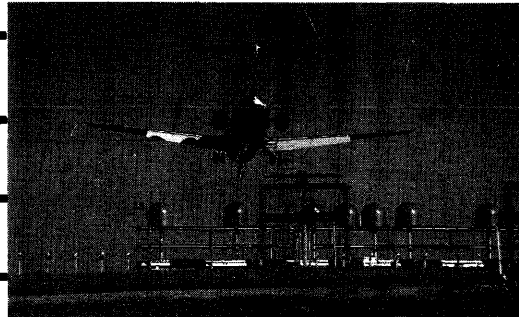




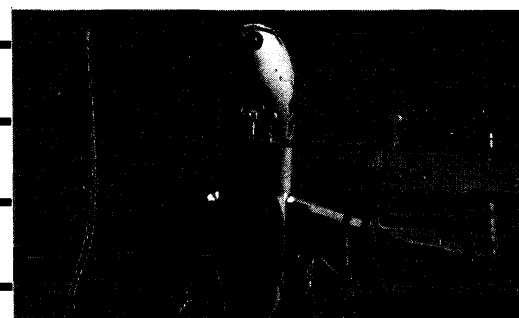
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Operating Budget

1986



Minneapolis- St. Paul Metropolitan Airports Commission

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Pursuant to Mn Stat 473.621

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OPERATING BUDGET

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Budget Message

OCTOBER 30, 1985

Commissioners:

As presented for approval by the Metropolitan Airports Commission, the 1986 Operating budget is an important management tool reflecting the goals and objectives highlighted for the coming fiscal year.

One of the strengths of the MAC during its 42-year history has been its sound financial principles which have formed a solid foundation for continued safe and efficient operation. These key principles which continue to guide the decision-making process include:

- To generate needed revenues without use of tax support.
- To maintain a triple "A" bond rating.
- To encourage increased use of all reliever airports through a system of favorable user charges.
- To promote the use of professional firms whenever possible as an alternative to a large permanent staff.
- To achieve the highest level possible of airport safety during all weather conditions.
- To make maximum use of federal and state grant funds for airport construction programs.
- To promote and foster air transportation locally, statewide, nationally and internationally.
- To ensure residents of the metropolitan area the minimum environmental impact from aircraft operations.

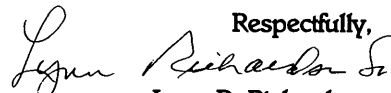
The presentation of the 1986 budget has been expanded to include additional information and commentary so that it may function as a more comprehensive document throughout the coming year. Information on personnel and equipment needs, construction funds, debt-service funds, and statistical estimates of activity have been expanded to better explain the budget for the various users.

1986 will be a year in which the results of changes in organizational structure and substantial construction activity will be seen. As a result of a thorough review and evaluation of MAC staffing requirements by the Commission in April, 1985, significant changes in personnel costs are reflected in the 1986 budget. An aggressive hiring program is currently underway to fill existing staff vacancies, which will strengthen our entire organization.

After a great deal of planning and review, a number of significant capital improvements will be completed during 1986. These projects will contribute to a substantial improvement in the services provided by MAC at Wold-Chamberlain Field and several of our reliever airports.

The 1986 budget also reflects the direction by the Commission to do a complete update of our master development plan at MSP. The need for a major review of our future plans for facilities and related management policies to provide for a changing industry has been highlighted by the continuing growth in passengers and operations. Changing operational methods and route structures by airlines as a response to a deregulated industry are having significant impacts on the use of our terminals, roadways, airfields, and other facilities. We are also experiencing a significant impact on the environment; particularly, noise related impacts at MSP. All these areas will be addressed in a master-plan update and related studies planned for 1986.

The 1986 budget reflects these major changes in Commission operations, which are designed to further improve our service to the traveling public. Estimates and projections contained in the budget are based on the judgments of MAC Staff and other responsible parties as to the financial impact of commission direction and industry changes during the next year. In an industry undergoing rapid change, new trends may develop that will affect the level and type of service which MAC provides—the 1986 budget will serve as an additional management aid in identifying those changes and in analyzing alternative solutions.

Respectfully,

Lynn D. Richardson
Director of Finance

FINANCE AND ADMINISTRATION:

- Implement all approved MAC staff changes as identified by the Personnel Committee as a result of the organizational restructuring that began in April, 1985.
- Design and implement an approved program of employee development and training for first line managers.
- Design and implement a new centralized purchasing function under the responsibility of the maintenance department.
- Complete the plan for implementation of changes to our compensation system as required under the comparable worth legislation.
- Complete a review of MAC concession policies, including space available, services desired and estimated revenues.

PLANNING AND DEVELOPMENT:

- Complete the preparation of an update to the master plan for the future development of Wold-Chamberlain Field.
- Complete the first phase of development and construction in the southwest hangar/cargo area including a leasing and management philosophy for the area.
- Establish a policy and approach for construction, financing and use of the Hubert Humphrey Terminal facility.
- Complete an analysis of the feasibility of extending Runway 4/22.

OPERATIONS:

- Complete the review of existing employee and passenger shuttle bus systems recommending required operating improvements and user fees.
- Recommend changes to the existing ground transportation system at MSP. Changes are designed to improve access by the public, facilitate the construction of additional parking facilities and provide adequate control over all modes of ground transportation.
- Complete a study of differential landing fees as a method of encouraging the use of quiet aircraft at Minneapolis-St. Paul International Airport.
- Evaluate the feasibility of providing financial incentives to airlines to upgrade existing fleets to a higher proportion of Stage III aircraft, and to utilize those aircraft at Minneapolis-St. Paul International Airport.
- Complete a pilot program of residential insulation in noise impacted areas to evaluate the benefits achieved in relation to various levels of insulation. This program is being carried out in conjunction with the City of Minneapolis.
- Continue efforts toward obtaining a grant from the Federal Aviation Administration to assist communities adjacent to Minneapolis-St. Paul International Airport in carrying out compatible land use planning efforts.
- Complete a Part 150 Study, designed to coordinate and integrate the various noise abatement efforts into a comprehensive program dealing with both operation procedures and off-airport and land use techniques.

Revenue Assumptions

Estimates of revenue for 1986 have been made by compiling information on anticipated levels of passenger activity and operations from airlines using MSP, from leases' contracts and other agreements that will be in effect during the year and from analyzing historical trends of these various activities.

The following is a brief summary of projected 1986 revenues with a comparison to estimated 1985 figures.

(Thousands)

| Revenue Category | 1985 Budget | 1985 Estimate | 1986 Budget | Dollar Variance | Percentage Increase |
|----------------------|-----------------|------------------|-----------------|--------------------|------------------------|
| Traffic | \$10,068 | \$10,606 | \$11,939 | \$1,333 | 12.6% |
| Concessions | 15,716 | 19,870 | 22,541 | 2,671 | 13.4% |
| Rentals | 15,031 | 16,731 | 20,929 | 4,198 | 25.1% |
| Utilities | 600 | 800 | 800 | 00 | 0.0% |
| Miscellaneous | 453 | 535 | 581 | 46 | 8.6% |
| Total Revenue | \$41,868 | \$48,542 | \$56,790 | \$8,248 | 17.0% |

TRAFFIC: AIRLINE LANDING FEES AND RAMP FEES

Landing fees and ramp fees for 1986 were calculated based upon the current agreement with the airlines. Under the terms of this agreement both fees are based upon the total estimated expenses in the appropriate cost center. By dividing total field and runway costs by total landed weight a landing fee is established for use during the year. Ramp rental rates are determined by dividing total estimated Terminal Ramp expenses by total linear feet of ramp available. In essence, these two rates are based upon a breakeven philosophy in which total revenue equals total expense.

A comparison of actual 1984, budgeted 1985 and projected 1986 rates are as follows:

| | 1986 Budget | 1985 Budget | 1984 Actual |
|--------------|---------------------|---------------------|---------------------|
| Landing Fees | \$.52/1000 lbs. | \$.52/1000 lbs. | \$.47/1000 lbs. |
| Ramp Fees | \$193.04/lineal ft. | \$166.01/lineal ft. | \$185.07/lineal ft. |

Landing fee revenue from the airlines is projected to increase in 1986. This increase relates directly to increased costs for snow removal, maintenance and capital improvements scheduled for 1986. Due to the increase in landed weight projected by the Airlines, however, the landing fee per 1000 lbs. will remain the same.

