

# **METROPOLIAN AIRPORTS COMMISSION**

## **DRAFT 2015 OPERATING BUDGET**



# MEMORANDUM

---

**TO:** Chair Boivin and All Commissioners

**FROM:** Bob Schauer, Director – Finance (612-726-8150)

**SUBJECT:** DRAFT 2015 OPERATING BUDGET

**DATE:** September 15, 2014

Attached for your review is the draft 2015 Operating Budget. A formal presentation of the budget materials will be made at the October 6 Finance & Administration Committee meeting. Included in this package are the following documents:

- Operating & Non-Operating Summary
- Operating Budget Revenue
- Operating Budget Expense
- Airlines Rates and Charges and Other Information
- Capital Assets

All of these items will be reviewed and analyzed up to the point of budget approval. This draft will also be sent to the Legislature on Monday, September 15. The calendar for public comment with regard to the budget process is as follows:

October 6	Finance & Administration Budget Presentation
October 7	Budget Meeting with Airlines
October 20	Commission Meeting
November 3	Finance & Administration Budget Update
November 17	Commission Meeting
December 1	Finance & Administration Final Draft Budget Presentation
December 15	Full Commission Approval

If you have questions about the budget information, please feel free to contact:

Bob Schauer	<a href="mailto:Bob.schauer@mpsmac.org">Bob.schauer@mpsmac.org</a>	612-726-8150
Karen Schaefer	<a href="mailto:Karen.schaefer@mspmac.org">Karen.schaefer@mspmac.org</a>	612-794-9143

**Metropolitan Airports Commission  
Operating & Non-Operating Summary  
2015 Budget**

	<b>2014 Estimate vs 2015 Budget</b>					
	<b>2013 Actual</b>	<b>2014 Budget</b>	<b>2014 Estimate</b>	<b>2015 Budget</b>	<b>Dollar Change</b>	<b>% Change</b>
<b>OPERATING REVENUE</b>						
<b>Airline Rates &amp; Charges</b>						
Airline Agreement						
Landing Fees	\$ 55,416,850	\$ 56,222,487	\$ 57,800,000	\$ 59,180,671	\$ 1,380,671	2.4%
Ramp Fees	6,802,666	6,670,620	7,000,000	7,201,226	201,226	2.9%
Airline R&R	3,451,805	3,585,784	3,502,000	3,718,845	216,845	6.2%
Lindbergh Terminal - Rentals	35,730,492	36,982,559	37,500,000	38,373,791	873,791	2.3%
Lindbergh Terminal - Other	3,949,974	5,128,718	4,755,000	5,679,035	924,035	19.4%
Concessions Rebate	(9,889,131)	(9,840,000)	(10,100,000)	(10,280,300)	(180,300)	1.8%
Total Airline Agreement	95,462,656	98,750,168	100,457,000	103,873,268	3,416,268	3.4%
HHH Lobby Fees	8,803,720	9,010,064	9,500,000	8,457,806	(1,042,194)	-11.0%
HHH Other / Passenger Fees	1,748,455	1,551,257	1,750,000	1,868,250	118,250	6.8%
<b>Total Airline Rates &amp; Charges</b>	<b>\$ 106,014,831</b>	<b>\$ 109,311,489</b>	<b>\$ 111,707,000</b>	<b>\$ 114,199,324</b>	<b>\$ 2,492,324</b>	<b>2.2%</b>
<b>Concessions</b>						
Terminal						
Food & Beverage	\$ 14,742,916	\$ 14,634,770	\$ 15,700,000	\$ 16,006,851	\$ 306,851	2.0%
News	3,495,159	3,739,271	3,600,000	3,631,019	31,019	0.9%
Retail Stores	4,993,818	4,728,133	4,800,000	4,935,722	135,722	2.8%
Passenger Services	4,657,079	4,527,115	4,340,000	4,882,487	542,487	12.5%
Total Terminal/Other	27,888,972	27,629,289	28,440,000	29,456,079	1,016,079	3.6%
Parking/Grnd Transport						
Parking	76,568,952	77,925,785	81,000,000	87,776,061	6,776,061	8.4%
Ground Transportation	5,401,222	5,347,046	5,100,000	4,968,224	(131,776)	-2.6%
MSP Employee Parking	2,413,868	2,628,779	2,900,160	3,152,168	252,008	8.7%
Auto Rental - On Airport	17,732,206	17,800,935	17,600,000	17,601,000	1,000	0.0%
Total Parking/Grnd Transport	102,116,248	103,702,545	106,600,160	113,497,453	6,897,293	6.5%
Other Concessions	1,315,590	1,877,726	1,540,000	1,908,240	368,240	23.9%
<b>Total All Concessions</b>	<b>\$ 131,320,810</b>	<b>\$ 133,209,560</b>	<b>\$ 136,580,160</b>	<b>\$ 144,861,772</b>	<b>\$ 8,281,612</b>	<b>6.1%</b>
<b>Rentals/Fees</b>						
Buildings & Facilities	\$ 6,927,096	\$ 7,228,358	\$ 7,020,000	\$ 7,669,918	\$ 649,918	9.3%
Auto Rental CFC	10,688,333	10,100,000	10,500,000	10,600,000	100,000	1.0%
Ground Rentals	9,041,482	8,592,701	8,600,000	8,974,380	374,380	4.4%
Reliever Airports	6,670,452	6,153,839	6,275,000	6,465,317	190,317	3.0%
<b>Total Rentals/Fees</b>	<b>\$ 33,327,363</b>	<b>\$ 32,074,898</b>	<b>\$ 32,395,000</b>	<b>\$ 33,709,615</b>	<b>\$ 1,314,615</b>	<b>4.1%</b>
<b>Utilities &amp; Other Revenues</b>						
Utilities	\$ 4,777,847	\$ 4,404,663	\$ 4,475,000	\$ 4,575,406	\$ 100,406	2.2%
GA/Airside Fees	2,886,471	2,375,794	2,500,000	2,593,801	93,801	3.8%
Consortium Fees	2,872,901	2,856,722	3,190,000	3,250,000	60,000	1.9%
Other Revenues	1,743,003	1,543,695	1,550,000	1,449,588	(100,412)	-6.5%
Reimbursed Expense	3,101,760	2,800,000	2,800,000	2,878,935	78,935	2.8%
<b>Total Utilities &amp; Other Revenue</b>	<b>\$ 15,381,982</b>	<b>\$ 13,980,874</b>	<b>\$ 14,515,000</b>	<b>\$ 14,747,730</b>	<b>\$ 232,730</b>	<b>1.6%</b>
<b>Total Operating Revenue</b>	<b>\$ 286,044,986</b>	<b>\$ 288,576,821</b>	<b>\$ 295,197,160</b>	<b>\$ 307,518,441</b>	<b>\$ 12,321,281</b>	<b>4.2%</b>

**Metropolitan Airports Commission  
Operating & Non-Operating Summary  
2015 Budget**

	2014 Estimate vs 2015 Budget					
	2013 <u>Actual</u>	2014 <u>Budget</u>	2014 <u>Estimate</u>	2015 <u>Budget</u>	Dollar <u>Change</u>	% <u>Change</u>
Total Operating Revenue	\$ 286,044,986	\$ 288,576,821	\$ 295,197,160	\$ 307,518,441	\$ 12,321,281	4.2%
<b>OPERATING EXPENSE</b>						
Personnel	\$ 71,106,955	\$ 71,374,779	\$ 72,800,000	\$ 76,400,073	\$ 3,600,073	4.9%
Administrative Expenses	1,407,247	1,526,974	1,600,000	1,664,642	64,642	4.0%
Professional Services	4,514,208	4,849,061	4,950,000	5,438,934	488,934	9.9%
Utilities	18,632,720	18,564,824	19,460,000	19,147,055	(312,945)	-1.6%
Operating Services/Expenses	18,940,481	19,404,885	19,710,000	23,966,352	4,256,352	21.6%
Maintenance	29,305,400	29,971,170	31,765,000	33,655,949	1,890,949	6.0%
Other	2,950,266	3,102,648	3,126,000	3,303,626	177,626	5.7%
<b>Total Operating Expense</b>	<b>\$ 146,857,277</b>	<b>\$ 148,794,341</b>	<b>\$ 153,411,000</b>	<b>\$ 163,576,631</b>	<b>\$ 10,165,631</b>	<b>6.6%</b>
<i>(Excludes Depreciation and Noise Amortization)</i>						
<b>Net Operating Revenue</b>	<b>\$ 139,187,709</b>	<b>\$ 139,782,480</b>	<b>\$ 141,786,160</b>	<b>\$ 143,941,810</b>	<b>\$ 2,155,650</b>	<b>1.5%</b>
	2014 Estimate vs 2015 Budget					
	2013 <u>Actual</u>	2014 <u>Budget</u>	2014 <u>Estimate</u>	2015 <u>Budget</u>	Dollar <u>Change</u>	% <u>Change</u>
<b>NON-OPERATING REVENUE (EXPENSE)</b>						
<b>Other Non-Operating Revenue</b>						
Interest Income	\$ 4,508,000	\$ 5,000,000	\$ 5,200,000	\$ 6,000,000	\$ 800,000	15.4%
Self-Liquidating Income	4,869,000	5,486,000	5,000,000	5,796,000	796,000	15.9%
	\$ 9,377,000	\$ 10,486,000	\$ 10,200,000	\$ 11,796,000	\$ 1,596,000	15.6%
<b>Debt Service</b>						
Short Term Financing	\$ (304,000)	\$ (703,000)	\$ (703,000)	\$ (1,861,000)	\$ (1,158,000)	164.7%
Bond Principal/Int-Operating Fund Transfer	(93,527,000)	(96,203,000)	(95,765,000)	(92,000,000)	3,765,000	-3.9%
Equip Financing Principal/Interest Payments	(2,893,000)	(3,137,000)	(3,137,000)	(3,500,000)	(363,000)	11.6%
	\$ (96,724,000)	\$ (100,043,000)	\$ (99,605,000)	\$ (97,361,000)	\$ 2,244,000	-2.3%
<b>Equipment</b>						
Capital Expenditures	\$ (781,000)	\$ (1,020,000)	\$ (870,000)	\$ (935,000)	\$ (65,000)	7.5%
Equipment Purchases	(9,544,000)	(7,847,000)	(8,100,000)	(10,237,215)	(2,137,215)	26.4%
2012 Carryover Equipment Purchases	(470,000)	-	-	-	-	-
Equipment Financing	6,585,000	4,138,000	4,138,000	4,185,000	47,000	1.1%
	\$ (4,210,000)	\$ (4,729,000)	\$ (4,832,000)	\$ (6,987,215)	\$ (2,155,215)	44.6%
<b>Other</b>						
2013-2015 Six Month Reserve Transfer	\$ (1,677,000)	\$ (3,300,000)	\$ (3,300,000)	\$ (6,982,000)	(3,682,000)	111.6%
Interstate Settlement/Medicare D	-	-	-	820,000	820,000	-
Interstate Payments	720,000	720,000	720,000	-	(720,000)	-100.0%
Grant Reimbursements	4,000	-	35,000	-	(35,000)	-100.0%
Easement Receipt	-	-	178,000	-	(178,000)	-100.0%
Gain (Loss) on Equipment & Other	105,000	-	100,000	-	(100,000)	-100.0%
	\$ (848,000)	\$ (2,580,000)	\$ (2,267,000)	\$ (6,162,000)	\$ (3,895,000)	171.8%
<b>Total Non-Operating Revenue (Expense)</b>	<b>\$ (92,405,000)</b>	<b>\$ (96,866,000)</b>	<b>\$ (96,504,000)</b>	<b>\$ (98,714,215)</b>	<b>\$ (2,210,215)</b>	<b>2.3%</b>
<b>Net Revenue Available for Designation</b>	<b>\$ 46,782,709</b>	<b>\$ 42,916,480</b>	<b>\$ 45,282,160</b>	<b>\$ 45,227,595</b>	<b>\$ (54,565)</b>	<b>-0.1%</b>

