000</b>	<b>\$ 5,650</b>	<b>\$ 1,200</b>
<b>Total Field &amp; Runway Projects</b>	<b>\$ 57,650</b>	<b>\$124,500</b>
 <b>Environmental</b>		
<u>Residential Sound Insulation Program (Inside 65 DNL)</u>	\$22,360	\$22,360
An ongoing project to insulate residential homes within the certified 1996 DNL 65 noise contour, identified as part of the Federal Aviation Regulation (FAR) Part 150 Program (noise control and compatibility planning for airports) which has been approved, in part, by the FAA. The insulation of homes would be a continuation of the project initiated in 1992 and will, primarily, involve the insulation of homes remaining in the cities of Minneapolis and Richfield. With the projected costs per home of \$28,000 and an annual budget of \$20.7 million, MAC will provide insulation modifications to an estimated 741 homes. This project will also include the removal of asbestos containing materials in homes with existing gravity heat.		
<u>New Ford Town/Rich Acres Acquisition</u>	\$3,500	
This is the last phase of the land acquisition and relocation project in the New Ford Town/Rich Acres subdivisions begun in 1994. This project will also include the removal of asbestos containing materials.		

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### CONSTRUCTION BUDGET – 1998 OPERATING BUDGET

	1998	1999
	\$	\$
<b>Environmental – Continued</b>		
<u>School Noise Abatement Projects (Inside Ldn 65)</u>	\$10,000	
<p>The legislation which ended the Dual Track Airport Planning Process contained requirements that the MAC insulate an additional six schools, two in Richfield and four in Minneapolis, between the 1996 DNL 60 and 65 noise contours. These schools are required to be completed by 2002. The first two schools included in this program are Washburn High School and Ramsey Middle School in Minneapolis. Because these schools are located adjacent to each other and are served by a common heating plant, it is proposed to do both schools under one project in 1998. Due to the size and complexity of the mechanical systems required in these schools, the construction period required to complete the projects will be twelve months instead of the normal three months. School officials have agreed to allow construction to occur while school is in session and will vacate spaces needed for construction as required.</p>		
<b>Other Environmental Projects Less Than \$3,000,000</b>	<b>\$ 1,000</b>	<b>\$ 0</b>
<b>Total Environmental Projects</b>	<b>\$ 36,860</b>	<b>\$ 22,360</b>

### Self-Liquidating

<u>Deicing Equipment Storage Building</u>	\$3,000
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The construction of the deicing pad on Runway 12R and the removal of Hangars 1 and 2 will require that a facility be constructed to house deicing equipment and vehicles. The facility would be centrally located between Runway 12L and 12R deicing pads such that deicing vehicles and support equipment could easily access each pad. This facility would also contain bathroom facilities and a break room for the deicing crews.

Northwest Airlines would be the initial operator of this facility. As other airlines agree to use a common deicing operator, the facility would be operated by a consortium similar to the airline fueling consortium.

<u>Sun Country Hangar</u>	\$6,000
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This project is the construction of a "temporary" maintenance hangar and new concrete apron for Sun Country Airlines. The hangar will be located on the site of an existing parking lot on the south side of the Sun Country facility. The hangar will be relocated as part of the Runway 17/35 construction project.

<b>Other Self-Liquidating Projects Less Than \$3,000,000</b>	<b>\$ 1,200</b>	<b>\$ 0</b>
<b>Total Self-Liquidating Projects</b>	<b>\$ 10,200</b>	<b>\$ 0</b>



## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### CONSTRUCTION BUDGET – 1998 OPERATING BUDGET

Landside	1998	1999
	\$	\$
<u>Automated People Mover:</u> Equipment	\$12,000	
Tunnel Structure		\$7,000

Replacing the existing shuttle bus system which transports rental car customers from the Lindbergh Terminal to the Auto Rental building with an "automated people mover" system has been under consideration for several years. The existing system operates at-grade and has conflicts with vehicles utilizing the parking ramps at four crossing points; does not meet accessibility requirements mandated by current ADA standards; suffers delays due to slow loading and unloading of passengers and luggage; and suffers from a poor public image. The construction of a new parking ramp will require an increase in the capacity and ability to move people from the parking ramps to the terminal. The automated people mover system would solve the above problems. The equipment will be ordered under this project and the tunnel enclosure which will house the equipment will also be constructed.

#### General Office Space Modifications

\$3,500

The General Office was originally constructed in the 1960's and the south wing was constructed in 1981. The ceiling tiles are dirty and broken and are not easily repaired; the lighting needs upgrading and the carpet in both north and south wings is worn and in need of replacement. This project would provide a modern, lay-in ceiling grid, energy efficient lighting and new carpeting. There is also a need to provide additional office space for approved, as well as future increases in Commission staff. The proposed alternative is to add two levels to the West Wing of the existing building.

#### Green/Gold Connector

\$18,000

The addition of gates on the end of the Green Concourse will add additional time to get to and from other gates in the Lindbergh Terminal. It is proposed to construct a bridge and moving walkway which will connect the Green and the Gold Concourses. There will also be an intermediate connection within the expanded parking structure to provide access to the Green and Gold Concourses for those passengers who have their tickets and gate assignments.

#### Green Concourse Expansion

\$92,000

In order to meet the anticipated future needs of the airlines, an easterly extension to the Green Concourse will be constructed. This project will be phased over several years and will add up to 12 additional gates to the Green Concourse.

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### CONSTRUCTION BUDGET – 1998 OPERATING BUDGET

Landside – Continued	1997 \$	1998 \$
<u>HHH Terminal Fuel Storage Tanks</u>	\$7,800	
<p>The existing underground storage tanks which provide jet fuel to the aircraft utilizing the HHH Terminal will have to be removed prior to January 1, 1999, as they do not comply with State and Federal regulations. The existing underground fuel tanks will be replaced with new above ground fuel storage tanks that are connected to the fuel tank farm on Post Road via an underground trickle line. A segment of the trickle line is being installed with the current reconstruction of Post Road.</p>		
<u>HHH Terminal Development</u>	\$30,000	
<p>MAC is evaluating a replacement facility for the existing HHH Terminal. The Humphrey charter facility cannot adequately serve the demands of the charter market at MSP, which has forced certain charter airlines to operate out of the Lindbergh Terminal. A replacement facility will be constructed on the Humphrey remote apron.</p>		
<u>Lindbergh Terminal Alternate Cooling System</u>	\$6,000	
<p>The State of Minnesota DNR has mandated that the use of groundwater for "once through" cooling systems be eliminated. The Lindbergh Terminal is cooled by chillers which utilize groundwater pumped by a series of four wells. The Commission has until 2000 to install an alternate system. The MAC program includes replacement of the existing chillers and the use of cooling towers to cool the warm water returned from cooling units and to recycle this water back through the chillers. Because this water is warmer than the cool groundwater previously used, larger chillers were required and installed in 1995. Cooling towers will be bid in 1998 and installed in 1999 due to the long lead time for equipment manufacturer and delivery.</p>		
<u>Lindbergh Terminal Interior Rehabilitation</u>	\$4,900	\$1,000
<p>An on-going project to renovate the interior of the Lindbergh Terminal. Projects for 1998 include the installation of new linear lights and new metal ceiling treatment for the folded plate ceiling, ceramic floors and wall treatments and the removal of the South Mezzanine bridge, all in conjunction with the concessions area renovation. There will also be new lighting fixtures added to the space frame in the ticketing area and new carpet installed on the Blue Concourse.</p>		

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### CONSTRUCTION BUDGET – 1998 OPERATING BUDGET

		1998	1999
Landside – Continued		\$	\$
<u>Materials Storage Building</u>		\$3,040	
<p>There are two storage buildings located south and east of the existing equipment maintenance/storage facility for storage of sand, salt and urea. The two existing buildings are not of sufficient size or configuration to house and allow for efficient loading of ice removal materials during storm events. This problem will become even more severe as additional pavements are constructed. In addition, new liquid ice removal materials, sodium formate and potassium acetate, are currently being tested as replacement materials for urea and require special storage and distribution systems. The existing storage buildings will therefore be removed and one facility constructed which will allow larger quantities of ice removal materials to be purchased and stored. This facility will also incorporate the replacement of a cold storage building which was removed to allow for the construction of the maintenance facility addition.</p>			
<u>Navy Relocation Development</u>		\$10,000	
<p>MAC staff is working with the Navy to acquire their existing land on the airport in exchange for a new office/drill floor complex to be located on the north side of the airport. The Navy property will be used for construction of the Runway 12R deicing pad. This project would provide for the construction of a replacement facility.</p>			
<u>Public Parking/Auto Rental Expansion:</u>	Public Parking	\$89,000	
	Revenue Control Equipment	\$6,000	
	Auto Rental	\$5,000	
<p>MSP currently has inadequate capacity in both short term and long term parking. Evaluation of demand forecasts indicates that an initial increment of at least 5,000 new spaces should be added to the existing parking supply as soon as possible in the Lindbergh Terminal area. New nine level parking structures located to the east of the existing parking structure are the preferred alternative. Also, additional and upgraded revenue control equipment will be required in order to accomodate the new structure.</p>			
<p>As the new parking facility will be located in the area currently occupied by the auto rental companies, it is proposed that the new parking structure would be a joint use facility. Ground level will contain a quick turn around (QTA) facility which would provide for the washing and fueling of rental cars. Ground level and levels 2 and 3 will provide rental car storage. Levels 4 through 9 would provide additional spaces for public parking.</p>			

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### CONSTRUCTION BUDGET – 1998 OPERATING BUDGET