CONCESSIONS: AUTO PARKING

The largest single increase in the concessions' revenue occurred in parking. Previously, revenue from this item had been projected very conservatively. An advertising campaign and a rate increase have been used to discourage long-term parking and to promote the use of public transportation. This was an effort to reduce traffic congestion during peak travel periods. In addition three new off airport parking facilities have been established. These lots provide lower rates and a

shuttle service to the airport. The impact of this ad campaign and competing facilities on our parking activity was estimated to assure that the actual revenue collected was not overstated.

Parking revenues for 1986 have been projected after reviewing the results of expected 1985 revenues of just over \$13,000,000 and the opening of an additional 1000 spaces in our 34th Avenue remote lot.

OTHER CONCESSIONS:

All other revenues from remaining concession categories were estimated by examining both historical data and current lease terms. Projections were then made for each item individually. Since 1980, with the exception of parking, concession revenue has increased at an annual rate of between 12 and 15%. Much of the concession activity is directly related to passenger levels. In those cases passenger estimates provided by the airlines were utilized to project revenue.

RENTALS: AIRLINE TERMINAL BUILDING RENTAL RATES

Terminal building rentals are calculated based upon the current agreement with the airlines. Under the terms of this agreement (which does not include the Green or Gold Concourses,) rates are calculated by allocating expense over the square footage in the Lindbergh Terminal. Airlines are then charged for the space they occupy. Unlike landing fees and ramp fees, airline terminal building rates are not based upon a break even philosophy. The MAC recovers approximately 1/3 of the expense associated with the terminal through these charges.

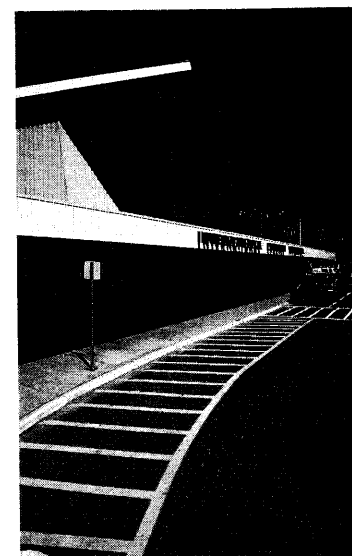
A comparison of actual 1984, budgeted 1985 and projected 1986 is as follows:

| Terminal Bldg. Rentals | 1986 Budget | 1985 Budget | 1984 Actual |
|------------------------|-----------------|-----------------|-----------------|
| Common Use | \$16.32/sq. ft. | \$15.14/sq. ft. | \$13.10/sq. ft. |
| Unfinished | \$13.78/sq. ft. | \$12.70/sq. ft. | \$10.90/sq. ft. |
| Finished | \$14.32/sq. ft. | \$13.17/sq. ft. | \$11.39/sq. ft. |
| Finished-Janitored | \$19.19/sq. ft. | \$17.89/sq. ft. | \$15.57/sq. ft. |

Lindbergh Terminal Building rates for 1986 reflect the projected increases in costs associated with the terminal cost center and the allocations for Police, Fire and Administrative costs.

Self-liquidating rentals are fees received for the rental of facilities constructed for a specific airline such as the Green and Gold Concourses. Leases or lease amendments are negotiated for each of these facilities to assure that the payment of all associated costs of constructing, financing and maintaining it are reimbursed to the MAC. By the end of 1985, the current expansion of the Gold Concourse for Northwest Airlines and modifications to the Green Concourse being made for Republic Airlines will be completed. As a result, the revenue from the rental of these facilities is projected to increase over \$3,000,000 during 1986.

Revenue Assumptions



Revenue Assumptions



RENTALS: HUBERT H. HUMPHREY LOBBY FEES

Lobby fees are a per passenger fee charged to airlines when they use the HHH Terminal. A reduction in the per passenger fee was projected when the 1985 budget was prepared. However, the actual 1985 rate adjustment was less than anticipated. This, along with the growing use of the facility caused this item to be consistently over budget all year. The estimated number of passengers using the facility during 1985 is 700,000, representing an increase of 44% over actual 1984 activity. Estimates of revenue for 1986 have assumed there will be no change in rates, and the passenger level will be similar to 1985. In order to more accurately reflect current experience, revenue for 1986 has been increased to \$1,000,000.

RENTALS: SOUTHWEST CARGO AREA

Construction of the first apron area is now completed. Currently, one tenant is building in the area and inquiries have been made from several others who should make commitments in 1986. An increase of \$95,000 is the projected revenue estimate for 1986.

UTILITIES

Utilities is comprised of two items:

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

This revenue category has been over budget throughout 1985. Therefore, the 1986 budget request for this item has been increased.

MISCELLANEOUS

The majority of revenue generated in this category is reimbursed expense. Reimbursed expense consists of costs which are paid by the Metropolitan Airports Commission initially and then billed back to tenants. The increase in reimbursed expense for 1986 is due to the rental of a hangar by Mesaba Airlines beginning in 1985.

Expense Assumptions

The 1986 budget was prepared from data supplied by Department Heads, utility companies, various suppliers and vendors and detailed analysis of historical spending patterns. This information forms the basis for the proposed expense budget of \$51,581,158.

The chart below shows the major expense categories and the variances between the 1985 estimates and the current proposed 1986 budget.

(Thousands)

| Expense Category | 1985 Budget | 1985 Estimate | 1986 Budget | Dollar Variance | Percentage Increase |
|----------------------|-----------------|-----------------|-----------------|-----------------|---------------------|
| Personnel | \$11,804 | \$12,422 | \$14,087 | \$1,665 | 13.4% |
| Operating Supplies | 603 | 564 | 664 | 100 | 17.7% |
| Utilities | 3,334 | 3,253 | 3,575 | 322 | 9.9% |
| Maintenance Expense | 3,863 | 3,868 | 4,101 | 233 | 6.0% |
| Fixed Charges | 17,796 | 18,775 | 23,325 | 4,550 | 24.2% |
| Miscellaneous | 4,468 | 4,960 | 5,829 | 869 | 17.5% |
| Total Expense | \$41,868 | \$43,842 | \$51,581 | \$7,739 | 17.6% |

PERSONNEL

Staffing levels for the MAC have undergone some significant changes since a detailed review was held in June of 1985. Current estimates for the 1986 fiscal year reflect these changes including costs for wages, salaries, and fringe benefits. Additions to the budget include the funds necessary to fill 20 previously authorized, but currently empty positions. These openings are to be filled for the second half of 1985 and all of 1986. The budget shows a projected need for 11 new positions in various departments.

In addition, budget estimates include a cost of living increase. Corresponding increases in fringe benefit levels as they relate to salary schedules are noted also. However, no new benefit programs are anticipated at this time.

UTILITIES

Anticipated price increases for 1986 were obtained from the various utility companies that provide service to the MAC. Types of services and anticipated percentage increases are listed below:

| | |
|--------------|---|
| Electricity: | 10% |
| Natural Gas: | Minnegasco, NSP and North Central project no price increase for 1986. (These companies provide 99.5% of the natural gas consumed by MAC). |
| Fuel Oil: | No price increase projected. |
| Water: | 6% |
| Sewer: | 4.5% |

Within the current budget, electricity accounts for 40% of the utilities paid. The projected increase, based upon historical trends and forecasts for new facilities will be 10%. Natural gas and fuel oil, together forming the entire fuel category, comprise 31% of the utilities. They are projected to show a reduced cost for 1986. This lower consumption is due to energy conservation measures which were implemented over the last 2 years.