## Operating Budget Revenue

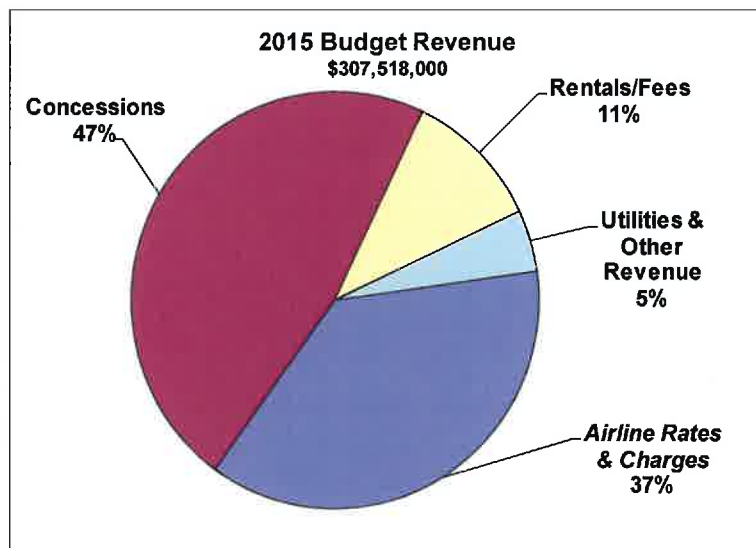
Total Operating Budget Revenue for 2015 is \$307.5 million, which is a \$12.3 million or 4.2% increase compared to 2014 estimates. The detailed explanations for Airline Rates & Charges, along with other major changes in revenue, are included in this section.

(\$=000)

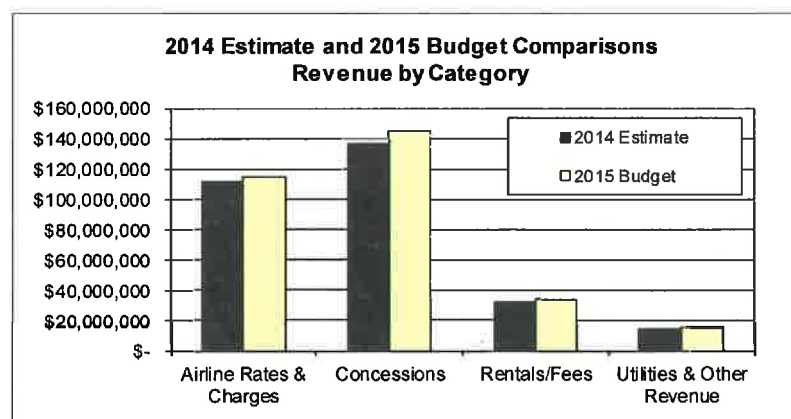
2014 Estimate  
vs  
2015 Budget

	2013 Actual	2014 Budget	2014 Estimate	2015 Budget	Dollar Change	% Change
<b>REVENUE</b>						
Airline Rates & Charges	\$106,015	\$109,311	\$111,707	\$114,199	\$2,492	2.2%
Concessions	\$131,321	\$133,210	\$136,580	\$144,862	\$8,282	6.1%
Rentals/Fees	\$33,327	\$32,075	\$32,395	\$33,710	\$1,315	4.1%
Utilities & Other Revenue	\$15,382	\$13,981	\$14,515	\$14,748	\$233	1.6%
<b>Total Operating Revenue</b>	<b>\$286,045</b>	<b>\$288,577</b>	<b>\$295,197</b>	<b>\$307,518</b>	<b>\$12,321</b>	<b>4.2%</b>

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



The following chart compares 2014 estimate and 2015 budget revenue by category:



**Revenue Assumptions and Guidelines**

The revenue projections for 2015 are based on the following assumptions and guidelines:

- Revenue will be prepared on an accrual basis. This basis of accounting attempts to record financial transactions in the period they occur rather than recording them in the period they are received. The Commission uses this method for both accounting and budgeting.
- The revenue projections are based on estimates compiled from the following sources:
  - Lease agreements
  - Contracts
  - Projected enplaned passengers and operations activity provided by the airlines and other users of MAC facilities
  - Expense projections which determine rates and charges per the Airline Agreement
  - Historical trends
  - MAC Ordinances
- Airline Rates and Charges are based on the 2007 Third Amendment to the Airline Lease Agreement.

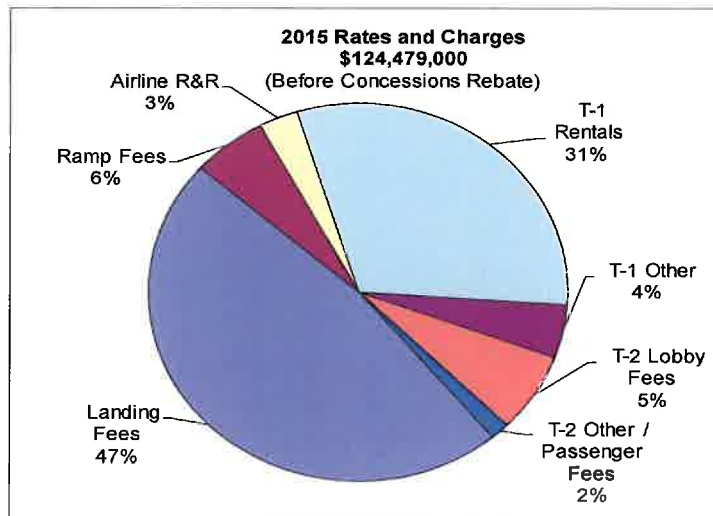
The explanations for revenue assumptions are based on a comparison of 2014 estimates versus 2015 budget figures.

**Airline Rates and Charges**

The Airline Rates and Charges category, which is approximately \$114.2 million or 37% of MAC's \$308 million in revenues, is generated from rates charged to the airlines. This category is projected to increase \$2.5 million or 2.2% from the 2014 estimated levels. The formulas for the rates (landing fee, ramp fee, airline Terminal 1 rental rates and the Terminal 1 IAF-International Arrivals Facility Use Fees) are established in the Airline Use Agreement as amended in 2007. This amendment incorporates debt service in the calculation of rates and charges instead of depreciation and interest for the recovery of capital improvements. In accordance with this Agreement, expenses from Police, Fire, Maintenance Labor, Maintenance Equipment and Administration service centers are allocated to the Field & Runway, Ramp, Terminal Building and International Arrival Facility service centers (detailed in the Operating Budget Expense section). Total costs, plus allocations, are then used to determine Airline Rates and Charges. Fluctuations in allocated costs can cause a change in the airline rates. For 2015, rates for landing fees, ramp fees and airline Terminal 1 rental rates are calculated as per the Third Amendment to the Airline Use Agreement. Rates for Terminal 2 are set by ordinance, which is based on the recovery of budgeted operating and maintenance costs. The Concessions Rebate of \$10.3 million represents the revenue sharing found in the Third Amendment to the Airline Use Agreement.

	2013 Actual	2014 Budget	2014 Estimate	2015 Budget	2014 Estimate vs 2015 Budget Dollar Change	% Change
<b>Airline Rates &amp; Charges</b>						
Landing Fees	\$55,417	56,222	57,800	59,181	1,381	2.4%
Ramp Fees	6,803	6,671	7,000	7,201	201	2.9%
Airline R&R	3,452	3,586	3,502	3,719	217	6.2%
Terminal 1 - Rentals	35,730	36,983	37,500	38,374	874	2.3%
Terminal 1 - Other	3,950	5,129	4,755	5,679	924	19.4%
Concessions Rebate	(9,889)	(9,840)	(10,100)	(10,280)	(180)	1.8%
Terminal 2 Lobby Fees	8,804	9,010	9,500	8,458	(1,042)	-11.0%
Terminal 2 Other /	1,748	1,551	1,750	1,868	118	6.8%
Passenger Fees						
<b>Total Airline Rates &amp; Charges</b>	<b>\$106,015</b>	<b>109,311</b>	<b>111,707</b>	<b>114,199</b>	<b>2,492</b>	<b>2.2%</b>

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



### Landing Fees

The landing fee is based upon total estimated expense in the Field & Runway service center. By dividing total field and runway expenses by the estimated landed weight (provided by the airlines and historical data), a budgeted landing fee is established for use during the year. This is a residual (breakeven) calculation. At year-end an adjustment will be made for any overage or shortage.

The landing fee is expected to increase \$0.04 in 2015 from 2014 estimates. The increase is caused by a combination of wage and benefit increases as well as increases in equipment rentals and materials used for snow removal operations.