	1998 \$	1999 \$
<b>Landside – Continued</b>		
<u>Temporary Auto Rental Service Site Development</u>	\$3,000	
The rental car companies currently operate their pickup and return functions at the east end of the single level parking structure. The construction of a new parking structure is planned for this same location and will require the relocation of the rental car companies. It is proposed to temporarily relocate the ready and return function to the area adjacent to the inbound roadway currently occupied by the rental car service sites. The service sites would be relocated off-airport. This project will provide for the temporary facilities including service trailers, car washes, signage, and fencing.		
<u>Energy Management Center – Chiller Installation</u>		\$4,900
The existing Energy Management Center contains three 2,000 ton capacity chillers which were installed in 1996. The existing chillers have sufficient capacity for 300–400 tons of future cooling demands with one 2,000 ton capacity chiller in reserve. The cooling demands from concourse infill projects and smaller terminal expansion projects can be satisfied from the present chiller capacities. The expansion of the Green Concourse, however, will require the addition of a fourth chiller with a capacity of 1,100 tons.		
<u>Green Concourse People Mover</u>		\$16,500
Northwest Airlines has completed a study which evaluated the potential benefits of a people mover system on the Green Concourse which would complement the moving walkway system. The system would include a "horizontal elevator" which would traverse the length of the Green Concourse with one intermediate stop. MAC staff will be discussing the feasibility and value of this project with NWA in 1998.		
<b>Other Landside Projects Less Than \$3,000,000</b>	<b>\$ 13,450</b>	<b>\$ 10,850</b>
<b>Total Landside Projects</b>	<b>\$303,690</b>	<b>\$ 40,250</b>

# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## CONSTRUCTION BUDGET – 1998 OPERATING BUDGET

	1998 \$	1999 \$
<b><u>Reliever Airports</u></b>		
<b>Flying Cloud Airport</b>		
<u>Land Acquisition</u>	\$6,500	\$4,450
<p>Flying Cloud Airport is bounded by T.H. 169/212 on the east and south sides; County Road 1 (Pioneer Trail) on the north; and County Road 4 (Spring Road) on the west. The Metropolitan Council's Metropolitan Development Guide, Aviation Chapter, recommends guidelines that communities should use to encourage compatible land uses in airport environs and discourage incompatible land uses. The City of Eden Prairie's comprehensive plan addresses the airport as a "special" plan area and identifies airport zoning standards (acknowledged but not adopted at this time).</p> <p>However, recently there has been and continues to be considerable residential development to the east and west/northwest of the airport. The degree of development to the west/northwest of the airport brings to question the ability of "comprehensive plans/zoning standards" to adequately protect existing airport facilities from encroachment by non-compatible land uses. Obviously, the most positive method of preventing non-compatible land uses is to acquire the land and control its use.</p> <p>It is proposed to ultimately acquire approximately 280 acres of property immediately south and west of existing airport boundaries and an approximate three acre parcel north of the airport to provide approach and transitional surface zone protection.</p> <p>The property acquisition north of the airport consists of a single parcel that abuts airport property. There are structures on the property that are within the Runway Protection Zone and penetrate the 20:1 approach surface.</p> <p>The proposed acquisitions would be undertaken in accordance with the uniform relocation assistance and Real Property Acquisition Policies Act of 1970, DOT regulations and with FAA Order 5100.37, Land Acquisition and Relocation Assistance for Airport Development. This is the first phase in a multi-phase program to acquire the property. This phase will acquire the property needed for the protection of the current runway configuration.</p>		
<u>Sanitary Sewer/Water Main Installation</u>	\$3,500	
<p>Flying Cloud Airport is on the fringe of the developed area of Eden Prairie. Studies have therefore evaluated alternatives for extending municipal utilities consisting of sanitary sewer and water to and around the airport and eliminating existing wells and septic systems. It is proposed to reach final agreement with the City of Eden Prairie in 1997 on the alternative to be implemented and to begin construction on the utilities in 1998.</p>		
<b>Other Reliever Airport Projects Less Than \$3,000,000</b>	<b><u>\$ 14,650</u></b>	<b><u>\$ 2,250</u></b>
<b>Total Reliever Airport Projects</b>	<b><u>\$ 21,150</u></b>	<b><u>\$ 6,700</u></b>
<b>Total All Projects</b>	<b><u>\$429,550</u></b>	<b><u>\$193,810</u></b>

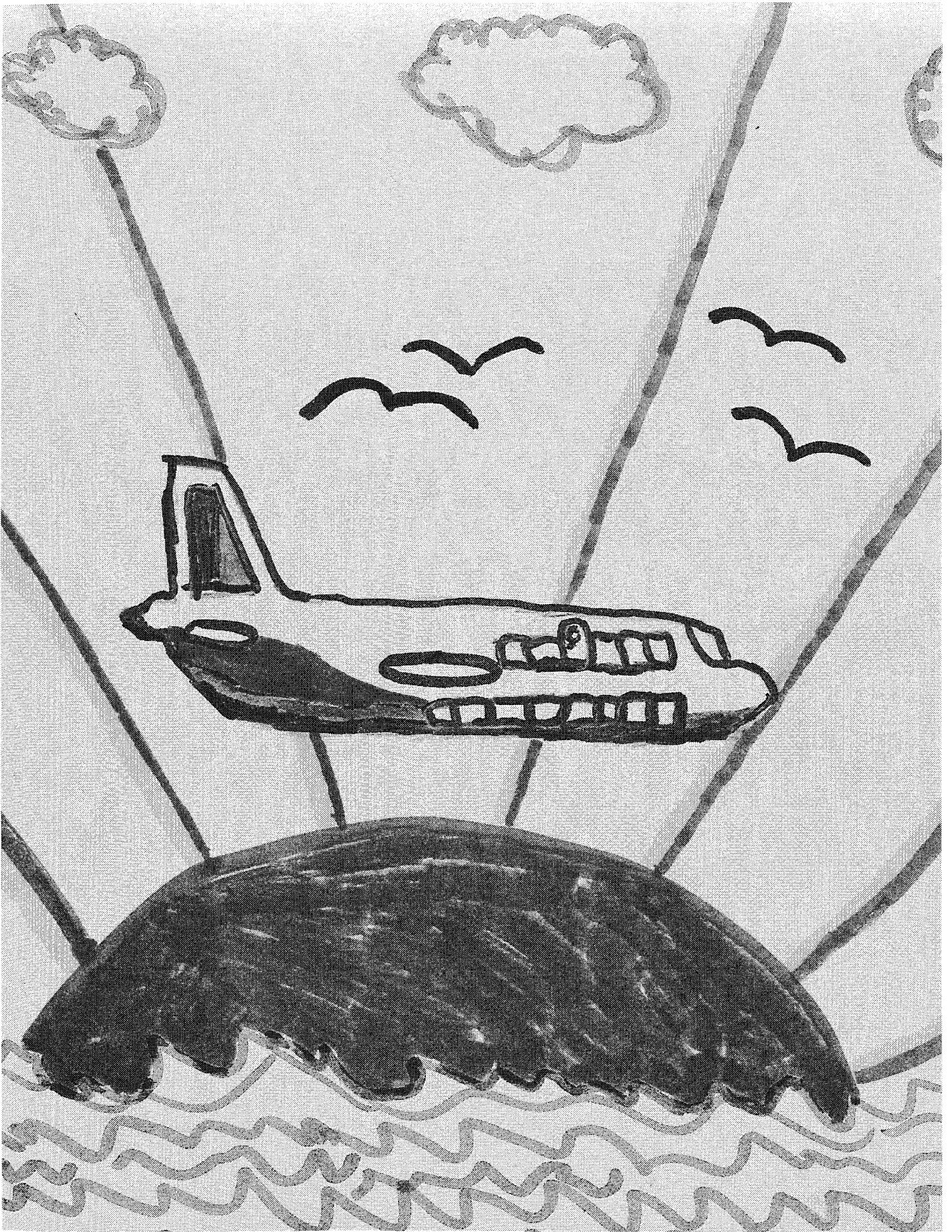
## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### CONSTRUCTION BUDGET – 1998 OPERATING BUDGET

#### MAINTENANCE AND OPERATION

As the Commission moves further into the expansion plans identified, certain projects will require additional maintenance and personnel. The Commission continues to focus on cost effective ways to accomplish projects and day to day maintenance. In order to accommodate a portion of the depreciation, interest and operating costs associated with completed projects, 51% of the service centers focused and reworked their budgets so that they either were held to 0% increase or decreased. Of the projects listed above for 1998 and 1999, the following table summarizes their impact on operating costs.

<u>Category</u>	<u>1998 – 1999 Impact</u>
Field & Runway	Of the \$182 million of projects listed, \$22 million are rehabilitation projects and will have no impact, \$113 million relate to Runway 17/35 which will not be completed until 2003. The balance of \$47 million will have a minimal impact in future years as the maintenance and personnel required were factored into the 1997 and 1998 budgets. Estimated as follows: Taxiway/Aprons = \$20,000, Holding Apron/Deicing = \$15,000, both relate to primarily snow removal costs.
Environmental	The only cost is in landscape/grass care and these costs were incorporated into the 1997 budget. No additional costs are projected.
Self-Liquidating	These are both airline facilities and will not require any additional maintenance expenditures by MAC.
Landside	<p>The total projects of \$343.9 million of projects can be divided as follows:</p> <ul style="list-style-type: none"><li>A) Approximately \$244 million will not be completed by the end of 1999. These include Humphrey Terminal, parking facility, Green/Gold connector, and Green concourse extension.</li><li>B) Projects with no impact on maintenance and operating costs total \$40 million and include rehabilitation projects, Humphrey fuel storage tanks and various others.</li><li>C) Projects with a potential impact on maintenance and operating costs total approximately \$60 million. The cooling system and chiller installation will reduce utility costs, but increase maintenance costs. The net change is projected to be \$0 in total. The Automated People Mover will require a service contract in late 1999 estimated at \$800,000 annually. However this system will eliminate the Auto Rental Shuttle Bus with an annual cost of \$750,000 for a net increase of \$50,000. The other main project which will impact costs is the Green concourse moving sidewalks. A service contract will be required in 1999 with an estimated cost of \$25,000.</li></ul>
Relievers	The land acquisition project will require no maintenance by MAC and the sewer and water installation will not require any added expense for the two years listed.







## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### DEBT SERVICE BUDGET – 1998 OPERATING BUDGET

#### DEBT SERVICE BUDGET/FINANCIAL POLICIES

This budget section is divided into three areas: Debt Service Requirement, Long Term Debt and the Debt Service Budget. MAC's financial policies regarding Debt Service are as follows:

##### Debt Service and Reserve

##### A. Debt

- 1) Currently the Commission is able to issue Airport Improvement Bonds, General Obligation Revenue Bonds and General Airport Revenue Bonds, both fixed and variable rate.
- 2) Funds will be managed to avoid any property tax levy.
- 3) MAC will maintain the highest rating available from Fitches, Moodys and/or Standard and Poor's on Airport Improvement Bonds and General Obligation Revenue Bonds.
- 4) Procedures/mechanisms will be developed to obtain the highest possible rating on the General Airport Revenue Bonds.
- 5) All refundings must show a minimum 3% Net Present Value (NPV) savings as specified in Minnesota Statute Section 475.67, Subd. 12.
- 6) The current authorized level of issuance for General Obligation Revenue Bonds is \$55 million.
- 7) The MAC will endeavor to keep the total maturity length of General Obligation Bonds below 20 years and retire at least 50% of the principle within 10 years. In all cases, the maturity shall be shorter than the life of the related assets.

- B. Reserve - The Commission is required to have a restricted cash and temporary cash investment balance on October 10 each year enough to cover debt service to the end of the second following year.

#### DEBT SERVICE REQUIREMENT

The Metropolitan Airports Commission in the past has issued two forms of indebtedness: Airport Improvement Bonds and General Obligation Revenue Bonds. From 1943 to 1975 MAC issued Airport Revenue Bonds to provide funds for its capital improvement program. Since 1976 General Obligation Revenue Bonds are backed by Commission revenues and the authority to levy any required taxes on the assessed valuation of the seven-county metropolitan area have been used. In 1998 the Commission will begin to issue General Airport Revenue Bonds (GARBs). (See Long Term Debt Section below.)

The MAC is required by law to maintain Debt Service funds sufficient to bring the balance on hand in the Debt Service Account on October 10 of each year to an amount equal to all principal and interest to become due to 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 (in thousands):

October 10, 1998	\$83,827
October 10, 1999	\$80,612
October 10, 2000	\$78,816
October 10, 2001	\$80,078
October 10, 2002	\$80,833

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

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### DEBT SERVICE BUDGET – 1998 OPERATING BUDGET

The table below shows future debt requirements on an annual calendar year basis after December 31, 1997, for the next five years as well as a cumulative total for the period 2002-2022. The dollars shown are in thousands.

(\$ = 000)	Airport Improvement Bonds	General Obligation Bonds	Total Outstanding Bonds	Interest	Total Principal & Interest
Year(s)					
1998	\$ 2,400	\$ 7,950	\$ 10,350	\$ 31,608	\$ 41,958
1999	1,505	9,885	11,390	31,051	42,441
2000	300	9,975	10,275	30,454	40,729
2001	315	8,985	9,300	29,915	39,215
2002	330	9,180	9,510	29,388	38,898
2003-2022	0	343,660	343,660	337,432	681,092
	<u>\$ 4,850</u>	<u>\$389,635</u>	<u>\$394,485</u>	<u>\$489,848</u>	<u>\$884,333</u>

(The October 10, 1998-2002, listing prior to the above chart and the above chart will not nor are they intended to tie out due to timing of payments and period covered. The information used to calculate the tables above is the same however.)

### LONG TERM DEBT

The acquisition and construction of facilities at the airports operated by the Commission have been substantially financed by the issuance of Airport Improvement Bonds and General Obligation Revenue Bonds. Airport Improvement Bonds are repaid from Commission revenue; however, if the principal and interest cannot be paid from revenue, a tax can be levied on property within the cities of Minneapolis and Saint Paul, Minnesota, for debt service.

General Obligation Revenue Bonds are general obligations of the Commission, payments of which are secured by the pledge of all operating revenues of the Commission, 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 outstanding on General Obligation Revenue Bonds.

The Commission has not levied taxes for the payment of debt service since 1969. Since then, Commission revenues have been sufficient to pay principal and interest due to Airport Improvement Bonds and General Obligation Revenue Bonds.

Authority for issuing bonds is obtained from the Minnesota State Legislature. Authorization as of December 31, 1996, permits the issuance of an additional \$55 million of General Obligation Revenue bonds. The other limit on the Commission's authority to issue bonds is the Debt Service Coverage ratio. (This ratio demonstrates the current ability to repay debt.) This ratio cannot fall below 1.25 coverage. The estimated coverage for 1998 is 2.31. The bonds projected to be issued in 1998-2001 will reduce this ratio somewhat, possibly to 1.65-1.70. The coverage ratio remains well above the 1.25 threshold.

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### DEBT SERVICE BUDGET – 1998 OPERATING BUDGET

The 1996 Minnesota State Legislature authorized the Commission to issue General Airport Revenue Bonds (GARBs). These bonds would be secured by the pledge of all operating revenues of the Commission subject to the prior pledges of such revenues for payment of Airport Improvement Bonds and General Obligation Revenue Bonds.

Bonds Payable, due serially (\$ = 000):	Issue Date	Original Amount	Final Payment In	— Outstanding as of — December 31	
				1998	1997
<b>Airport Improvement Bonds:</b>					
Series 16 – 4.25 to 5.0%	1-1-68	\$ 16,000	1998	\$ 0	\$ 970
Series 20 – 4.5 to 6.0%	10-1-72	5,000	2002	1,225	1,490
Series 22 – 2.6 to 3.85%	2-1-94	5,625	1999	1,225	2,390
				<u>\$ 2,450</u>	<u>\$ 4,850</u>
<b>General Obligation Revenue Bonds:</b>					
Series 2 – 4.25 to 5.2%	12-1-77	\$ 10,000	2002	\$ 2,625	\$ 3,200
Series 3 – 5.2 to 5.75%	1-1-79	15,000	2000	2,400	3,525
Series 7 – 7.8%	8-1-88	51,150	2015	43,150	44,400
Series 8 – 4.25 to 6.6%	2-1-92	45,000	2011	36,550	38,400
Series 9 – 8.6 to 8.95%	4-1-92	270,000	2022	270,000	270,000
Series 10 – 3.6 to 5.0%	5-1-93	29,025	2006	17,555	19,845
Series 11 – 4.6 to 5.3%	10-1-94	5,615	2002	3,880	4,740
Series 12 – 4.2 to 4.55%	11-1-96	5,525	2002	5,525	5,525
				<u>\$381,685</u>	<u>\$389,635</u>
<b>TOTAL BONDS OUTSTANDING</b>				<u><b>\$384,135</b></u>	<u><b>\$394,485</b></u>

### BOND REFUNDING

Although currently not anticipated, staff will be evaluating and monitoring the potential to forward refund G.O. 7, G.O. 8 and G.O. 9. If the situation is viewed favorably, staff will move forward. Per the Commission Financial Management Policies, all refundings must show a minimum 3% Net Present Value (NPV) savings.

### NEW ISSUES

Based on the Capital Improvement Plan (CIP) presented in late fall 1997, it appears that during the first half of 1998 the Commission may need to issue bonds. A number of variables come into consideration as to whether bonds will be issued and if so, when. These include interest rates, projects that are approved, disapproved or put on hold before final approval of the CIP is given and the economic condition of the airline industry. The table below illustrates gross proceeds, net proceeds and capitalized interest/issuance costs attributed to the anticipated GARBs to be issued for the period 1998–2000:

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### DEBT SERVICE BUDGET – 1998 OPERATING BUDGET

(\$ = 000)	Gross Bond Proceeds	Net Bond Proceeds	Capitalized Interest/ Issuance Costs
1998	\$179,900	\$150,000	\$29,900
1999	179,900	150,000	29,900
2000	179,900	150,000	29,900
	<u>\$539,700</u>	<u>\$450,000</u>	<u>\$89,700</u>

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

### OTHER ISSUES

As mentioned above, the Commission is still authorized to issue approximately \$55 million in General Obligation Revenue Bonds. Staff is currently evaluating this as an option to finance part of the construction program. The analysis is anticipated to be completed in January 1998. If issued, these bonds would likely be rated AAA/Aaa/AAA and as such come with a slightly lower interest rate than the General Airport Revenue Bonds (GARBs) shown in the table above.

In November 1997, the Commission approved a short term borrowing program. This approval authorized staff to issue Commercial Paper to fund short term or interim cash shortages that may arise as a result of the proposed construction program. This program will allow the Commission to either accumulate short term debt up to a threshold (not yet determined) and then issue long term debt or to possibly pay off the debt with internal funds as they become available.

### DEBT SERVICE BUDGET

The Debt Service Budget is shown below.