Expense Assumptions

FIXED CHARGES

This category is projected to show the largest increase (24.2%) in expenditures in 1986. The costs primarily affected are depreciation, interest and general insurance, with all but 4% attributed to gains in depreciation and imputed interest. These costs result directly from capital improvements completed and added to the facilities. During 1985 and 1986 approximately \$41 million worth of projects are expected to be closed. This will include the following major items:

| Project | Estimated Cost |
|---|---------------------|
| Boiler Plant Additions | \$2,800,000 |
| Southwest Cargo Apron | 4,000,000 |
| Gold Concourse Addition (Self-liquidating) | 18,906,000 |
| Blue/Green Connector (Self-liquidating) | 1,090,000 |
| Green Concourse Gate Modifications (Self-liquidating) | 4,829,000 |
| Stage 1 Development—Holman Field | 1,100,000 |
| | <u>\$32,725,000</u> |

Depreciation and interest are the most significant cost elements in this category. These costs run consistently over 40% of the total MAC budget. Due to the long lead time required for approval, design and construction, estimates for budget purposes are based on significant assumptions which determine the anticipated projects' financial impact.

All of these assumptions are based upon the Capital Improvement Program and Plan which is being recommended to the Commission at the same time as this operating budget. Commission action on the Capital Improvement Program and subsequent approval of construction contracts will have a substantial impact upon the actual increases in depreciation and interest costs.

The other major element of this category is General Insurance. Due to changes in the insurance market, the pricing philosophy of the carriers and limited competition, premium increases of 100% to 400% are anticipated for our insurance program.

MISCELLANEOUS

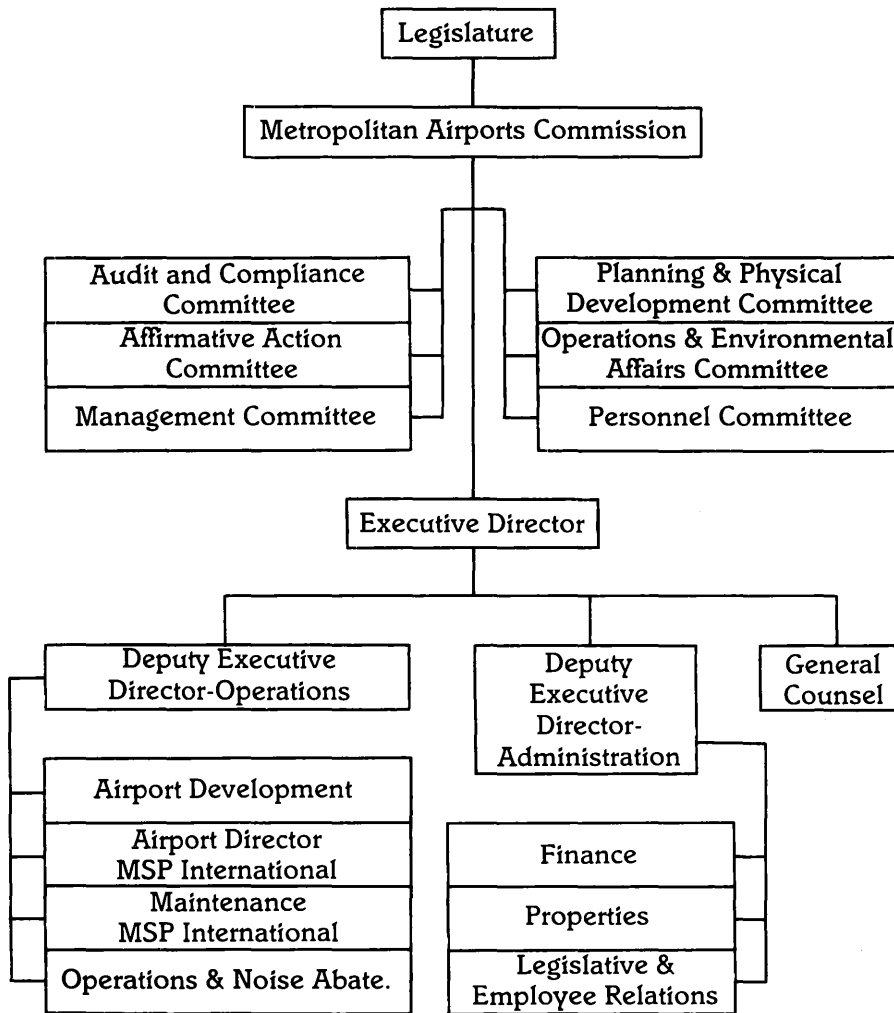
In this category, 75% of the expenses are incurred from the Parking Management Contract and Professional Services. Both of these have projected needs that are over 20% higher than they were in 1985.

The Parking Management Contract covers both the operating expenses of the parking facility and the management fee. However, total contract expenses vary according to the gross parking receipts, usually ranging from 18 to 21% with an overall average of 20%. As projections have indicated a large increase in gross parking revenue, the parking management expenses and fees will consequently rise substantially.

The other large expense item in this category is Professional Services. Due to increased litigation costs, Federal and State legislative expenses and consulting fees for the hiring of upper management positions, this category is projected to substantially increase.

The remainder of the miscellaneous category expenses consist of funds for education, travel, taxi cab starter and shuttle bus services.

Organizational Chart



Operating Budget

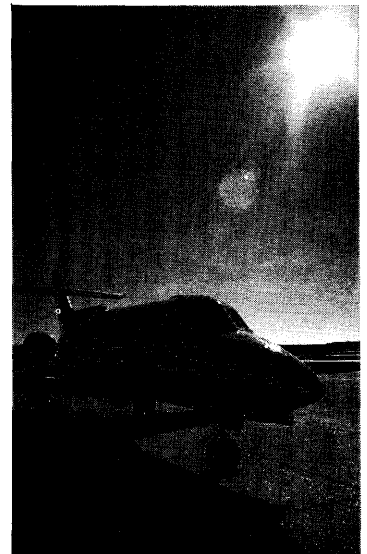


| | Administration | Mpls.-St. Paul International | Reliever Airports | Total 1986 Budget | Estimate 1985 |
|----------------------------|--------------------|---------------------------------|----------------------|------------------------------|------------------|
| Revenue | | | | | |
| Traffic | 0 | 11,844,056 | 95,188 | 11,939,244 | 10,605,940 |
| Commercial | | | | | |
| Concession | 0 | 22,532,967 | 8,280 | 22,541,247 | 19,869,865 |
| Rentals | 0 | 20,423,356 | 505,459 | 20,928,815 | 16,730,820 |
| Utilities | 0 | 800,000 | 100 | 800,100 | 800,000 |
| Miscellaneous | 0 | 480,000 | 101,200 | 581,200 | 534,584 |
| Total Operating Revenue | 0 | 56,080,379 | 710,227 | 56,790,606 | 48,541,209 |
| Expense | | | | | |
| Personnel | 2,040,573 | 11,045,280 | 1,000,973 | 14,086,826 | 12,422,000 |
| Supplies | 54,290 | 556,312 | 53,256 | 663,858 | 564,000 |
| Utilities | 64,845 | 3,383,353 | 127,090 | 3,575,288 | 3,253,000 |
| Maintenance | 54,460 | 3,804,344 | 242,321 | 4,101,125 | 3,868,100 |
| Fixed Charges | 270,898 | 22,445,939 | 607,737 | 23,324,574 | 18,775,000 |
| Miscellaneous | 1,075,316 | 4,711,251 | 42,920 | 5,829,487 | 4,960,000 |
| Total Operating Expense | 3,560,382 | 45,946,479 | 2,074,297 | 51,581,158 | 43,842,100 |
| Net Revenues | <u>(3,560,382)</u> | <u>10,133,900</u> | <u>(1,364,070)</u> | <u>5,209,448^A</u> | <u>4,699,109</u> |