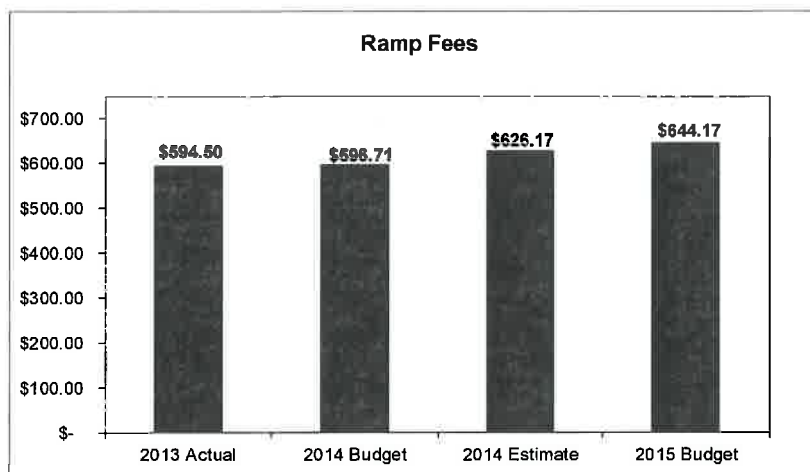
<u>Landing Fee</u>	<u>2013</u>	<u>2014</u>	<u>2014</u>	<u>2015</u>
	<u>Actual</u>	<u>Budget</u>	<u>Estimate</u>	<u>Budget</u>
Landing Fee	\$2.62	\$2.65	\$2.70	\$2.74
Landed Weight (000)	21,151	21,216	21,407	21,599
Revenue (000)	\$55,417	\$56,222	\$57,800	\$59,181

### Ramp Fees

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

The major increase in ramp fees from 2014 estimated (\$626.17) to 2015 budget (\$644.17) per lineal foot can be attributed to an increase in wage and benefit increases as well as increases in equipment rentals and materials used for snow removal operations.

<u>Ramp Fee</u>	<u>2013</u>	<u>2014</u>	<u>2014</u>	<u>2015</u>
	<u>Actual</u>	<u>Budget</u>	<u>Estimate</u>	<u>Budget</u>
Ramp Fee (Per Lineal Ft.)	\$594.50	\$596.71	\$626.17	\$644.17
Ramp Footage	11,176	11,179	11,179	11,179
Revenue (000)	\$6,803	\$6,671	\$7,000	\$7,201



### Airline Repair and Replacement Surcharge

As per the Airline Lease Amendment approved in 2007, there is an additional surcharge for the airlines at Terminal 1 (Lindbergh). This surcharge increases annually at a rate of 3%. The rate for 2015 is \$6.76 per square foot for carriers occupying Terminal 1.

### Terminal-1 Rentals

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

The Terminal 1-Lindbergh rate is increasing from \$66.50 to \$67.29 per square foot. The primary reasons for the increase in the Exclusive rates (\$0.79) between 2014 estimate and 2015 budget are higher contract costs to maintain temperature control, elevators/escalators/moving walkways and tram systems.



*E Concourse at Terminal 1-Lindbergh*

### Terminal 1-Lindbergh Rates

	2013 <u>Actual</u>	2014 <u>Budget</u>	2014 <u>Estimate</u>	2015 <u>Budget</u>
Exclusive (Per Sq. Ft.)	\$62.86	\$65.20	\$66.50	\$67.29
Exclusive Janitored (Per Sq. Ft.)	\$69.80	\$72.00	\$73.30	\$74.76
Total Revenue (000)	\$35,730	\$36,983	\$37,500	\$38,374



**Terminal-1 Other**

Revenue from Terminal 1-Lindbergh-Other is expected to increase \$924,000 or 19.4%. The revenue source in this area is revenue generated from the International Arrivals Facility (IAF), porter service fees, baggage claim maintenance fees, queue line management, conveyors and carousels, as well as rent from a portion of the G Concourse.

The agreement for the IAF facility includes a fee calculation similar to the ramp and landing fees (residual). Users of the facility will be charged a passenger use fee based upon projected expenses. At year-end an adjustment will be made for any overage or shortage.

The table below shows the IAF fees for actual 2013, budgeted 2014, estimated 2014 and budgeted 2015.

<b>International Arrival Fee (000)</b>				
	<b>2013</b>	<b>2014</b>	<b>2014</b>	<b>2015</b>
	<b><u>Actual</u></b>	<b><u>Budget</u></b>	<b><u>Estimate</u></b>	<b><u>Budget</u></b>
Total Cost	\$3,085	\$3,497	\$3,497	\$3,674
Passengers	638,716	652,425	662,311	663,177
Fee Per Passenger	\$4.83	\$5.36	\$5.28	\$5.54

The \$0.26 increase in the IAF fee is due to increases of Police, Fire, Administrative and Maintenance costs allocated to the IAF and a slight increase in passengers.

In 2014, the Commission completed construction and installation of a Checked Baggage Inspection System which replaces each airline's outbound baggage systems. The Commission will be responsible for the maintenance of the baggage system and will charge the airlines (based on the number of bags processed) the full cost of maintaining the baggage system which is estimated at \$650,000.

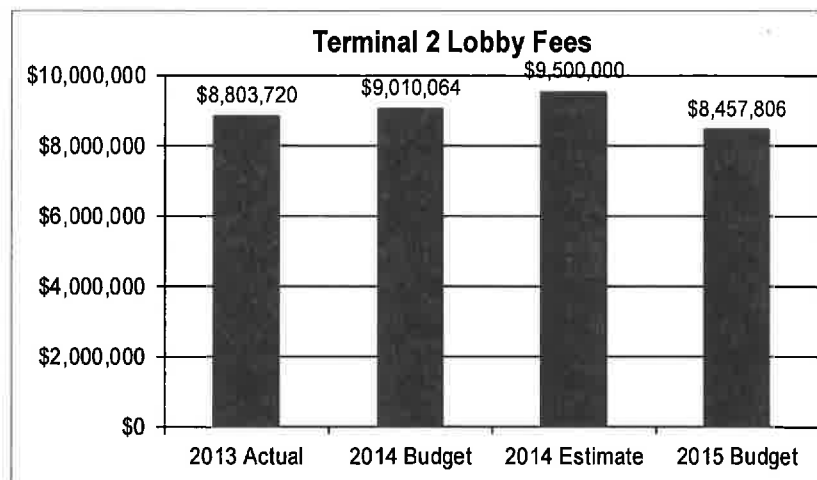
In late 2014, the Commission will take over the queue line management function at Terminal 1. The purpose of this service is to direct passengers to the shortest security checkpoint lines. The cost for this service is based on the airline's share of enplaned passengers at Terminal 1. In 2015 the cost of providing this service or revenue to be received in 2015 will be approximately \$356,000.

**Concessions Rebate**

As part of the Third Amendment to the Airline Use Agreement, a provision was added to rebate to the airlines a portion (25% up to \$46.75 million, 50% above the figure for 2015) of concessions revenue for Food & Beverage, News, Retail and Auto Rental-On Airport revenue. For the 2015 budget, this rebate is projected to be \$10.3 million and does not hit the 50% threshold. The increase of \$180,000 can be attributed to higher concessions revenue in the 2015 budget.

**Terminal-2 Lobby Fees**

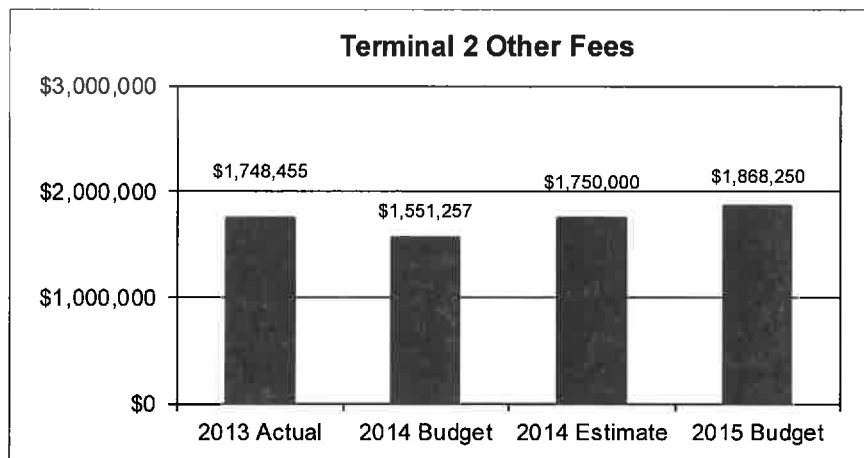
Terminal 2-Humphrey Lobby Fees are expected to decrease \$1,042,000 or 11.0%. Lobby fees are set by MAC Ordinance in which rates are set on a budgetary basis with no true-up based on actual expenses or year-end operational activity. Each gate at Terminal 2 has a revenue cap (for 2015 the gate cap is \$821,397) by airline associated with it based upon the number of aircraft operations. MAC assumes that of the 10 gates at Terminal 2, eight of those gates will reach the revenue cap and two gates would not.



The MAC estimates the revenue derived in the non-capped gates based upon operational data obtained from historical data and from the airlines. For 2015, Spirit Airlines, which previously operated at Terminal 2, will now be operating at Terminal 1. The decrease in Lobby fees is a result of Spirit Airlines' move to Terminal 1.

### Terminal-2 Other/Passenger Fees

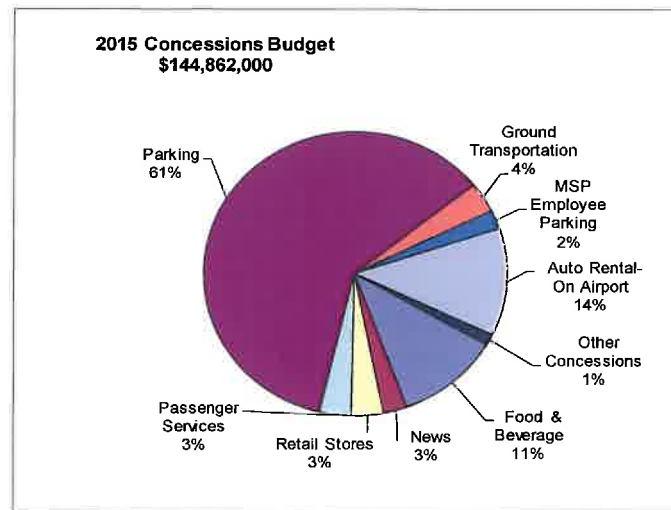
Terminal 2 Other/Passenger fee revenue is budgeted to increase \$118,000 or 6.8%. This category includes Federal Inspection Service charges for international passengers, Terminal 2 building rentals and non-signatory landing fees. As with Lobby Fees mentioned above, the rates are based on budgetary data with no year-end true up of actual expenses. For 2015 there is a slight increase in Terminal 2 building rates, as well as increased FIS charges due to higher volumes of international operations utilizing Terminal 2.