1998 DEBT SERVICE BUDGET (\$ = 000)					
	Budget 1997	Estimated 1997	Budget 1998	Projected 1999	Projected 2000
JANUARY 1 BALANCE	\$88,866	\$91,150	\$ 88,866	\$113,262	\$143,090
SOURCES OF FUNDS:					
Transfer from Operating Fund	12,000	9,554	10,822	19,410	27,186
Interest Earnings <sup>1</sup>	3,600	4,621	4,500	3,475	4,500
Bond Proceeds	0	5,516	23,036	27,814	61,556
NWA payments	<u>29,000</u>	<u>29,994</u>	<u>29,146</u>	<u>29,014</u>	<u>27,631</u>
TOTAL SOURCES OF FUNDS	\$44,600	\$49,685	\$ 67,504	\$ 79,713	\$120,873
USES OF FUNDS:					
Principal & Interest payments	<u>(44,565)</u>	<u>(51,969)</u>	<u>(43,108)</u>	<u>(49,885)</u>	<u>(57,925)</u>
ENDING BALANCE	\$88,901	\$88,866	\$113,262	\$143,090	\$206,038

<sup>1</sup> Interest Rate Assumed 5.50% for the entire period.

## **MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION**

### **DEBT SERVICE BUDGET – 1998 OPERATING BUDGET**

#### **SOURCES OF FUNDS**

Each source of funding is discussed below.

The transfer from the operating fund occurs each October 10th. Over the past few years the transfer has been in the \$9–\$12 million range. This will fluctuate due to interest earnings, refundings and new issues.

Interest earnings are assumed at 5.5% for 1997 through 2000. In projecting interest income the Commission typically takes a conservative approach.

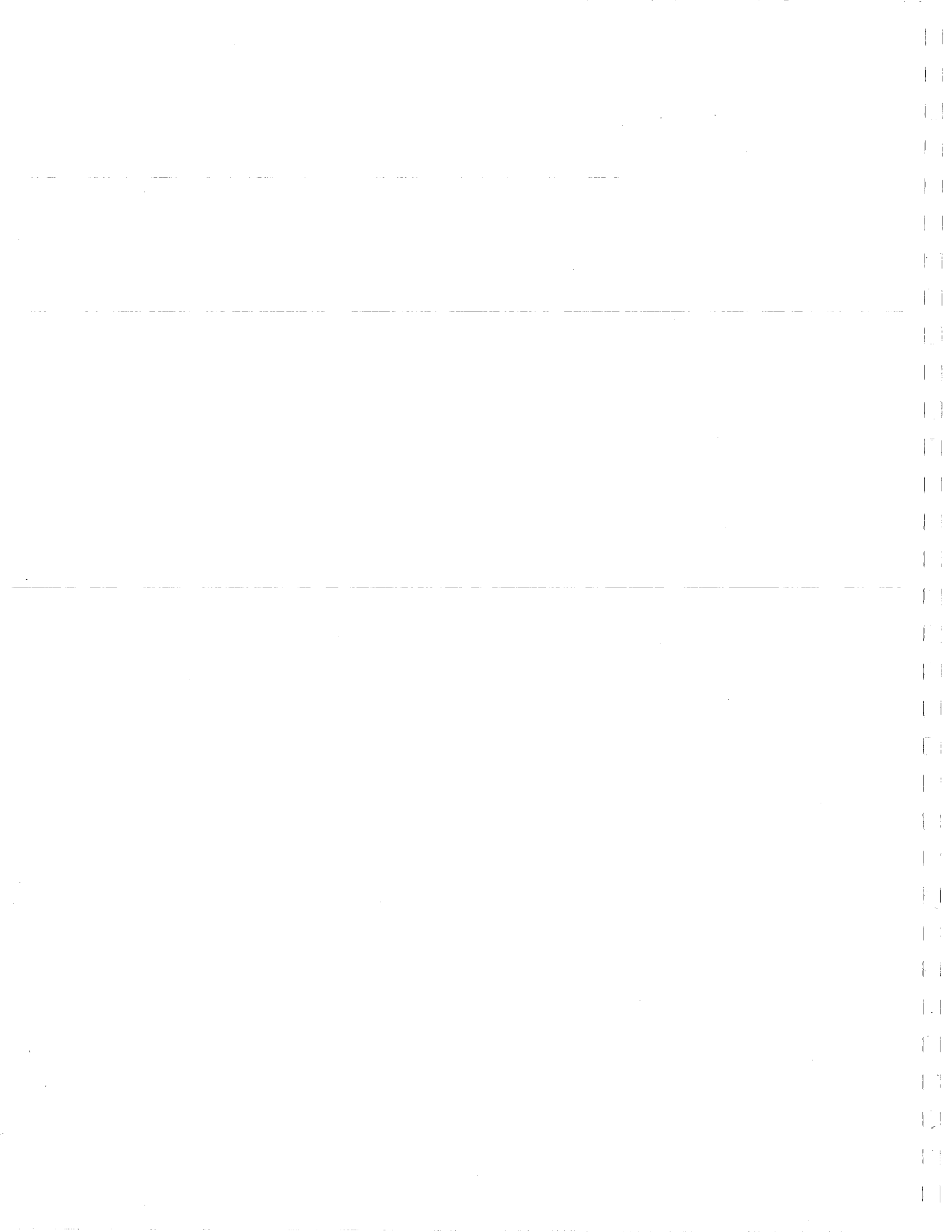
Bond proceeds for 1998–2000 represent the reserve required on the issuance of General Airport Revenue Bonds (see above table) and capitalized interest for these issues.

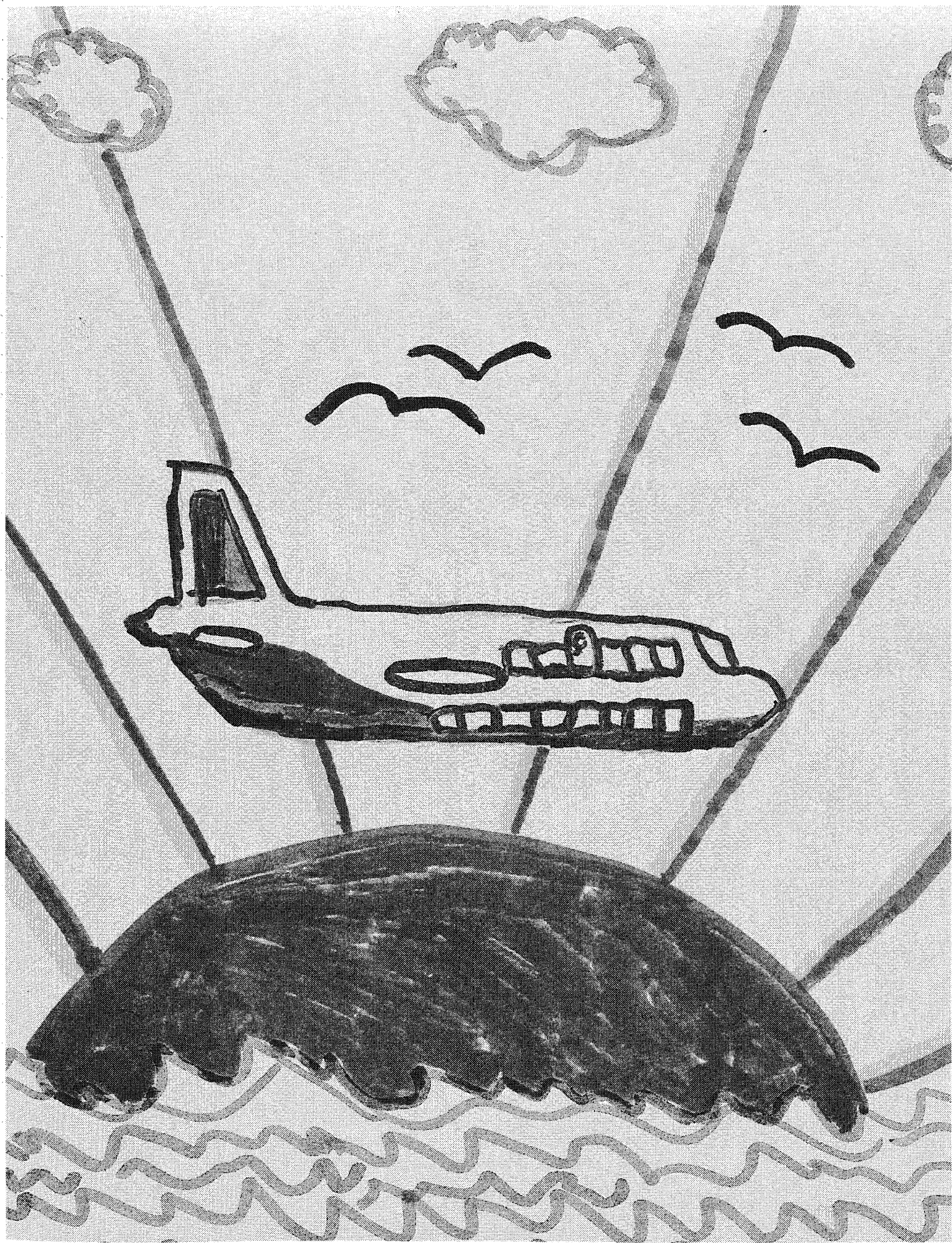
NWA payments represent the principal and interest due on the following bond issues:

- Airport Improvement Series 22
- General Obligation Series 7
- General Obligation Series 9
- General Obligation Series 11 (11.68%)
- General Obligation Series 12

#### **USES OF FUNDS**

Disbursements represent principal and interest payments made during the year by bond series.









# MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

## STATISTICAL – 1998 OPERATING BUDGET

The Statistical section is divided into three areas. The first is the "Historical Revenue/Expense and Facility Comparison" of MAC facilities. The second area includes activity or operations statistics. The third area includes a comparison of MAC to other airports on a national level. It includes ratio comparisons with regards to Debt, Financial and Operating as well as Landing Fee and Rental Rate comparisons.

### HISTORICAL REVENUE/EXPENSE AND FACILITY COMPARISONS

In this section three comparisons are analyzed:

1. A summary comparison with dollars and percentages of 1987 revenue and expense versus 1996 revenue and expense.
2. A comparison of revenue and expense with dollars and percentages of 1996 actual, estimated 1997 and budgeted 1998.
3. A comparison of facilities in 1988 and 1997.

These comparisons are shown to point out that both revenue and expense from 1987 and that the categories within revenue and expense do fluctuate as a percentage of total, but overall, the changes in percentages are not significant. Also, the facilities comparison shows that expanded facilities at the MAC affect all areas.

### HISTORICAL OPERATING REVENUE & OPERATING EXPENSE SUMMARY 1986 VS 1995

(\$ = 000)	1987		1996		1987-1996 Change \$	Annual % Increase
	\$	% Of Total	\$	% Of Total		
Operating Revenue						
Airline Rates & Charges	\$19,211	38.81%	\$35,647	37.17%	\$16,436	7.11%
Concessions	24,433	49.37	47,872	49.92	23,439	7.76
Other	<u>5,850</u>	<u>11.82</u>	<u>12,387</u>	<u>12.92</u>	<u>6,537</u>	8.69
Total Operating Revenue	\$49,494	100.00%	\$95,906	100.00%	\$46,412	7.63%
Operating Expenses						
Personnel	\$14,784	36.25%	\$26,341	32.43%	\$11,557	6.63%
Administrative Expenses	414	1.02	1,028	1.26	614	10.63
Professional Services	2,193	5.38	4,040	4.97	1,847	7.02
Utilities	3,072	7.53	6,106	7.52	3,034	7.93
Operating Services	3,281	8.04	8,705	10.71	5,424	11.45
Maintenance	4,814	11.80	8,007	9.86	3,193	5.82
Depreciation <sup>B</sup>	11,500	28.19	26,528	32.66	15,028	9.73
Other	<u>731</u>	<u>1.79</u>	<u>477</u>	<u>0.59</u>	<u>(254)</u>	(4.63)
Total Operating Expenses	\$40,789	100.00%	\$81,232	100.00%	\$40,443	7.95%
Net Revenues	<u>\$ 8,705</u> <sup>A</sup>		<u>\$14,674</u> <sup>A</sup>		<u>\$ 5,969</u>	

<sup>A)</sup> Required as contribution towards debt service payments and construction program financing.

<sup>B)</sup> Depreciation figures for these years are net, not gross, as the 1987 figure could not be ascertained.

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### STATISTICAL – 1998 OPERATING BUDGET

The first comparison, 1987 versus 1996, emphasizes the following three results:

1. The largest increase in revenue is in the Other category (8.69%). This is a result of fees for ground and building rentals, charges for tenants use of water and sewer, and charges for services provided. (See Revenue Assumptions–Building Rental, Lobby Fees and Ground Rent–Other.)
2. The annual percentage increase in revenue from 1987 to 1996 (7.6%) was less than the annual percentage increase in expense from 1987 to 1996 (7.9%). Over this ten year period expenses grew at a slightly higher rate than revenue. This year's budget shows that this spread between 1987 and 1996 revenue to expense is 0.3% (i.e. 7.6% in revenue growth versus 7.9% in expense growth).
3. Personnel costs from 1987 to 1996 increased \$11.6 million. This equates to an average annual increase of 6.63%. With this increase however, the percentage of total for personnel dropped from 36.35% to 32.22%. Depreciation, on the other hand, rose \$15.0 million or at an average rate of 9.73%. This has resulted in the Depreciation percentage of total expense rising from 28.19% in 1987 to the largest expense component in 1996 at 32.66%.

HISTORICAL OPERATING REVENUE & OPERATING EXPENSE SUMMARY 1996 VS 1998								
(\$ = 000)	Actual 1996		Estimated 1997		Budgeted 1998		1996-1998 Change	Annual %
	\$	% Of Total	\$	% Of Total	\$	% Of Total		
Operating Revenue								
Airline Rates & Charges	\$34,453	35.92%	\$ 40,930	39.01%	\$ 44,563	38.93%	\$10,110	13.73%
Concessions	47,872	49.91	51,300	48.89	56,490	49.34	8,618	8.63
Other	13,581	14.17	12,700	12.10	13,429	11.73	(152)	(0.56)
Total Operating Revenue	\$95,906	100.00%	\$104,930	100.00%	\$114,482	100.00%	\$18,576	9.26%
Operating Expenses								
Personnel	\$26,341	32.43%	\$ 30,500	32.53%	\$ 31,830	32.22%	\$ 5,489	9.93%
Administrative Expenses	1,028	1.27	1,105	1.18	1,176	1.19	148	6.96
Professional Services	4,040	4.96	3,550	3.79	3,722	3.77	(318)	(4.02)
Utilities	6,105	7.52	5,450	5.82	5,805	5.88	(300)	(2.49)
Operating Services	8,705	10.72	9,053	9.66	10,580	10.71	1,875	10.24
Maintenance	8,007	9.86	8,825	9.42	8,613	8.72	606	3.72
Depreciation	26,528	32.66	34,400	36.69	36,502	36.95	9,974	17.30
Other	477	0.58	847	0.90	555	0.56	78	7.87
Total Operating Expenses	\$81,231	100.00%	\$ 93,730	100.00%	\$ 98,783	100.00%	\$17,552	10.28%
Net Revenues	\$14,675 <sup>A</sup>		\$ 11,200 <sup>A</sup>		\$ 15,699 <sup>A</sup>			

<sup>A)</sup> Required as contribution towards debt service payments and construction program financing.

The second comparison shows 1996 actual, 1997 estimated and 1998 budgeted revenue and expense categories with dollars and percentages. There are three items in this comparison that need further comment:

1. Revenue is projected to increase an average of 9.26% annually from actual 1996 to budgeted 1998. Actual percentages of total revenue for the individual categories change very little. (For example, Concessions in 1996 was 49.91% of total revenue, while in 1998, it is budgeted to be 49.34% of total revenue.) Increases are explained in the Revenue Assumptions section.

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### STATISTICAL – 1998 OPERATING BUDGET

2. Expense is projected to increase an average of 10.28% during this period. Depreciation expense shows the most significant change. Its percentage of total expense changes in this period from 32.66% to 36.95%. This is due to major projects, both new and renovations, being complete. Other areas of expense, as a percentage of total, are changing much less.
3. The annual percentage increase in revenue from 1996 to 1998 is 9.26% whereas the annual percentage increase in expenses from 1996 to 1998 is 10.28%. This conforms with the trend from 1987 to 1996 where expense grew at a greater pace than revenue. The principle cause of this increase in expense is the completion of some projects in 1997 and 1998 (i.e. Ground Transportation Center, Regional Airline Apron and East/West Vertical Circulation). The Commission is analyzing how to reverse this trend.

#### FACILITY EXPANSION

	<u>1988</u>	<u>1997</u>	<u>Increase</u>	<u>% Increase</u>
Lindbergh & Regional				
Terminal Square Footage	1,510,400	1,934,935	424,535	28.11%
Number of Gates	62	69	7	11.29%
Ramp Lineal Footage	8,874	8,874	0	0.00%
Parking	7,579	11,218	3,639	48.01%
Tenants – All Airports	521	938	417	80.04%

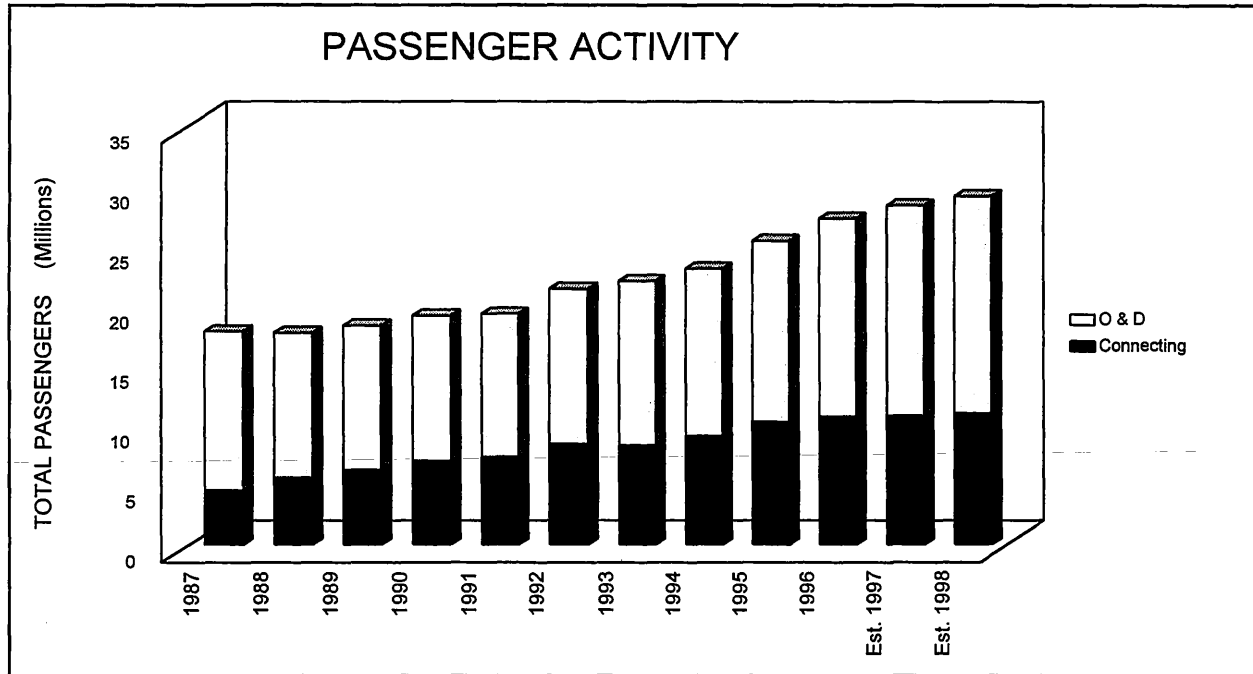
Lindbergh/Regional Terminal Information is from Airport Development Historical Records