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

Summary of Revenue and Expense

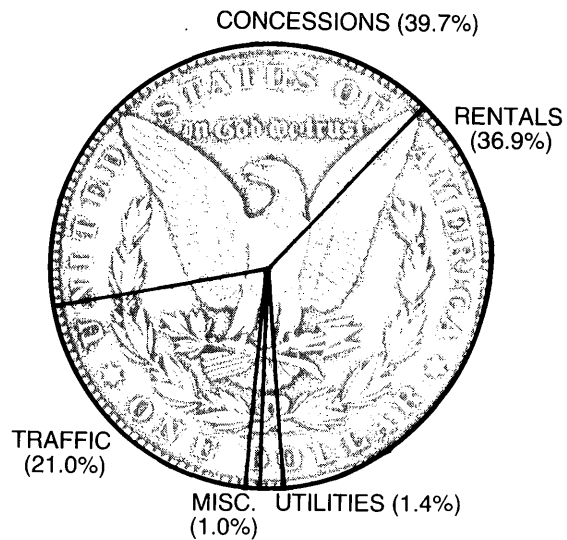
1986 OPERATING BUDGET



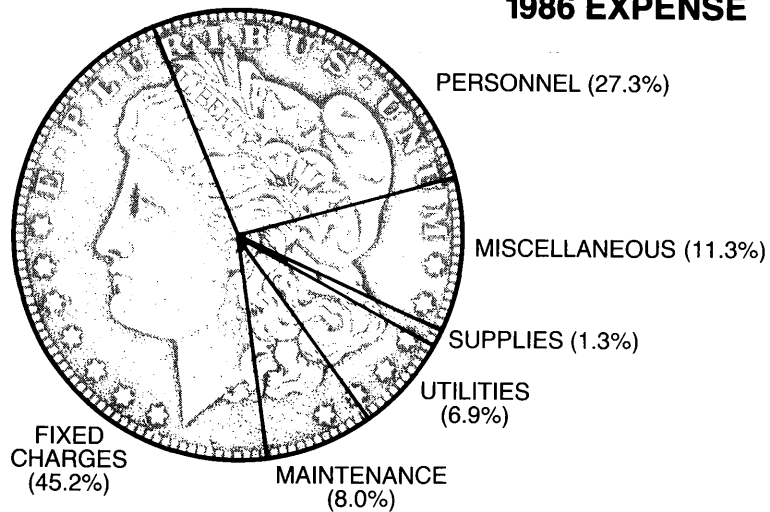
Summary of Revenue and Expense

1986 OPERATING
BUDGET

1986 REVENUE



1986 EXPENSE



Detail of Revenue

1986 OPERATING BUDGET OPERATING REVENUE

| | Mpls-St. Paul International | Reliever Airports | Total 1986 Budget | Estimate 1985 |
|-------------------------------|--------------------------------|----------------------|----------------------|-------------------|
| Traffic | | | | |
| Landing Fees | 9,986,204 | 6,948 | 9,993,152 | 8,720,487 |
| Ramp Charges | 1,743,120 | 0 | 1,743,120 | 1,650,000 |
| Apron & Other Services | 114,732 | 88,240 | 202,972 | 235,453 |
| Total Traffic | <u>11,844,056</u> | <u>95,188</u> | <u>11,939,244</u> | <u>10,605,940</u> |
| Commercial | | | | |
| Concessions | | | | |
| Food Service | 1,341,720 | 8,280 | 1,350,000 | 1,270,000 |
| Auto Rental | 3,540,000 | 0 | 3,540,000 | 3,500,000 |
| News & Gifts | 952,307 | 0 | 952,307 | 850,602 |
| Auto Parking | 15,350,000 | 0 | 15,350,000 | 13,006,027 |
| In-Flight Catering | 420,000 | 0 | 420,000 | 370,000 |
| Other | 928,940 | 0 | 928,940 | 873,236 |
| Total Concessions | <u>22,532,967</u> | <u>8,280</u> | <u>22,541,247</u> | <u>19,869,865</u> |
| Rentals | | | | |
| Terminal-Airlines | 6,909,143 | 0 | 6,909,143 | 5,773,000 |
| Terminal-Other | 236,976 | 0 | 236,976 | 98,000 |
| Ground & Building-Airlines | 11,074,512 | 0 | 11,074,512 | 8,186,316 |
| Ground & Building-Other | 2,202,725 | 505,459 | 2,708,184 | 2,673,504 |
| Total Rentals | <u>20,423,356</u> | <u>505,459</u> | <u>20,928,815</u> | <u>16,730,820</u> |
| Total Commercial | <u>42,956,323</u> | <u>513,739</u> | <u>43,470,062</u> | <u>36,600,685</u> |
| Utilities | 800,000 | 100 | 800,100 | 800,000 |
| Miscellaneous | <u>480,000</u> | <u>101,200</u> | <u>581,200</u> | <u>534,584</u> |
| Total Operating Budget | <u>56,080,379</u> | <u>710,227</u> | <u>56,790,606</u> | <u>48,541,209</u> |

Detail of Expense

1986 OPERATING BUDGET OPERATING EXPENSE

| | Administration | Mpls.-St. Paul International | Reliever Airports | Total 1986 Budget | Estimate 1985 |
|---------------------------------|-------------------------|---------------------------------|-------------------------|--------------------------|--------------------------|
| Personnel | | | | | |
| Salaries & Wages | 1,460,938 | 7,924,489 | 688,200 | 10,073,627 | 9,066,000 |
| Benefits | 549,635 | 3,120,791 | 312,773 | 3,983,199 | 3,326,000 |
| Commissioner Per Diem | 30,000 | 0 | 0 | 30,000 | 30,000 |
| Total Personnel | <u>2,040,573</u> | <u>11,045,280</u> | <u>1,000,973</u> | <u>14,086,826</u> | <u>12,422,000</u> |
| Operating Supplies | | | | | |
| Office & Computer | 29,280 | 21,150 | 264 | 50,694 | 38,000 |
| Janitorial | 384 | 136,140 | 2,846 | 139,370 | 132,000 |
| Gas & Oil | 4,434 | 187,614 | 38,534 | 230,582 | 180,000 |
| Shop Supplies | 0 | 103,300 | 9,750 | 113,050 | 101,000 |
| Other | 20,192 | 108,108 | 1,862 | 130,162 | 113,000 |
| Total Operating Supplies | <u>54,290</u> | <u>556,312</u> | <u>53,256</u> | <u>663,858</u> | <u>564,000</u> |
| Utilities | | | | | |
| Telephone | 28,560 | 90,300 | 13,740 | 132,600 | 120,000 |
| Fuel | 9,750 | 1,043,657 | 44,401 | 1,097,808 | 1,160,000 |
| Electricity | 24,720 | 1,374,932 | 64,386 | 1,464,038 | 1,237,000 |
| Water & Sewer | 1,815 | 874,464 | 4,563 | 880,842 | 736,000 |
| Total Utilities | <u>64,845</u> | <u>3,383,353</u> | <u>127,090</u> | <u>3,575,288</u> | <u>3,253,000</u> |
| Maintenance | | | | | |
| Contract Cleaning | 21,000 | 1,408,500 | 23,100 | 1,452,600 | 1,260,000 |
| Repairs | 30,760 | 1,726,940 | 142,645 | 1,900,345 | 1,751,000 |
| Snow Removal | 0 | 482,424 | 9,360 | 491,784 | 615,000 |
| Rubbish Disposal | 0 | 66,180 | 3,948 | 70,128 | 78,000 |
| Other | 2,700 | 120,300 | 63,268 | 186,268 | 164,100 |
| Total Maintenance | <u>54,460</u> | <u>3,804,344</u> | <u>242,321</u> | <u>4,101,125</u> | <u>3,868,100</u> |
| Fixed Charges | | | | | |
| Depreciation & Interest | 193,686 | 21,703,551 | 508,737 | 22,405,974 | 18,400,000 |
| Insurance | 70,512 | 627,084 | 52,500 | 750,096 | 193,000 |
| Equipment Rental | 6,700 | 109,104 | 45,900 | 161,704 | 180,000 |
| Other | 0 | 6,200 | 600 | 6,800 | 2,000 |
| Total Fixed Charges | <u>270,898</u> | <u>22,445,939</u> | <u>607,737</u> | <u>23,324,574</u> | <u>18,775,000</u> |
| Miscellaneous | | | | | |
| Professional Services | 728,200 | 504,000 | 32,660 | 1,264,860 | 850,000 |
| Parking Management Fee | 0 | 3,102,000 | 0 | 3,102,000 | 2,600,000 |
| Shuttle Bus | 0 | 459,000 | 0 | 459,000 | 425,000 |
| Travel | 120,600 | 32,320 | 2,400 | 155,320 | 90,000 |
| Other | 226,516 | 613,931 | 7,860 | 848,307 | 995,000 |
| Total Miscellaneous | <u>1,075,316</u> | <u>4,711,251</u> | <u>42,920</u> | <u>5,829,487</u> | <u>4,960,000</u> |
| Total Operating Expense | <u><u>3,560,382</u></u> | <u><u>45,946,479</u></u> | <u><u>2,074,297</u></u> | <u><u>51,581,158</u></u> | <u><u>43,842,100</u></u> |