### Concessions

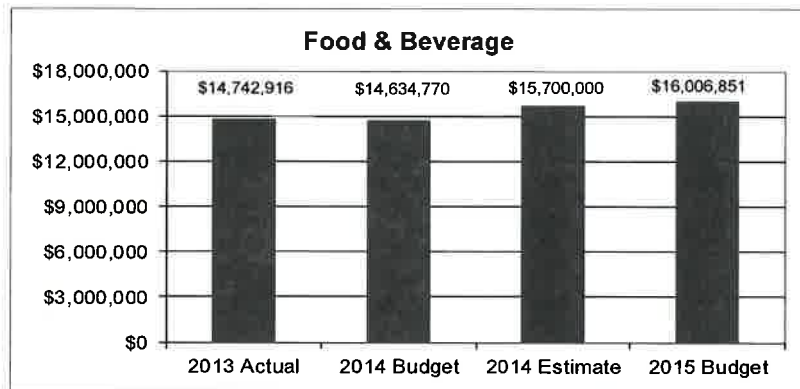
The Concessions category is \$144.9 million or 47% of total operating revenue for 2015. The rates charged for parking are approved by the Commission while ground transportation fees are authorized according to MAC Ordinances. The revenues from auto rental, food & beverage, news, retail and passenger services are based on various lease agreements, which allow the concessionaires to operate in MAC facilities. Concessions are projected to increase \$8.3 million or 6.1% from estimated 2014 levels and are based upon the following: 1) Passenger increase; 2) Increase in average spending per passenger; and 3) A parking rate increase.

	2013 Actual	2014 Budget	2014 Estimate	2015 Budget	2014 Estimate vs 2015 Budget	
					Dollar Change	% Change
<b>Concessions</b>						
Food & Beverage	\$14,743	14,635	15,700	16,007	307	2.0%
News	3,495	3,739	3,600	3,631	31	0.9%
Retail Stores	4,994	4,728	4,800	4,936	136	2.8%
Passenger Services	4,657	4,527	4,340	4,882	542	12.5%
Parking	76,569	77,926	81,000	87,776	6,776	8.4%
Ground Transportation	5,401	5,347	5,100	4,968	(132)	-2.6%
MSP Employee Parking	2,414	2,629	2,900	3,152	252	8.7%
Auto Rental - On Airport	17,732	17,801	17,600	17,601	1	0.0%
Other Concessions	1,316	1,878	1,540	1,908	368	23.9%
<b>Total All Concessions</b>	<b>\$131,321</b>	<b>133,210</b>	<b>136,580</b>	<b>144,862</b>	<b>8,282</b>	<b>6.1%</b>



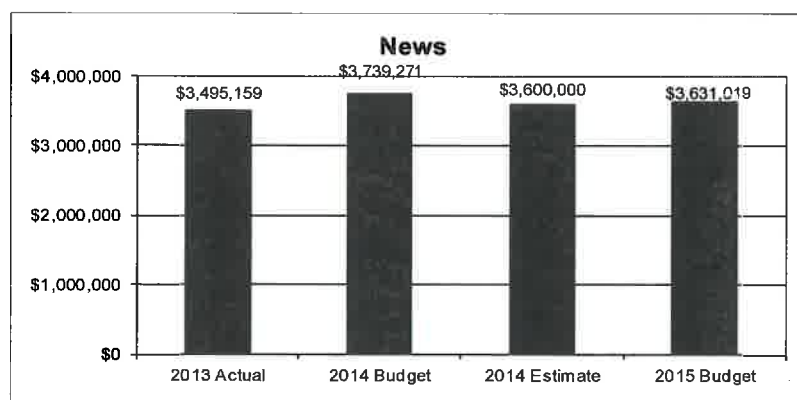
### Food & Beverage

Food & Beverage is projected to increase by \$307,000 or 2.0% from the 2014 estimate due to an increase in passengers as well as an increase in average dollars spent per passenger.



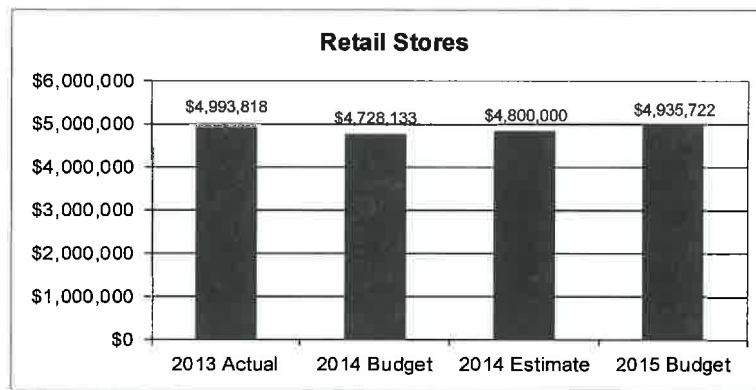
### News

News is projected to increase \$31,000 or 0.9% from the 2014 estimate and is based upon trends at the time the budget was completed.



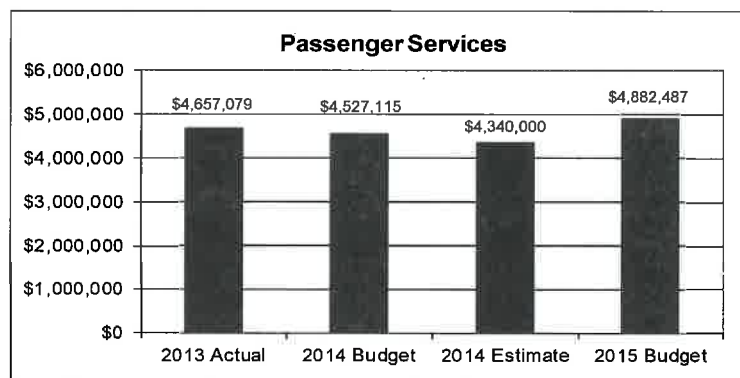
### Retail Stores

Retail is projected to increase by \$136,000 or 2.8% from the 2014 estimate and is based upon trends at the time the budget was completed.



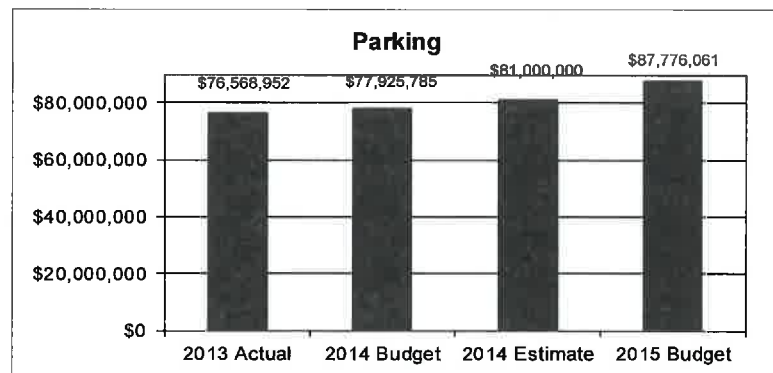
### Passenger Services

Passenger Services are budgeted to increase \$542,000 or 12.5% from the 2014 estimate. An increase in sponsorship revenues relating to a new solar power agreement accounted for the majority of the increase.



### Parking

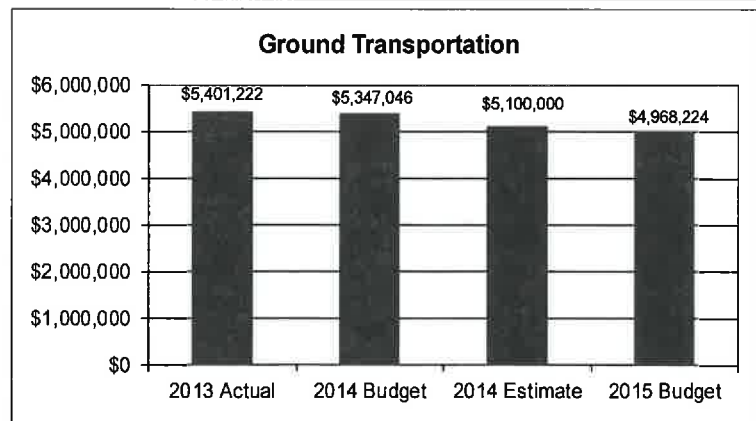
Parking is expected to increase from 2014 estimates by \$6.8 million or 8.4%. The increase in revenue is due to a parking rate increase effective January 1, 2015.



### Parking Facilities at T-2

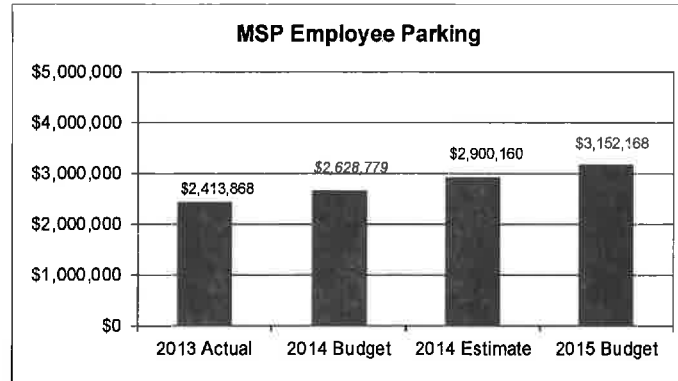
#### Ground Transportation Fees

Ground Transportation fees are projected to decrease \$132,000 or 2.6%. This is primarily a result of lower costs associated with maintaining and operating the ground transportation system (These fees are set by Ordinance with an increase in individual category fees due to a combination of costs and industry utilization.)

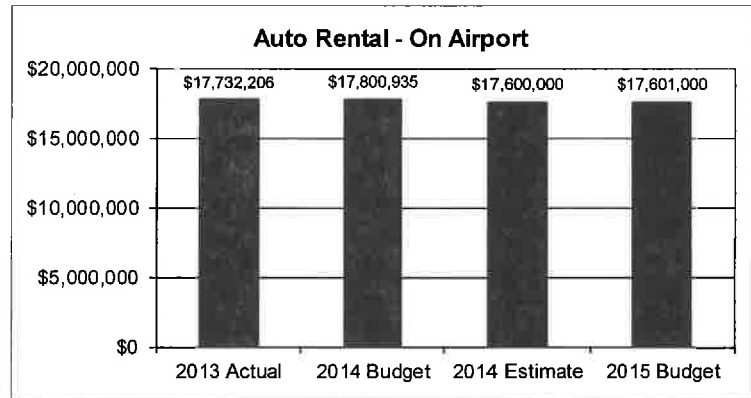


**MSP Employee Parking**

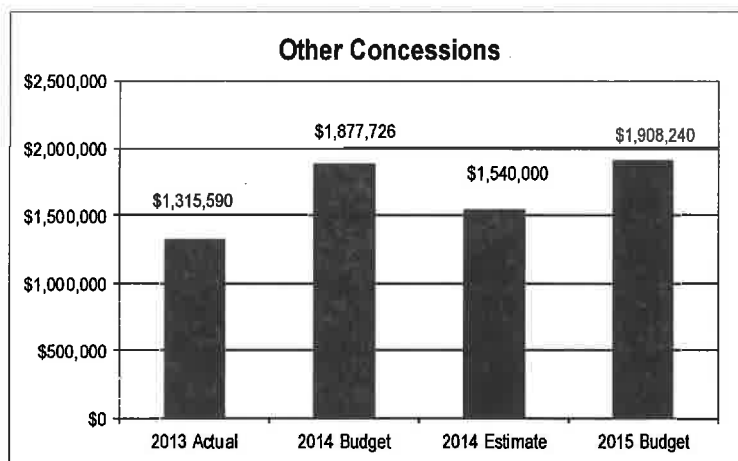
MSP Employee Parking is budgeted to increase \$252,000 or 8.7% based upon an increase in the number of parkers and an increase in the employee parking rate.