The final chart in this section deals with facilities. This comparison shows how the major facilities at MSP International have expanded since 1988. 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 rent income. Expenses include 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 new facilities have been added: Auto Rental facilities, South Lindbergh Terminal addition, NWA Hangar, Mesaba Hangar, new parking ramp, Terminal Vertical Circulation/Skyways, Southwest Terminal addition, International Arrivals Facility, Ground Transportation Center, and the Butler Fueling facility. During 1997, Mesaba Airlines moved into the Temporary Regional Terminal, consequently, the end of the Gold concourse has been restructured for more jet bridges. This has caused the increase of gates at MSP International Airport.

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### ACTIVITY STATISTICS – 1998 OPERATING BUDGET

This section contains the historical and forecasted levels of activity for the period 1987 through 1998 in the MACs system of airports. The Passenger, Operations and Cargo results have generally been increasing. The reductions in cargo that occurred in 1989 and passengers that occurred in 1988 will be explained in their respective sections following each graph.



This chart shows how passenger traffic has increased at MSP International since 1987, except for 1988. In late 1988, two carriers eliminated service to MSP International Airport resulting in a decrease of approximately 100,000 passengers. In 1987, MSP International had approximately 25% of its passengers being connecting (those transferring directly to another flight). Since 1986, MSP International has changed to more of a connecting airport with approximately 38% of all passengers being connecting while the O & D passenger percentage has fallen from 75% in 1987 to 62% estimated in 1998.

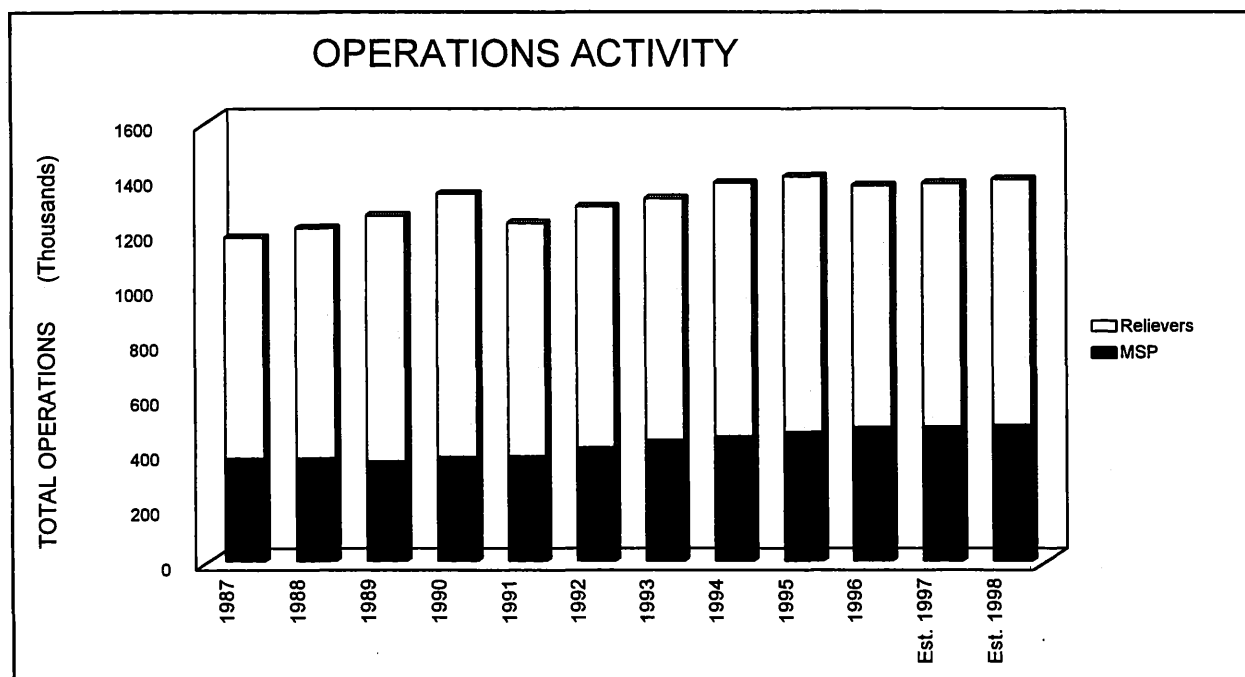
Estimates of passenger activity form an important element in forecasting revenue each year. This chart represents actual passenger statistics for 1995 and 1996 and estimates for 1997 and 1998. The three categories are listed because each is used in a particular way to calculate certain types of revenue. 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.

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### ACTIVITY STATISTICS – 1998 OPERATING BUDGET

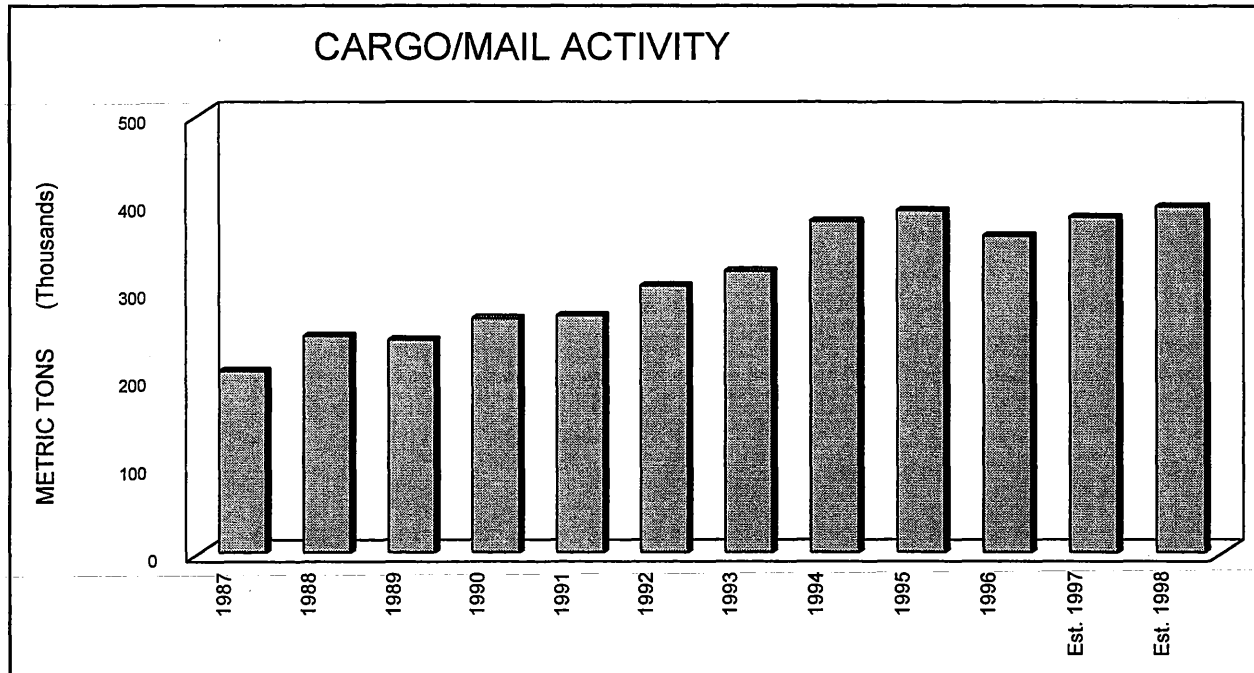
	1995 Actual	1996 Actual	1997 Estimate	1998 Estimate
<u>Passenger Type</u>				
Enplaned	7,489,000	8,266,189	8,700,000	9,000,000
Deplaned	7,489,000	8,291,473	8,850,000	9,100,000
Connecting	<u>10,355,000</u>	<u>10,710,900</u>	<u>10,810,000</u>	<u>11,025,000</u>
	<u>25,342,000</u>	<u>27,268,562</u>	<u>28,360,000</u>	<u>29,125,000</u>



Total operations for the MAC system have increased 18% since 1987. (An operation represents one takeoff or landing.) This equates to an average annual increase of 1.8% for the period 1987 through estimated 1998. Operations at MSP International are estimated to rise to 495,000 in 1998. Increased service by Northwest from this hub and international activity are the reasons for this rise in activity.

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### ACTIVITY STATISTICS – 1998 OPERATING BUDGET



Cargo/Mail activity has increased annually since 1987 with the exception of 1989 and 1996. 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 1991 and 1992 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. The decrease in 1996 from 1995 is the result of freight/cargo hauled by major and commuter carriers. The most likely reason is that as load factors (% of seats filled) increase for these carriers, there is less space available for cargo/freight. The estimate for 1998 is 395,000 metric tons.