Transfer to the Sinking Fund

| | |
|--|---------------------|
| Beginning Sinking Fund Balance 10/10/85 | \$28,282,883 |
| Interest Income | \$1,855,009 |
| Debt Service Payments | (\$14,021,450) |
| Balance October 10, 1986 | \$16,116,442 |
| 27 Month Sinking Fund Requirement 10/10/86 | <u>\$27,592,788</u> |
| Transfer from Operating Fund to meet 10/10/86 Sinking Fund Requirement | <u>\$11,476,346</u> |

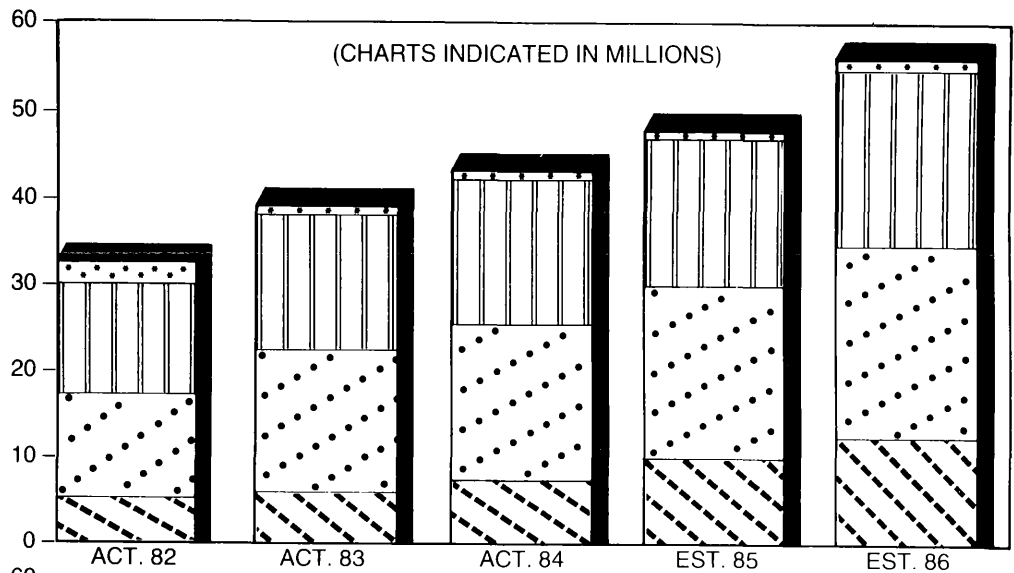
NOTE: Under Airport Law, the commission is required to have a balance in the Sinking Fund on Oct. 10 of every year equal to the total amount of principal and interest due on all outstanding bonds for the next 27 months.