**Auto Rental-On Airport**

Auto rental fees are projected to remain flat from the 2014 estimates. Based on the current Auto Rental Concession Agreement, auto rental firms pay a minimum rental fee (which is a guarantee that the firm bids) plus a percentage of gross revenue above the minimum fee. A new agreement was signed in 2014 which increased the minimum guarantee. The Commission conservatively estimates that the auto rental firms will pay only the minimum guarantee fee in 2015 with no percentage rent.

**Other Concessions**

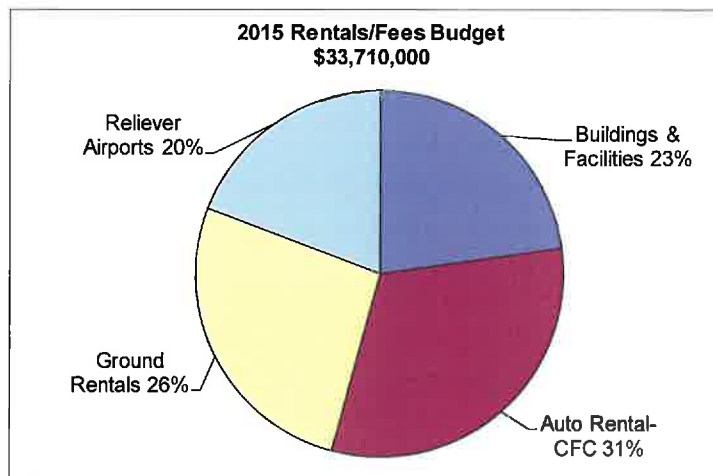
The majority of revenue in the Other Concessions category consists of Outdoor Advertising (88% of the total or \$1.4 million). Other items in this category include In-Flite Catering, auto services, a pet boarding facility and miscellaneous concessions. Other Concessions are budgeted to increase \$368,000 from 2014 estimated levels. This is primarily due to increases in Outdoor Advertising revenues. Other revenue items in this category are expected to show minor changes from estimates.



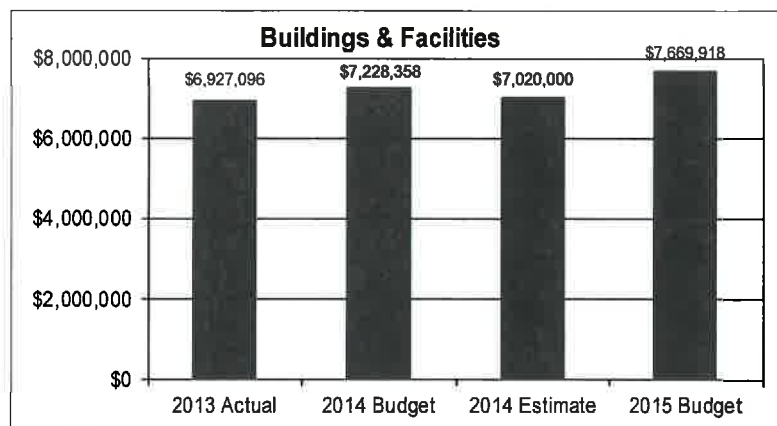
**Rentals/Fees**

Rentals/Fees are \$33.7 million or 11% of total operating revenue for 2015 and are projected to increase \$1,315,000 or 4.1% from 2014 estimated levels. This revenue section consists of Auto Rental-Customer Facility Charge (CFC), building rentals (non-airline), ground rental space and reliever airport fees. Ground rental space revenues and a portion of reliever airport revenue are based on MAC Ordinances, while the remaining revenue items are based on leases and agreements. The following chart shows the revenue sources:

	2013 Actual	2014 Budget	2014 Estimate	2015 Budget	2014 Estimate vs 2015 Budget	
					Dollar Change	% Change
<b>Rentals/Fees</b>						
Buildings & Facilities	\$6,927	7,228	7,020	7,670	650	9.3%
Auto Rental CFC	10,688	10,100	10,500	10,600	100	1.0%
Ground Rentals	9,041	8,593	8,600	8,974	374	4.4%
Reliever Airports	6,670	6,154	6,275	6,465	190	3.0%
<b>Total Rentals/Fees</b>	<b>\$33,327</b>	<b>32,075</b>	<b>32,395</b>	<b>33,710</b>	<b>1,315</b>	<b>4.1%</b>

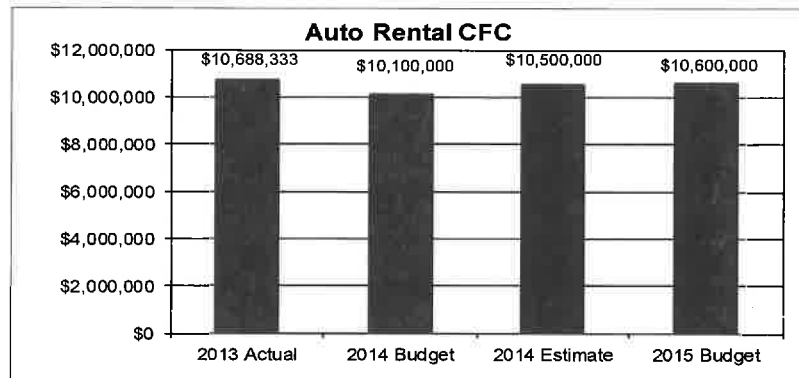
**Building & Facilities**

Building and facility rentals are projected to increase \$650,000 or 9.3% over 2014 estimates as a result of an increase in rental rates for non-airline tenants in Lindbergh and Humphrey Terminals 1 & 2 as well as additional areas which are leased primarily by the auto rental industry.

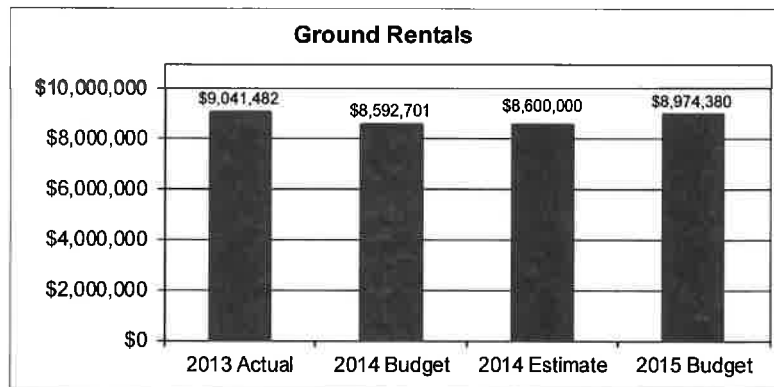


**Auto Rental-Customer Facility Charge (CFC)**

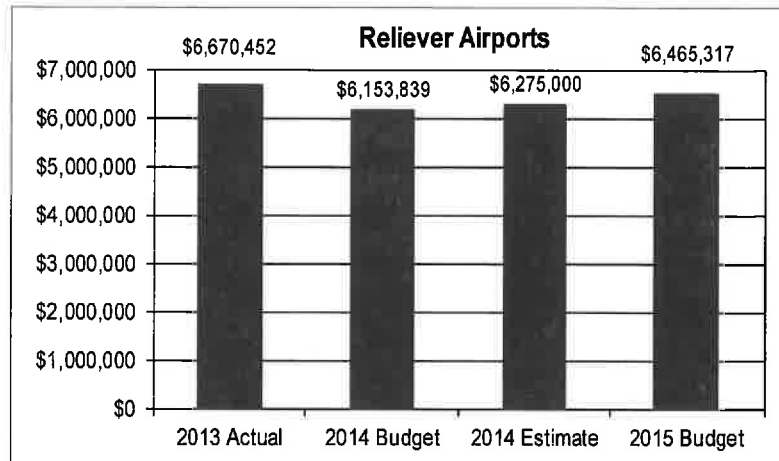
Auto Rental CFCs are budgeted to increase 1.0% from 2014 estimates. In 2014, the Commission constructed a facility for the Auto Rental industry at Terminal 2. The debt associated with these facilities will be recovered through an increase in the CFC charge. The current CFC charge is at \$3.25 per rental car transaction per day.

**Ground Rentals**

Ground Rentals are budgeted to increase by \$374,000 or 4.4% from 2014 estimated levels. This is a result of ground rent associated with the new auto rental facility at Terminal 2.

**Reliever Airports**

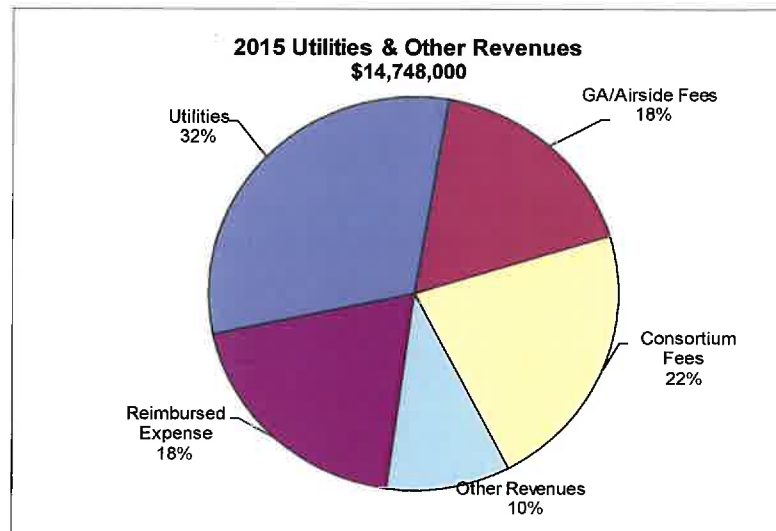
Reliever Airports are expected to increase \$190,000 from 2014 estimated levels based upon activity and trends at the time of the budget completion.