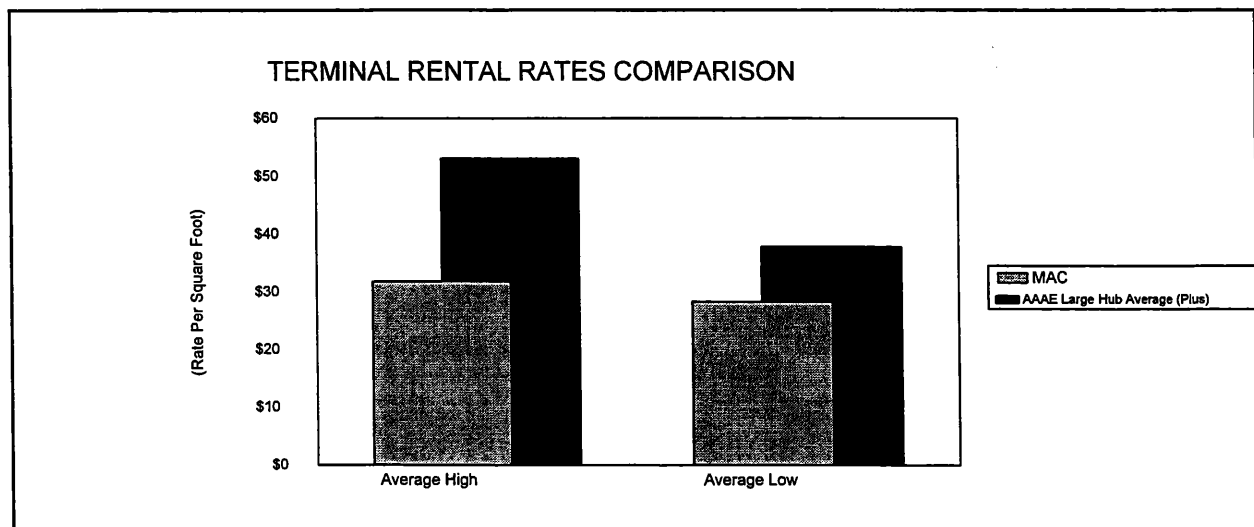
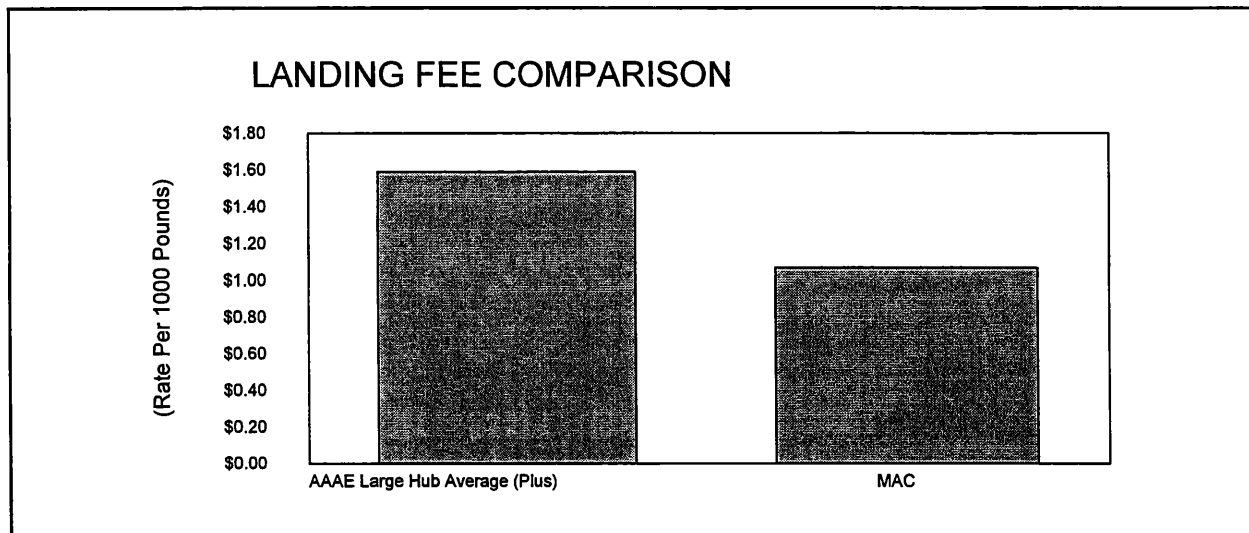
## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### NATIONAL COMPARISON – 1998 OPERATING BUDGET

The information presented in this section was obtained from two national surveys. The first set of comparisons was tabulated by the American Association of Airport Executives (AAAE). This survey grouped hub airports into three categories: large, medium and small. In order to be considered a large hub for purposes of this survey, an airport must have had at least 5,125,000 enplanements (departures). MSP is considered a large hub airport.

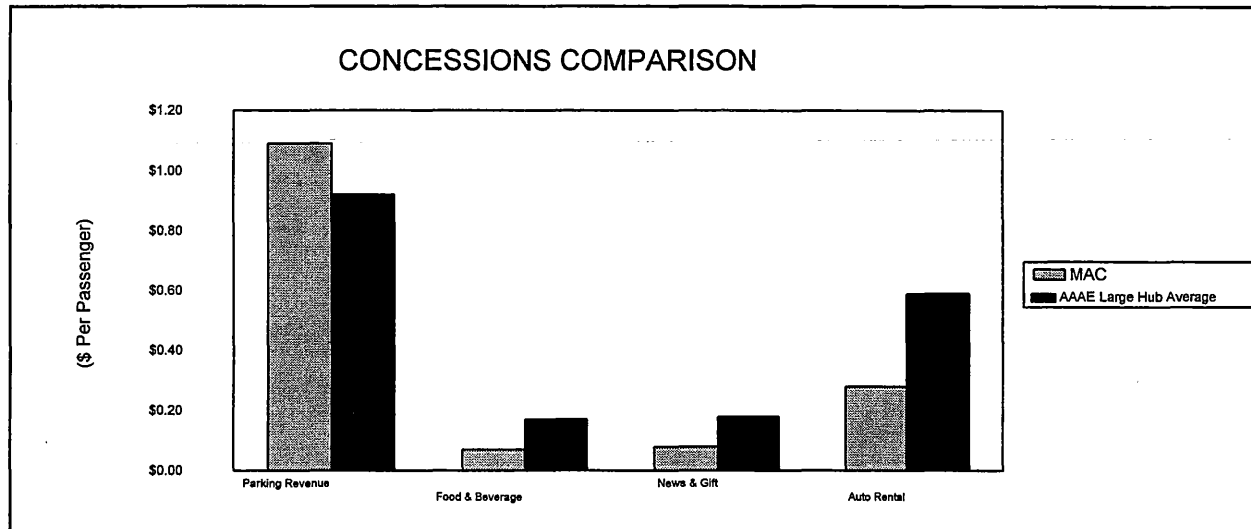
### RATE AND CONCESSIONS

From the information detailed in the survey, three comparisons of the large hubs are shown below. The national figures are from the most recent survey which was 1995/1996. The numbers for MAC are from the 1998 budget.



## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### NATIONAL COMPARISON – 1998 OPERATING BUDGET



The first two graphs indicate MSP's airline rates (i.e. landing fee and terminal rate) are significantly below the large hub average rate from the survey. One reason for this significant difference in rates may be that the Commission's facilities are older than a number of the facilities of other large hubs. Continued programmed maintenance and improvements as needed should allow these facilities to be fully utilized until major expansion takes place.

The third graph compares per passenger revenue from selected concessions. As shown, parking revenue is greater than the large hub average. As detailed in the Revenue Assumptions section of the Operating Budget, parking revenue is MAC's largest revenue source. The other three concessions comparisons - auto rental, food & beverage and news & gifts all show a significant negative difference between the large hub averages for these concessions and what the MAC generates. This deficiency has been identified. As a result, the Commission has undertaken a significant remodeling and expansion of the concessions program in order to generate more revenue on a per passenger basis. Not only will this result in a renovation of the Lindbergh Terminal concessions area, but also a number of new tenants and a variety of retail options.

### INDUSTRY

The final area of comparison deals with comparing MAC's financial and operating ratios to industry performance ratios. Moody's, one of the bond rating agencies, publishes separate financial and operating ratios for Hub and O & D airports. These ratios are based on 1996 financial and operating data and have been used for purposes of comparison. The medians published by Moody's are intended to serve as broad indicators. Significant deviation from the median is not necessarily an indicator of credit quality, and may, in fact, highlight a significant event or unusual characteristic of an enterprise.

Debt, financial and operating statistics are discussed separately below. All MAC figures are based on estimated 1997 information.



## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### NATIONAL COMPARISON – 1998 OPERATING BUDGET

#### DEBT RATIOS

DEBT RATIO ALL AIRPORTS	MAC	MOODY'S MEDIAN
Debt/enplaned passengers (\$)	28.92	43.75
Debt service coverage (X)	2.11	1.90

Debt per enplaned passenger is calculated by dividing total outstanding debt by the number of enplaned passengers.

MAC's ratio of debt/enplaned passenger is 34% below the industry average. The current figure includes the \$270 million dollar NWA financing. It is expected to rise over the next several years as we begin to issue debt to finance the Capital Improvement Program.

Debt service coverage demonstrates the current ability to repay debt. The MAC's coverage ratio is above the median.

#### FINANCIAL RATIOS

FINANCIAL RATIOS ALL AIRPORTS	MAC	MOODY'S MEDIAN
Revenues/enplanements (\$)	10.78	7.86
Operating Ratio (%)	57.0	49.0

Ratios derived from the income statement provide measures of profitability. Each ratio is discussed below.