Revenue and Expense Comparison

1982-1986

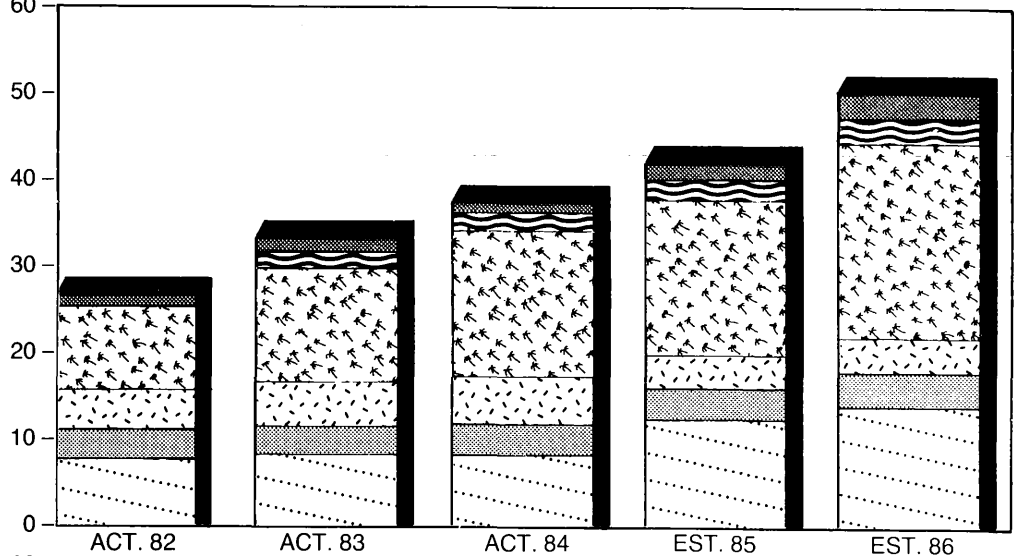
OPERATING REVENUES 82-86

- UTILITIES/MISCELLANEOUS
- RENTALS
- CONCESSIONS
- TRAFFIC



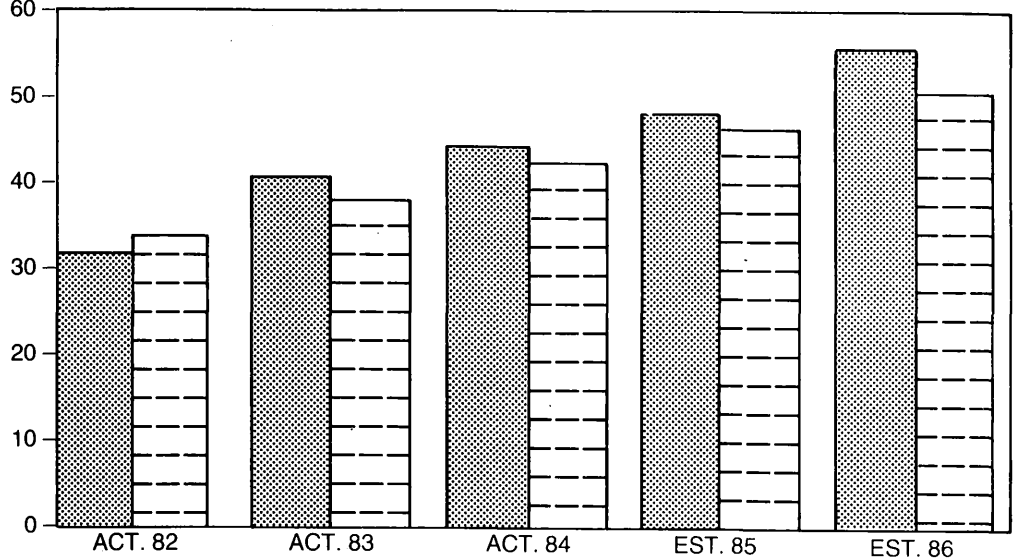
OPERATING EXPENSE 82-86

- MISCELLANEOUS
- PARKING MGMT. FEE
- FIXED CHARGES
- MAINTENANCE
- SUPPLIES/UTILITIES
- PERSONNEL

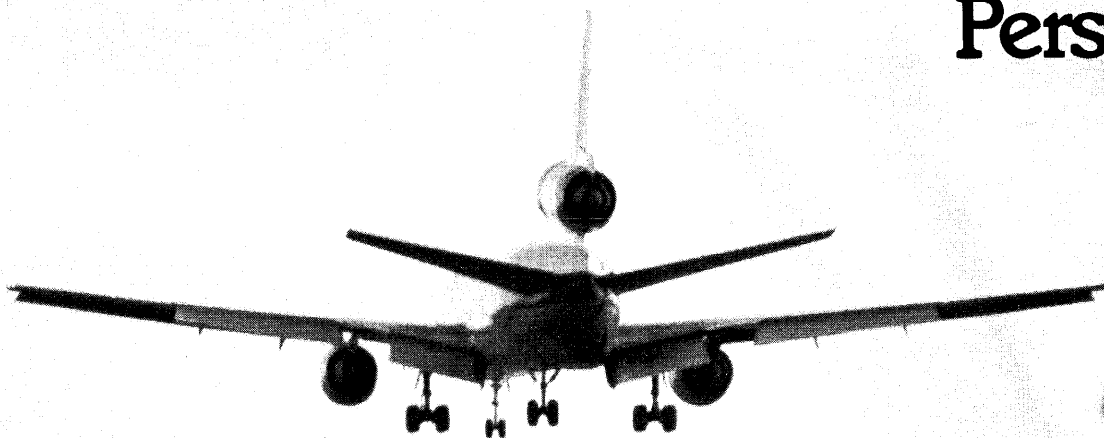


OPERATING REVENUE VS OPERATING EXPENSE

- REVENUE
- EXPENSE



Personnel



Personnel Request for 1986



| Department | Current Manpower 9/1/85 | Authorized Manpower 9/1/85* | 1986 Budgeted Manpower | New Positions Requested |
|--|-------------------------------|-----------------------------------|------------------------------|-------------------------------|
| Main Office | | | | |
| Administration | 5 | 7 | 7 | 0 |
| Operations | 2 | 3 | 3 | 0 |
| Airport Development | 4 | 8 | 7 | 0 |
| Finance | 10 | 11 | 12 | 1 |
| Data Processing | 3 | 4 | 3 | 0 |
| Employee & Legislative Relations | 2 | 3 | 4 | 1 |
| Properties | 1 | 3 | 3 | 0 |
| Noise Abatement | 3 | 3 | 3 | 0 |
| Legal/Affirmative Action | 3 | 4 | 4 | 0 |
| Total Main Office | 33 | 46 | 46 | 2 |
| Mpls-St. Paul International | | | | |
| Administration | 5 | 7 | 8 | 1 |
| West Terminal Area | 3 | 3 | 3 | 0 |
| Operations | 11 | 13 | 14 | 1 |
| Finance | 5 | 5 | 5 | 0 |
| Fire | 30 | 30 | 36 | 6 |
| Police | 54 | 57 | 57 | 0 |
| Terminal Building | 15 | 22 | 21 | 0 |
| Boiler Plant | 11 | 13 | 13 | 0 |
| Maintenance | 77 | 87 | 87 | 0 |
| Humphrey Terminal | 0 | 0 | 1 | 1 |
| Total Mpls-St. Paul International | 211 | 237 | 245 | 9 |
| Reliever Airports | | | | |
| St. Paul Downtown, Lake Elmo, Airlake | 10 | 12 | 11 | 0 |
| Flying Cloud, Crystal, Anoka | 10 | 12 | 10 | 0 |
| Total Reliever Airports | 20 | 24 | 21 | 0 |
| TOTAL FULLTIME EMPLOYEES | 264 | 307 | 312 | 11 |
| * Total authorized manpower: | | 307 | | |
| Add: New positions requested | | 11 | | |
| Less: Authorized, but will not be filled in 1986 | | (6) | | |
| Total 1986 Budgeted Manpower: | | <u>312</u> | | |

Detail of Personnel Request

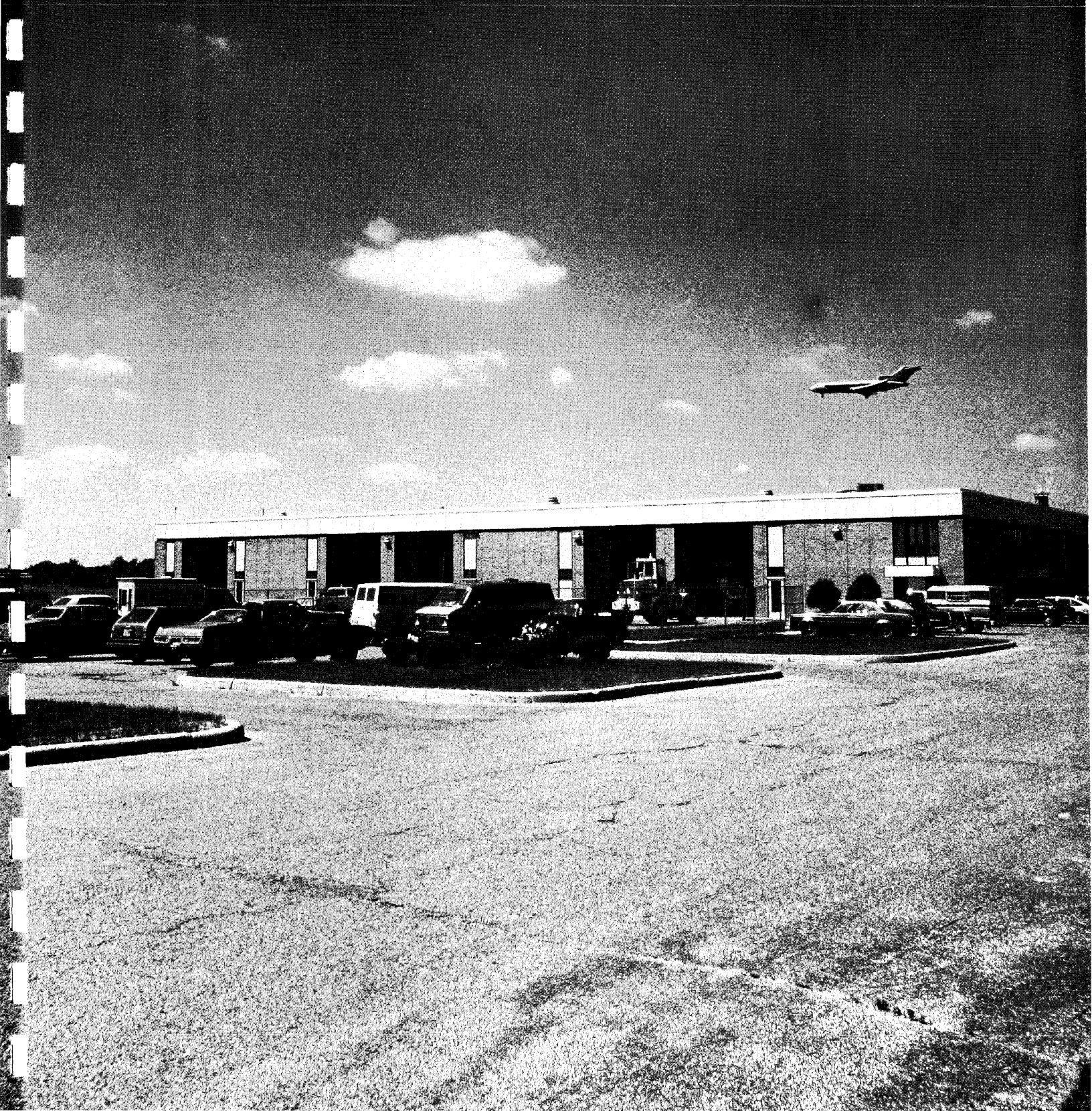
1986 BUDGET

| Department Name | Name of Position | Estimated Annual Salary | Justification |
|-------------------------------------|-------------------------|-------------------------|--|
| Main Office | | | |
| Finance | Accounting Clerk (1) | \$16,952 | Due to increased workloads throughout the Finance Department, an additional accounting clerk is needed. This person will relieve the accountant's and associate accountant's clerical oriented work, help during the audit and budget phase of the accounting cycle, and back-up the accounts receivable and accounts payable positions during illness and vacation periods. |
| Employee & Legislative Relations | Personnel Assistant (1) | \$19,540 | The new person will perform certain personnel duties currently being done by management. This individual will be responsible for hiring employees, assisting in the development of management training programs, and coordinating employee enrichment programs. The addition of this person will allow management to devote more time to the development of the newly organized Personnel Department, monitor the continued changes in state and federal regulations governing labor and employee relations, and implement a computerized human resource information system. |
| Mpls.-St. Paul International | | | |
| Administration | Lost & Found Clerk (1) | \$14,508 | The lost & found duties were performed by the Police Department's clerk/typist when they were located on the lower level. However, the lost and found area was relocated when the police office was moved to the center mezzanine area and carousel #11 was constructed. Currently the Lost and Found is staffed by part-time people. A new full-time MAC employee at this location will better serve the traveling public. |