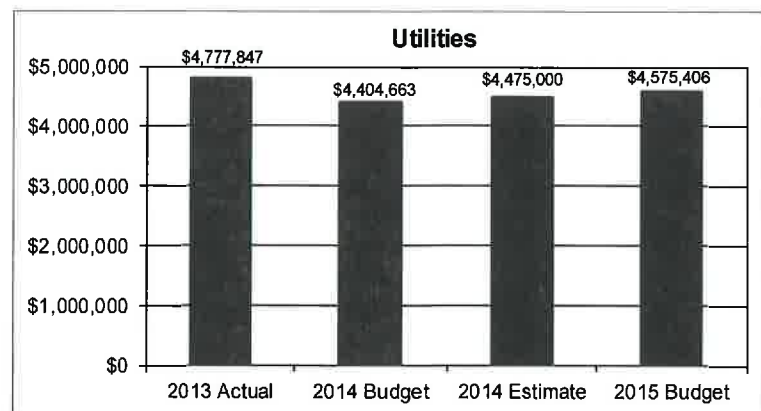
**Utilities & Other Revenue**

Utilities & Other Revenues are \$14.7 million or 5% of total operating revenue for 2015 and are projected to increase \$233,000 or 1.6% from 2014 estimated levels. Included in this category are Utilities, General Aviation/Airside Fees, Consortium Fees, Other Revenues and Reimbursed Expense with the majority based upon leases and agreements.

	2013 Actual	2014 Budget	2014 Estimate	2015 Budget	2014 Estimate vs 2015 Budget Dollar Change	% Change
<b>Utilities &amp; Other Revenue</b>						
Utilities	\$4,778	4,405	4,475	4,575	100	2.2%
GA/Airside Fees	2,886	2,376	2,500	2,594	94	3.8%
Consortium Fees	2,873	2,857	3,190	3,250	60	1.9%
Other Revenues	1,743	1,544	1,550	1,450	(100)	-6.5%
Reimbursed Expense	3,102	2,800	2,800	2,879	79	2.8%
<b>Total Utilities &amp; Other Rev.</b>	<b>\$15,382</b>	<b>13,981</b>	<b>14,515</b>	<b>14,748</b>	<b>233</b>	<b>1.6%</b>

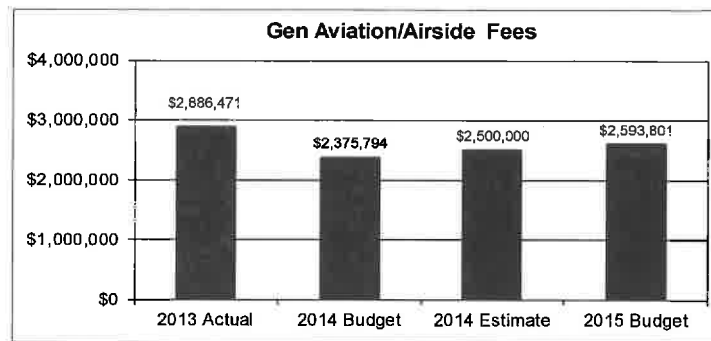
**Utilities**

Included in this area is water, sewer, steam (heating), chilled water (air-conditioning) and ground power. The increase in this category of \$100,000 is due to historical consumption patterns with a slight increase in rates.

**General Aviation/Airside Fees**

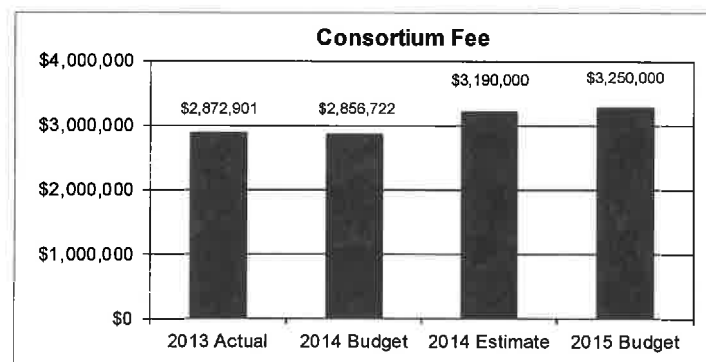
This category includes general aviation landing fees, ramp fees and apron services. This category is expected to increase \$94,000 or 3.8% as a result of higher airside fees based on historical patterns as well as increased landing fees from general aviation.





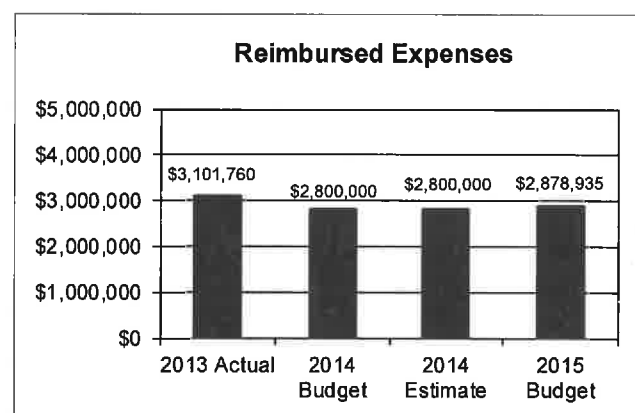
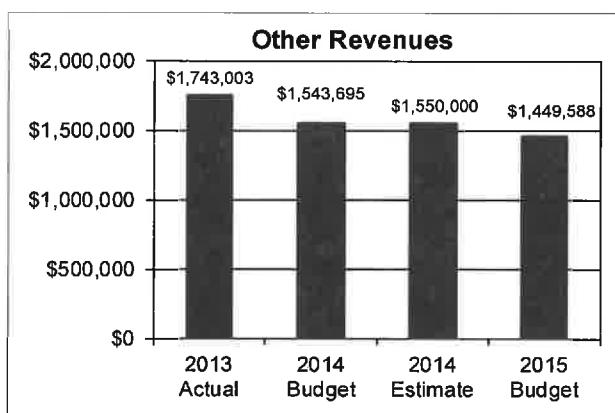
### Consortium Fees

Consortium fees are expected to increase \$60,000 or 1.9%. Increases in utility charges and loading dock fees account for the majority of the increase.



### Other Revenues and Reimbursed Expenses

Included in this category are parking fines, auction revenue, building permits, security badges, fuel flowage fees and miscellaneous revenues and expenses reimbursed by others. These categories combined are expected to remain flat in 2015.



**This page left blank intentionally.**

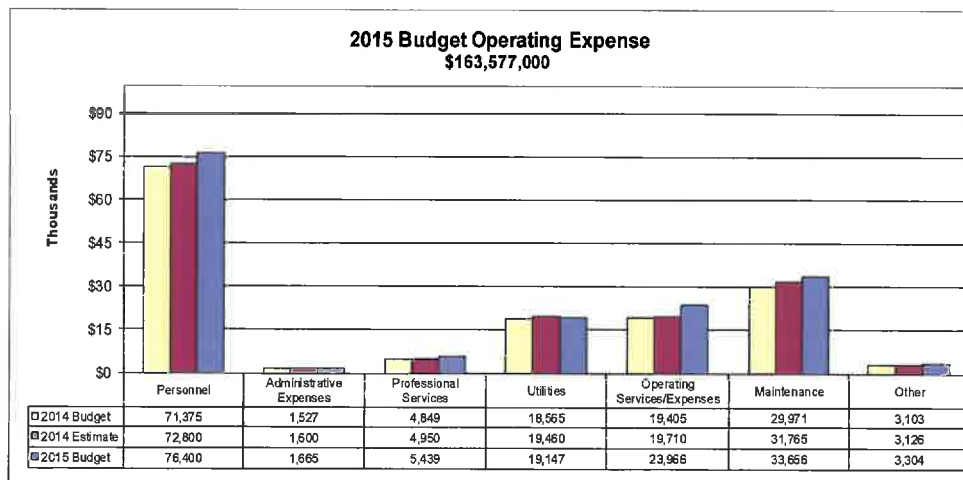
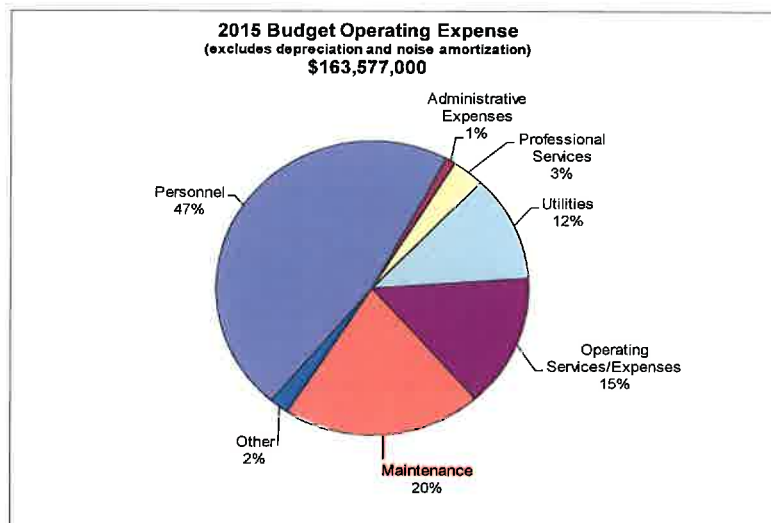
## Operating Budget Expense

Rates and Charges revenue collected from the airlines are governed by the Airline Use Agreement. Other revenue collections are dictated by the lease or ordinance. Expenses are key factors in determining revenue.

Total Operating Expense for 2015 is \$163.6 million (excluding depreciation and amortization) which is an increase of \$10.2 million or 6.6% over the 2014 estimate.

The explanations prepared below compare the 2014 estimate with the 2015 budget.

(\$=000)		2014 Estimate vs 2015 Budget				
	2013 Actual	2014 Budget	2014 Estimate	2015 Budget	Dollar Change	% Change
<b>EXPENSE</b>						
Personnel	71,107	71,375	72,800	76,400	3,600	4.9%
Administrative Expenses	1,407	1,527	1,600	1,665	65	4.0%
Professional Services	4,514	4,849	4,950	5,439	489	9.9%
Utilities	18,633	18,565	19,460	19,147	(313)	-1.6%
Operating Services/Expenses	18,940	19,405	19,710	23,966	4,256	21.6%
Maintenance	29,305	29,971	31,765	33,656	1,891	6.0%
Other	2,950	3,103	3,126	3,304	178	5.7%
<b>Total Operating Expenses</b>	<b>146,857</b>	<b>148,794</b>	<b>153,411</b>	<b>163,577</b>	<b>10,166</b>	<b>6.6%</b>



**Expense Assumptions and Guidelines**

The operating expense budget is based on information provided by MAC departments, utility companies, vendors and historical analysis. The expense budget projections for 2015 are based on the following assumptions and guidelines:

- MAC will continue to maintain all facilities at the standards established with our tenants and traveling public.
- MAC will provide a safe and secure airport.
- As positions in the organization become available due to retirement or separation, each vacant position will be reviewed for business need and prioritized based upon organization needs.
- The 2014 budget included an additional 6 FTE gate agent positions located in Terminal 2. The full year's impact is included in the 2015 budget.
- The 2015 budget includes 10 new FTE positions:
  - 1-Carpenter<sup>1</sup>
  - 1 Electrician<sup>1</sup>
  - 1-Painter<sup>1</sup>
  - 1 Plumber<sup>1</sup>
  - 1-Energy Management Center (EMC) – Operating Engineer<sup>1</sup>
  - 2-Public Affairs – Videographer & Public Affairs and Marketing Specialist
  - 2-Police Officers-Primarily for coverage at Terminal 2
  - 1-Information Services - SharePoint Administrator



**Southwest Airlines Departing T-2**

<sup>1</sup>The Commission will be taking over the operational control of the G Concourse from Delta on January 1, 2016. These positions will be hired in mid-late 2015 in anticipation of the additional areas on the G Concourse to be maintained by the Commission.