Revenue/enplanement is calculated by dividing the total of operating and non-operating income by total enplaned passengers. MAC's revenue/enplaned passengers exceeds the median by \$2.92/enplanement.

The Operating Ratio is calculated by dividing operating and maintenance costs (net of the depreciation) by total operating revenues. MAC's Operating Ratio indicates that operating and maintenance costs are a higher percentage of total operating revenue than the median represents. This difference could be the result of how airports account for long term leases with the airport tenants.

Airports account for long term leases as either operating or non-operating revenue. If an airport accounts for these leases as operating revenue it causes operating income to be higher and the operating ratio to be lower. MAC accounts for these leases as non-operating income; as a result, operating income is lower and the operating ratio is higher.

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### NATIONAL COMPARISON – 1998 OPERATING BUDGET

#### OPERATING RATIOS

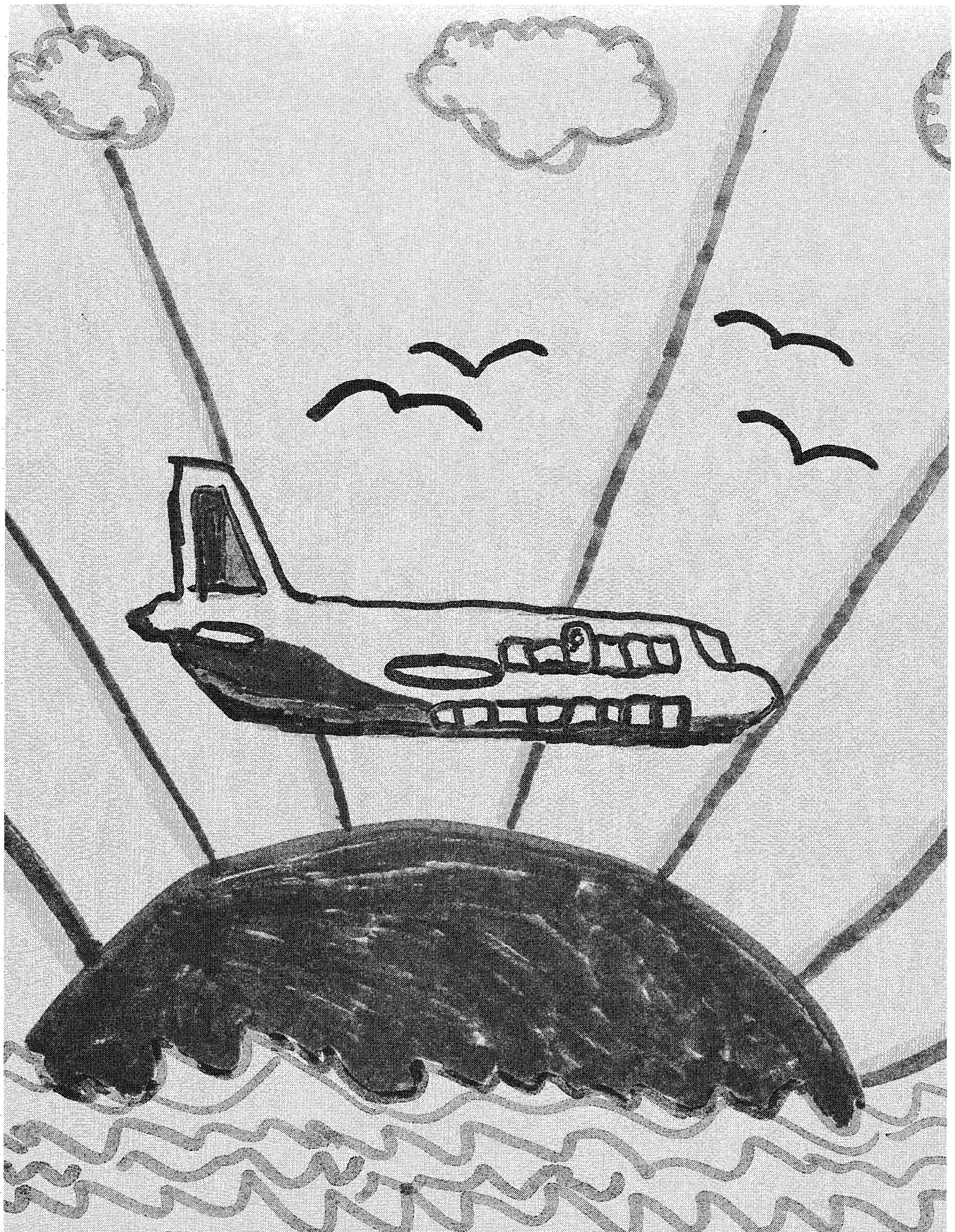
OPERATING RATIOS HUB AIRPORTS	MAC	MOODY'S MEDIAN
Dominant carrier of total airport traffic (%)	75.5	72.5
Primary two carriers of total airport traffic (%)	79.1	81.2
Utilization per gate (originating traffic)	126,087	59,571
Utilization per gate (originating & connecting traffic)	204,420	167,449

The dominant carrier at MSP is obviously Northwest Airlines. Their percentage of total traffic is 75.5% compared to the industry median of 72.5%. The second largest carrier is United.

The Utilization per gate statistics indicate higher utilization of gate facilities than the average. This is due to the fact that MSP has fewer gates.

Based on the information presented, it is possible to make the following broad conclusions:

1. The debt/enplaned passenger is lower than the industry average and debt service coverage is sufficient to meet debt payments.
2. Revenue/enplanement is higher than the industry average. Differences in the Operating Ratio are attributed to differences in accounting for long term leases.
3. MSP is obviously a fortress hub with NWA serving 75.5% of the airport traffic. The next largest carrier, United, services only 3.6% of total airport traffic.





## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### GLOSSARY – 1998 OPERATING BUDGET

**Accrual Basis** – This basis of accounting attempts to record financial transactions in the period they occur rather than recording them in the period they are paid.

**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 expires on 12/31/97. This agreement is the basis for airline rates and charges primarily the landing fee, ramp fee, carousel and conveyors, terminal building rates, and the noise surcharge.

**Airline Rates and Charges** – One of the three main revenue categories. Includes all charges set by the airline agreement (landing fees, ramp fees, terminal rents, noise surcharge, and carousels & conveyors) plus other airline terminal rents.

**Airport Improvement 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. Also referred to as Ramp.

**AVI** – Automated Vehicle Identification. Relates to Landside Operations.

**CSOs** – Community Service Officers.

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

**The Commission** – Metropolitan Airports Commission.

**Concessions** – One of the three main revenue categories. This category includes: food and beverage, news & gifts, parking, auto rental, vending, ground transportation, telephones, and numerous other small lessees.

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

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

**Construction Fund** – A special account whose monies are used for capital project expenditures, including consulting fees, at all Commission facilities. (See Construction Budget.)

**Debt Serve Account** – An account which MAC is required by law to maintain whereby the balance on hand on October 10<sup>th</sup> 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.

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### GLOSSARY – 1998 OPERATING BUDGET

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

**Differential Landing Fees** – A measure that requires older, noisier aircraft (Stage II) to pay a higher fee or "noise surcharge" than quieter aircraft (Stage III) as a means of encouraging the use of newer, "quiet-technology" aircraft. This is part of the Noise Surcharge calculation.

**Dual Track Process** – The path designated by the Legislature that MAC and the Met Council will follow regarding a new airport. One track deals with a new airport whereas the other track deals with expansion of MSP International. The decision to expand MSP International was made in March 1996.

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

**Enterprise Fund** – This type of fund accounts for all cost allocations including depreciation while its cost of services are recovered through user fees/charges.

**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.

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

**General Airport Revenue Bonds (GARBs)** – These bonds are secured by the pledge of all operating revenues of the Commission subject to the prior pledges of such revenues for payment of Airport Improvement Bonds and General Obligation Revenue Bonds.

**General Insurance** – Part of the "Other" expense category. This includes insurance covering property, casualty, liability, crime, auto, and equipment.

**General Obligation Bonds** – 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.

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### GLOSSARY – 1998 OPERATING BUDGET

**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.

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

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

**Lindbergh Terminal** – The main terminal where 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 10/31/97 these include American, America West, Air Canada, Continental, Delta, KLM, Northwest, TWA, United, U.S. Air, and Vanguard. In addition to these there are several freight carriers, charter carriers, and commuter carriers that participate in the airline agreement.

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

**Minor Equipment** – Includes items whose cost is less than \$5,000. These items are minor equipment, computers & accessories and office furniture.

**NWA** – Northwest Airlines.

**Noise Surcharge** – The surcharge established in the new airline agreement. All Stage II and Stage III jet 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 Operating Budget.)

## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

### GLOSSARY – 1998 OPERATING BUDGET

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

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

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

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

**Passenger Facility Charge (PFC)** – An authorization by Congress which allows proprietors of commercial service airports, such as MAC, to impose a passenger facility charge upon revenue passengers enplaning at those airports. The charge can be set at \$1, \$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. MAC's initial application was approved with charges starting June 1, 1992.

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

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

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

**Reimbursed Expense** – Costs paid by the Commission initially, and then billed back to tenants. (This is in "Other Expenses" as a reduction.)

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

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

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

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



## MINNEAPOLIS/ST. PAUL METROPOLITAN AIRPORTS COMMISSION

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**Signatory Carriers/Airlines** – Refers to those carriers/airlines who have signed the Airline Agreement. This includes carriers/airlines from the major, commuter, charter, and cargo/freight carrier categories.

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

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

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

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

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

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

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

**Wold-Chamberlain Field (WCF)** – The airfield itself excluding the Terminal Building.