Detail of Personnel Request 1986 BUDGET

| Department Name | Name of Position | Estimated Annual Salary | Justification |
|-----------------|-----------------------|-------------------------|--|
| Operations | Operations Supvr. (1) | \$25,875 | There is a need for someone at the supervisory level to coordinate activities and scheduling between the dispatchers (7) and operations technicians (6). Currently, this is being done by the airport director. By adding an operations supervisor, the director will have more time to devote to management/director-oriented activities. |
| Fire | Fire Fighters (6) | \$23,867 ea. | Six additional fire fighters are requested due to an increased need for equipment, creating a manned rescue capability and a mandatory reduction of hours. The outcome of the Garcia case determined the shorter work week for fire fighters, thus leaving the department understaffed. Currently, if all of the equipment is manned during a regular shift, there are no fire fighters left to perform rescue operations. |
| HHH Terminal | Assistant Manager (1) | \$30,914 | Both traffic and passenger figures continue to increase dramatically and it is becoming necessary to have someone at the HHH Terminal full time in order to relieve the workload of the properties manager. Presently, there is a temporary person stationed there. A new assistant manager will be on location daily to handle all MAC business and problems. |

Equipment



Equipment Request for 1986

Detail of Equipment Request

| Department Name | Description of Equipment | Purchase Price | Justification |
|------------------------------------|--|--------------------|---|
| Main Office | | \$31,100 | <p>The equipment request for 1986 is presented in this section. The total cost of each piece of equipment is amortized over its useful life through depreciation and interest charges. Both these charges appear in the 1986 operating budget.</p> <p>Snowplowing and firefighting equipment qualify for state and federal aid. As always the metropolitan airports commission will attempt to maximize the receipt of these funds. Aid however, is limited, and equipment purchases must compete with eligible construction projects. A projection has not been made estimating aid receipts for equipment purchases for 1986.</p> |
| Mpls-St. Paul International | | \$1,886,435 | |
| Reliever Airports | | \$160,500 | |
| | | <u>\$2,078,035</u> | |
| Main Office | | | |
| Administration Building | Postage Meter (1) (replacement) | \$1,900 | <p>The current meter is over 8 years old and has required frequent repair. Also, because of increased use and the need for a more accurate scale in weighing the outgoing mail this machine should be replaced.</p> |
| Finance | Plotter (1) (new) | \$1,200 | <p>A plotter will enable us to reproduce color charts, thus enhancing future financial presentations.</p> |
| | Personal Computer (1) (new) | \$5,000 | <p>The computers now installed have been used more and more frequently by additional staff people. As more applications for the computer are being introduced, the addition of one unit will ease the time and manpower overload.</p> |
| Noise Abatement | Van (1) (replacement) | \$12,000 | <p>The van is 7 years old and has required an increasing number of repairs. As it is the maintenance department's opinion that the vehicle will not last through 1986 it will be more economical to purchase a new van than to continue to repair the old one.</p> |
| | Noise Monitoring Equip. (replacement) | \$11,000 | <p>This equipment was purchased in 1977. Downtime increases with each repair because it is becoming more and more difficult to get parts.</p> |
| Total Main Office Purchases | | <u>\$31,100</u> | |

Detail of Equipment Request

| Department Name | Description of Equipment | Purchase Price | Justification |
|------------------------------------|---|----------------|---|
| Mpls-St. Paul International | | | |
| Finance | Coin Counting Machine (1) (replacement) | \$3,500 | This machine is 6 years old and wearing out. The number of passenger increases has increased the use of the machine, which in turn has increased the repairs necessary. The purchase of a new one will alleviate these problems. |
| | Change Machines (2) (new) | \$7,000 | The passenger increase has also increased the need for change. These new machines will help better serve that public demand. |
| Fire | Airstairs (1) (new) | \$36,000 | Airstairs will help provide fire-fighters with a quick entry into an aircraft. Plus, they can be used as an escape route for passengers and provide easier access to wide-bodies/jumbo's. |
| | Hose Reel Truck & Pumper (1) (new) | \$195,000 | The truck and pumper will be used as a means of extending the capabilities of the existing hydrants. This will provide crash rescue trucks with an access to a fresh supply of water should they run out during an emergency. |
| | Aircraft Fire Rescue Unit (1500 Gal.) (1) (new) | \$265,000 | This unit will provide the necessary firefighting capability when one of our CFR vehicles is out of commission. It will also maintain the FAA required gallonage during live training sessions. |
| Police | Squad Cars (2) (replacement) | \$20,000 | There is a need to replace 2 of the 6 cars. High mileage plus numerous repairs will make it more economical to replace rather than continue to repair at least two of these. |
| | Word Processor (1) (new) | \$15,000 | This unit will improve the productivity of clerical personnel and the quality of correspondence leaving the police department. A word processor will also make changes and corrections more efficiently plus it will handle reports that are currently done manually. |

Detail of Equipment Request

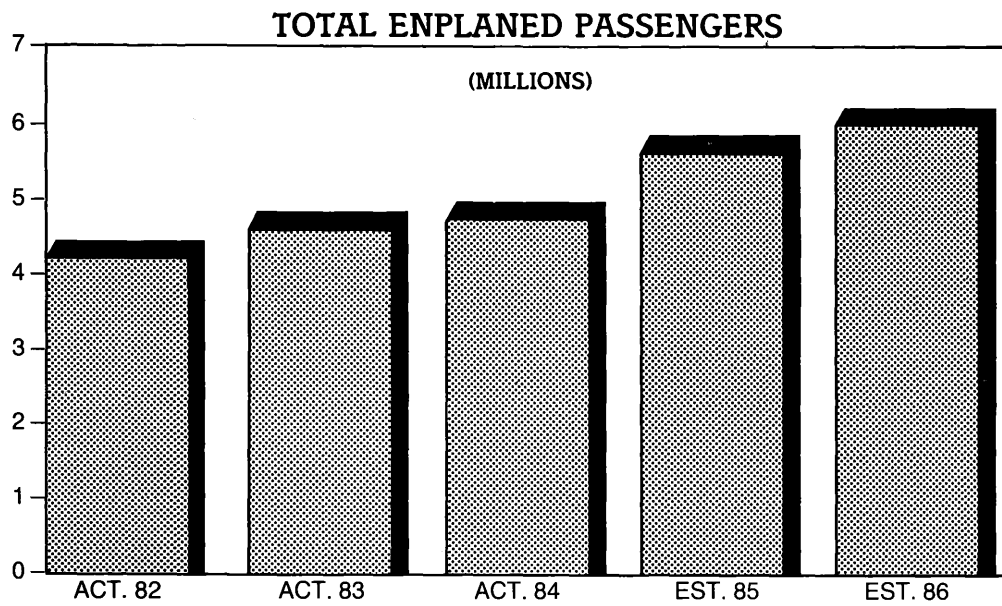
| Department Name | Description of Equipment | Purchase Price | |
|-----------------------|---|----------------|--|
| Equipment Maintenance | Sno-Blower (1) (new) | \$160,000 | <p>These pieces of snow removal equipment are necessary for several reasons. Since January 1, 1983, the airport ramp area has increased by 71 acres (3.15 million square feet) and additional gates have been added. This expansion has meant the distance the snow must be moved as well as the volume of snow to be moved has grown. This also has limited the amount of space for storage of snow. Immediate removal is now necessary due to longer peak air traffic time. The increase in airport operations has caused congestion thus extending snow removal time. In past seasons, the Air Force Reserve has made two blowers with operators available and the Air Guard has provided one blower and operator. It is not feasible to continue operating this way, however. These eight pieces of snow removal equipment will alleviate many problems.</p> |
| | Sno-Dozer (2) (1 new, 1 replacement) | \$338,000 | |
| | High Speed Plows (2) (replacement) | \$284,000 | |
| | Snow-Blower Attachment (3) (new) | \$213,000 | |
| | Vac Sweeper (1) (new) | \$101,650 | <p>Due to the increased amount of square footage of concrete ramps and gates, this Vac Sweeper is necessary. Its purchase will enable us to clean these new areas effectively.</p> |
| | CFM-Compressor (1) new | \$34,240 | <p>During the past several years MAC has rented or leased these three pieces of equipment. However, it has been found that it will be more economical to purchase them outright.</p> |
| | Bob Cat-830 (1) (new) | \$21,000 | |
| | Joint Sealing Machine (1) (new) | \$20,000 | |
| | Paint Striper (1) (new) | \$65,000 | <p>Due to the increased area on both the ground-side (streets, parking lots, roads, etc.) and the air-side (taxi-ways, gate and ramp area) this unit has become necessary. It will allow us to maintain these new areas efficiently.</p> |
| | Crew Cab ¾ ton (1) (new) | \$16,000 | <p>The Maintenance Department has grown. Due to additional numbers of workers, another vehicle is necessary. It will be used to transport the work force to and from job sites.</p> |