- The 2015 budget also includes 9.5 additional FTE positions due to reclassifying the part time and provisional Passenger Service Assistants (PSA's) to a full time status to reflect the actual hours worked by these employees.
- The total FTE position count in the 2015 budget is temporarily at 610.5 until two retirements occur in the EMC, reducing the total FTE position count to 608.5.
- Cost increases, such as scheduled contract increases, salary adjustments for existing organized and non-organized workforce, utility rate changes, insurance rate adjustments, etc., have been included.
- Additional costs necessary to maintain existing and new facilities have been included.
- Discretionary cost increases were considered only if offset by corresponding annual reduction in expenses, an annual increase in revenue, or was necessary for the ongoing efficient operation of the airport.
- Expenses are prepared on an accrual basis. This basis of accounting attempts to record financial transactions in the period they occur rather than recording them in the period they are paid. The Commission uses this method for both accounting and budgeting.

**Personnel**

Personnel costs will increase \$3.6 million or 4.9% over the 2014 estimates.

	2014 Estimate vs 2015 Budget					
	2013 Actual	2014 Budget	2014 Estimate	2015 Budget	Dollar Change	% Change
<b>Personnel</b>						
Salaries & Wages	48,192	49,144	49,300	51,659	2,359	4.8%
Benefits	22,915	22,231	23,500	24,741	1,241	5.3%
<b>Total Personnel</b>	<u>71,107</u>	<u>71,375</u>	<u>72,800</u>	<u>76,400</u>	<u>3,600</u>	<u>4.9%</u>

Major differences between the 2014 estimates and 2015 budgets are as follows:

**Salaries & Wages** – Increase of \$2.4 million or 4.8% due to the following:

- Wages – Regular – Effective January 2015, a 2.5% wage structure increase was included in the budget for non-organized employees. Organized employees with settled contracts have agreed to a 2.5% increase for 2015 and, for those units who have not settled, a 2.5% increase was also budgeted for 2015. Step increases for employees are included in the 2015 budget. The 2015 budget also includes:
  - Two operating engineer trainee positions continue to be included in the budget due to hiring difficulties in this specialized licensed work area.
  - Other labor contract obligations, such as shift differentials, equipment premium pay and Labor Union 320 longevity pay, are included in the budget.
  - Wages were adjusted to reflect a vacancy factor to account for the time necessary to fill open positions.
  - Ten new positions, identified above, added \$370,000 to the budget.
  - Five Passenger Service Assistants were reclassified from part time status to regular status employees to reflect actual hours worked.
  - Seven Provisional Passenger Service Assistants were reclassified to regular status employees

Full Time Equivalents					
2011 Actual	2012 Actual	2013 Actual	2014 Budget	2014 Actual (est)	2015 Budget
566	564	566*	591*^	576*	610.5**
* includes 2 trainee positions					
** includes 10 new and 9.5 status change positions					
^ includes 6 - T2 temporary positions to regular status					

- Overtime – Regular and Double-time are decreasing \$165,000 in the 2015 budget from the 2014 estimate due to the severe winter conditions in the first quarter of 2014 that resulted in costs over budget for 2014. In preparing the 2015 budget, MAC used a historical average in budgeting for snow

removal costs. Also included are wage increases, work call-backs and additional overtime necessary to ensure coverage for vacations, holidays and peak time periods.

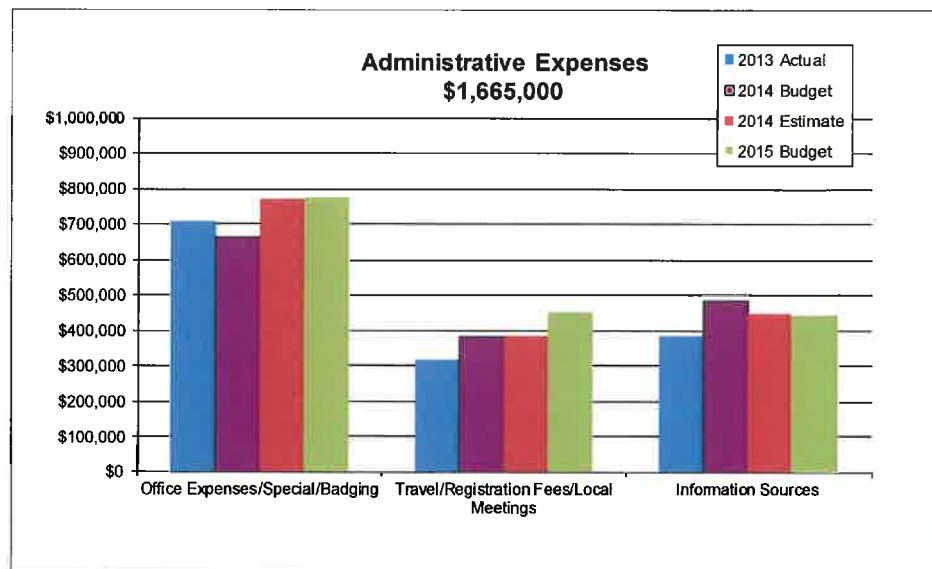
- Temps (Temporary employees) – Increase of \$325,000 or 15.0% due to budgeting for additional hours for temporary positions to achieve customer service and safety directives (including Community Service Officers to provide traffic control in front of both terminals) and for additional heavy equipment operators to facilitate snow removal. The budget also includes wage adjustments.

**Benefits** – Included in benefits are employee insurance/post retirement healthcare, retirement plans, severance, workers compensation and other miscellaneous items. This category is increasing \$1.2 million or 5.3% with the majority related to healthcare costs. Employee insurance increased \$1.0 million based upon healthcare trends (5% inflation rate), compliance with the Affordable Care Act, new hires and allowing for the potential retirement of several employees. Statutory pension increases also contributed to an increase in this category for 2015.

### Administrative Expenses

Administrative Expenses are increasing \$65,000 or 4.0% with the major expenses identified in the table below.

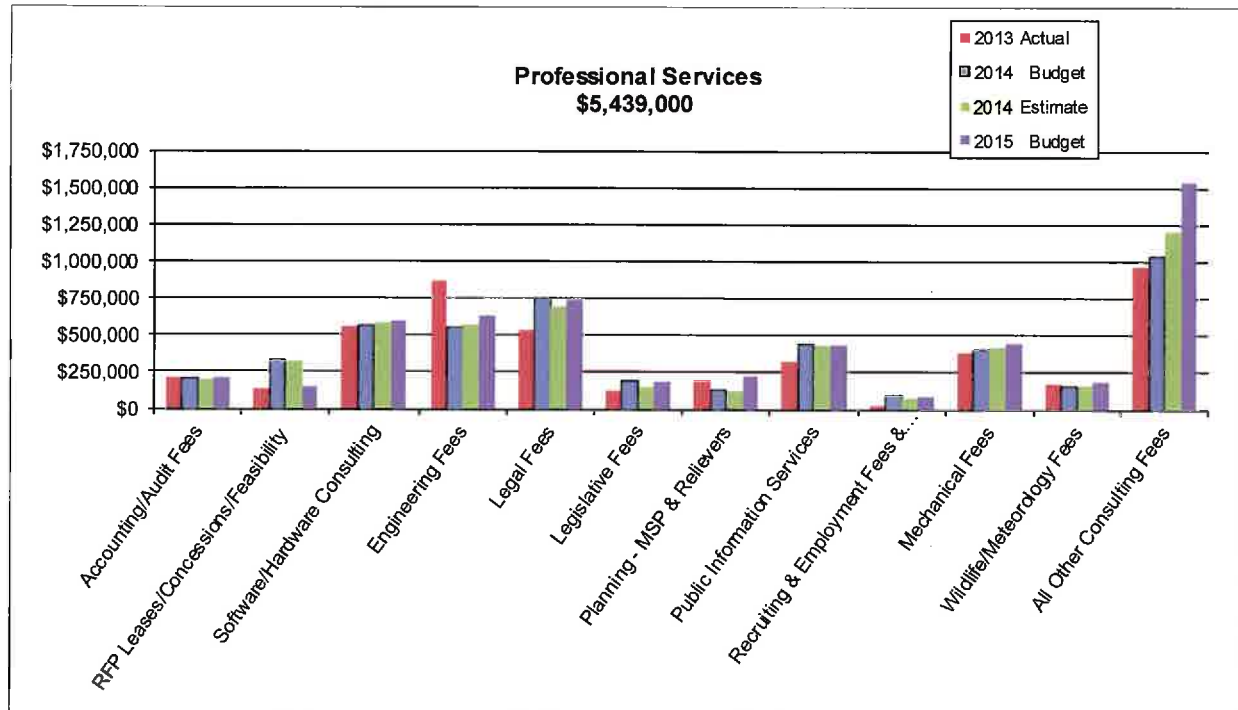
Administrative Expenses (\$=000)	2014 Estimate vs 2015 Budget					
	2013 Actual	2014 Budget	2014 Estimate	2015 Budget	Dollar Change	% Change
Office Expenses/Special/Badging	\$ 706	\$ 660	\$ 770	\$ 774	\$ 4	0.5%
Travel/Registration Fees/Local Meetings	316	383	385	450	65	16.9%
Information Sources	385	484	445	441	(4)	-1.0%
<b>Total Administrative Expenses</b>	<b>\$ 1,407</b>	<b>\$ 1,527</b>	<b>\$ 1,600</b>	<b>\$ 1,665</b>	<b>\$ 65</b>	<b>4.0%</b>



**Travel/Registration Fees/Local Meetings** – Increase in the 2015 budget is due to higher airfares, lodging costs, mileage, etc. for attending conferences and meetings. In addition, a number of staff serve on national committees that typically require out of state travel.

**Professional Services**

Professional Services have increased \$489,000 or 9.9% from 2014 estimates.