Detail of Equipment Request

| Department Name | Description of Equipment | Purchase Price | |
|--|---|--------------------|---|
| | Vehicle 4 x 4 (1) (replacement) | \$14,980 | Due to the age, high mileage and/or hourly usage of these four types of equipment, it will be necessary to replace them, this is the estimated normal turn-over time of these units. |
| | Light Sweeper (1) (replacement) | \$31,565 | |
| | Pick-Up w/Gate— ½ Ton (1) (replacement) | \$9,100 | |
| | Pick-Up Truck ½ Ton (4) (replacement) | \$36,400 | |
| Total Mpls-St. Paul International Equipment Purchases | | \$1,886,435 | |
| Reliever Airports | | | |
| Flying Cloud | Tractor (1) (replacement) | \$34,000 | This unit was to be traded in three years ago at WCF, but instead was transferred to Flying Cloud. Due to its age and condition, repairs have been unusually high. Thus, it will be more economical to replace the unit rather than continue to repair it. |
| Lake Elmo | Mower Unit (1) (replacement) | \$16,500 | This particular mower unit has not performed as was expected when it was purchased. It has had both clutch and transmission problems that similar units have also been reported to have. The mower unit that will be purchased now, has been used at both St. Paul and Mpls-St. Paul International with excellent results. The current unit is seven years old. |
| St. Paul | Blower & Dozer Plow (1) (new) | \$65,000 | The blower unit currently being used was transferred from Mpls-St. Paul International and is fourteen years old. The purchase of a new blower unit and rental of a loader will be necessary for St. Paul to fulfill its role as a corporate reliever airport. |
| | Heavy Duty Truck (1) (replacement) | \$45,000 | This heavy duty truck was transferred from Mpls-St. Paul International after extensive use there. This use is showing in the numerous repairs that have been made. The new purchase will upgrade this equipment, be more effective and economical. |
| Total Reliever Airport Purchases | | \$160,500 | |

Statistical



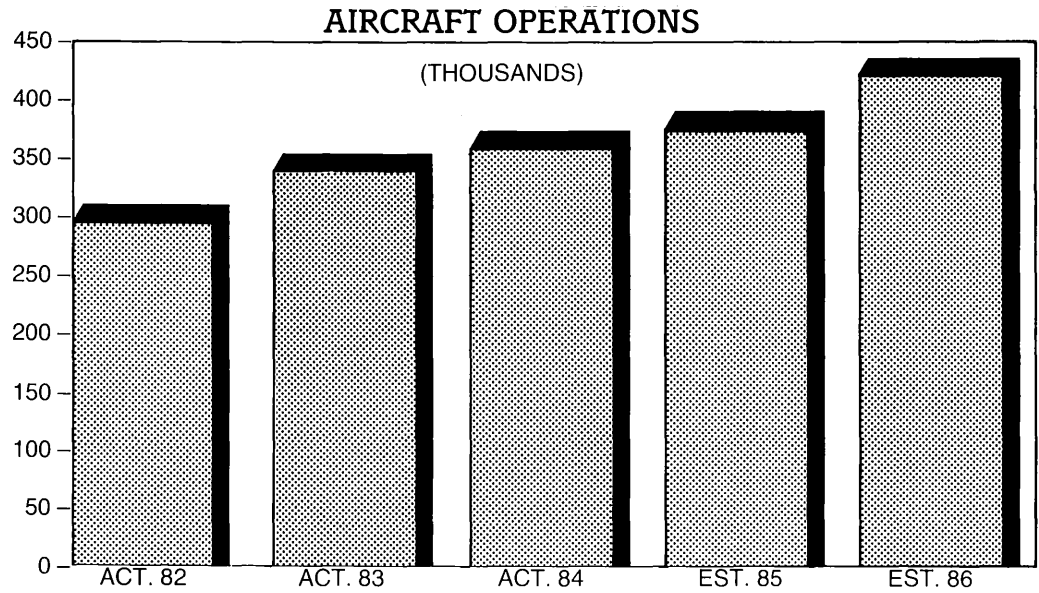


Enplaned passengers represents all passengers departing from Minneapolis/St. Paul Int'l Airport.

Enplaned Passengers 1982-1986

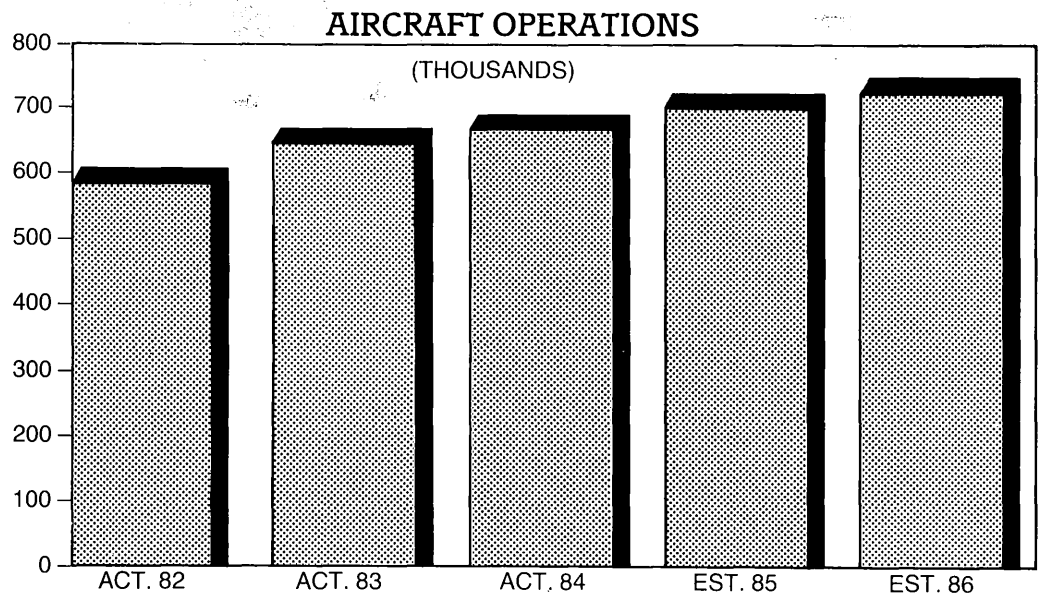


Number of Aircraft Operations



MINNEAPOLIS/ST. PAUL INT'L

Aircraft operation represents total number of takeoffs and landings at the airport.



RELIEVER AIRPORTS

Reliever airports is the term used to refer 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 Minneapolis/St. Paul International.