Professional Services (\$=000)				2014 Estimate vs 2015 Budget		
	2013 Actual	2014 Budget	2014 Estimate	2015 Budget	Dollar Change	% Change
Accounting/Audit Fees	\$ 215	\$ 200	\$ 200	\$ 215	\$ 15	7.5%
RFP Leases/Concessions/Feasibility	135	323	325	150	(175)	-53.8%
Software/Hardware Consulting	558	571	580	591	11	1.8%
Engineering Fees	874	557	575	632	57	10.0%
Legal Fees	531	749	700	749	49	7.0%
Legislative Fees	118	191	155	189	34	22.2%
Planning - MSP & Relievers	194	125	125	220	95	76.0%
Public Information Services	322	429	429	429	0	0.0%
Recruiting & Employment Fees & Other Human Resources	30	93	75	87	12	15.5%
Mechanical Fees	386	401	420	445	25	5.9%
Wildlife/Meteorology Fees	178	159	159	189	30	18.7%
All Other Consulting Fees	974	1,051	1,207	1,544	337	27.9%
<b>Total Professional Services</b>	<b>\$ 4,514</b>	<b>\$ 4,849</b>	<b>\$ 4,950</b>	<b>\$ 5,439</b>	<b>\$ 489</b>	<b>9.9%</b>

The following combination of changes in Professional Services explains the increase:

**RFP Leases/Concessions/Feasibility Studies** – Decrease of \$175,000 is due primarily to RFP (Request for Proposal) for Concessions leases and land appraisal services for ground rent ordinances and Reliever parcel appraisals that were applicable in 2014.

**Engineering Fees** – Projected to increase \$57,000 or 10.0% from the 2014 estimate due to additional CIP efforts and coordination with other MAC departments.

**Legal Fees** – Projected to increase \$49,000 or 7.0% from the 2014 estimate based upon 3-year averages. Legal expenses for 2014 are projected to be below 3-year averages.

**Legislative Fees** – Increase of \$34,000 or 22.2% due to lower than average estimates for 2014.

**Planning – MSP & Relievers** – Increase of \$95,000 or 76.0% due to expenses associated with the Reliever airport zoning effort and LTCP (Long Term Comprehensive Plan) updates for Crystal, Airlake and Lake Elmo Airports.

**Recruiting & Employment Fees and Other Human Resources** – Recruiting fees increased \$12,000 or 15.5% for the anticipated turnover of senior positions that did not occur in 2014.

**Mechanical Fees** – An increase of \$25,000 or 5.9% is attributed to the renegotiation of the elevator/escalator/moving walks contract in 2015 and coordination of the T-1 Trams Upgrade project which started in 2014.

**Wildlife/Meteorology Fees** – An increase of \$30,000 or 18.7% is attributed to the implementation of a Wildlife Hazard Assessment at MSP as part of the FAA's required Wildlife Hazards Management Plan.

**All Other Consulting Fees** – An increase of \$337,000 or 27.9% is attributed to the following:

- \$21,000 – Police - Learning Management System courses to be designed; update SIDA training videos and increase of vet costs.
- \$229,000 - Risk/Insurance/Safety - Fee for services to implement the Health Engagement Program (HEP).
- \$50,000 - Services to provide the sharing of information for purposes of the Sustainability Management Plan (SMP) development process integrating the findings of the IS management assessment. These issues include business integration and organization change required to ensure the successful implementation of MAC's formal sustainability program and support of related critical strategies into MAC's 2016 strategic planning process.



**Terminal 2 - Humphrey**

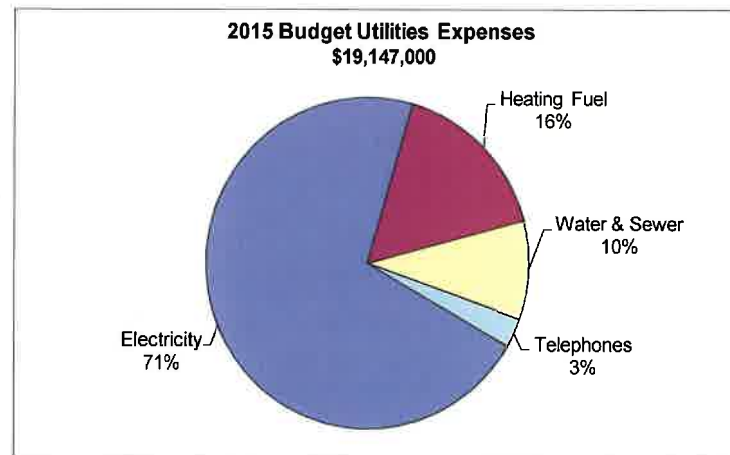




**Utilities**

Total Utilities are budgeted to decrease \$313,000 or 1.6% over 2014 estimates and are explained as follows.

	2014 Estimate vs 2015 Budget					
	2013 Actual	2014 Budget	2014 Estimate	2015 Budget	Dollar Change	% Change
<b>Utilities</b>						
Electricity	13,051	13,160	13,200	13,615	415	3.1%
Heating Fuel	3,145	3,148	4,000	3,145	(855)	-21.4%
Water & Sewer	1,921	1,759	1,760	1,831	71	4.1%
Telephones	516	499	500	556	56	11.2%
<b>Total Utilities</b>	<b>18,633</b>	<b>18,565</b>	<b>19,460</b>	<b>19,147</b>	<b>(313)</b>	<b>-1.6%</b>



**Electricity** – The increase in electricity of \$415,000 or 3.1% is based upon the forecast provided by the utility company and an outside consultant and is a result of an increase in electrical rates partially offset by energy savings due to the relighting of the parking ramps.

**Natural Gas-Heating Fuel** – A decrease in heating fuel of 21.4% or \$855,000 is a result of budgeting an average winter's expense in jet fuel. At Centerpoint's request, the Energy Management Center switches from Natural Gas to Jet Fuel and in return MAC receives a rate break (Interruptible Contract). The abnormal cold winter in 2014 contributed to an unusually high jet fuel expense.

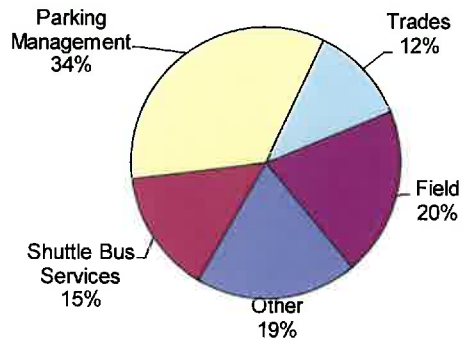
**Telephones** – The increase in telephones of \$56,000 or 11.2% is due to increasing the number of staff with data plans to improve communications and the ability to research information from their phone. In addition, fees increased for data devices including secured squad wireless devices.

**Operating Services/Expenses**

Operating Service expenses are increasing \$4.3 million or 21.6%. The following chart lists the major components in this category.

	2014 Estimate vs 2015 Budget					
	2013 Actual	2014 Budget	2014 Estimate	2015 Budget	Dollar Change	% Change
<b>Operating Services/Expenses</b>						
Parking Management	5,892	6,230	6,230	6,783	553	8.9%
Shuttle Bus Services	770	788	850	2,929	2,079	244.6%
Service Agreements	7,450	7,800	7,850	8,909	1,059	13.5%
Storm Water Monitoring	1,662	1,405	1,500	1,447	(53)	-3.5%
Other	3,166	3,182	3,280	3,897	617	18.8%
<b>Total Operating Services/Expenses</b>	<b>18,940</b>	<b>19,405</b>	<b>19,710</b>	<b>23,966</b>	<b>4,256</b>	<b>21.6%</b>

**2015 Budget Operating Services/Expenses  
\$23,966,000**



**Parking Management** – The parking management contract is increasing 8.9% or \$553,000 primarily due to contractual increases and costs resulting from increased frequency of diverting parkers to the Maroon or Terminal-2 ramps when Terminal-1 ramps are at capacity. In addition, increases in security services (valet vehicle inspection and call for assistance monitoring) and the staffing of the Maroon public parking ramp are included in the budget.



**Metropolitan Airports Commission  
General Office**

**Shuttle Bus Services** – The Commission has been experiencing a large number of parking diversions at Terminal 1. The passengers who cannot find a parking space at Terminal 1 are diverted to parking facilities at Terminal 2. In order to decrease the number of diversions and improve customer service for passengers at Terminal 1, the Commission will be opening the Maroon parking ramp located at Terminal 1. In order to move passengers from the Maroon ramp to the terminal building, the Commission must shuttle those passengers. The \$2.1 million increase is a result of transporting those passengers between the Maroon parking ramp and Terminal 1.

**Service Agreements** – Service agreements are increasing 13.5% or \$1.1 million due to the following increases:

- \$65,000 - Software used for Commission meetings and customer engagement programs that allow customers to receive information which enhances their airport experience and to choose information that is of interest to them.

- \$453,000 - Increases in software and hardware maintenance agreements, along with increasing support costs for EnterpriseOne due to three added modules (Health and Safety, Wellness and Sales Order Entry). In addition, MAC has moved to the Microsoft Office 365 subscription product set for productivity tools including the Office suite instead of paying license and software assurance fees.
- \$304,000 - Due to a new contract for the loading dock as well as increased activity.
- \$214,000 - Contract for CCTV contains more cameras to maintain.

**Storm Water Monitoring** – Decreased \$53,000 or 3.5% and is based upon historical amounts, as well as capital improvements, which improves the efficiency of how storm water is collected and treated.

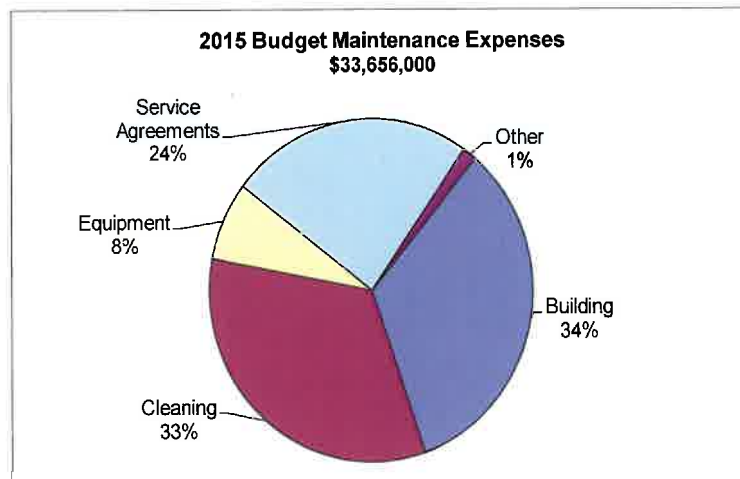
**Other** – Other expenses are increasing \$0.6 million or 18.8% related to the following increases:

- \$50,000 - Expenses for a full year of 3-1-1 bags distributed to passengers as an advertising company no longer provides these complimentary bags for passengers.
- \$63,000 – Increase is a result of marketing concession retail rebid and change out of shops.
- \$356,000 – Queue line management expenses. This service was previously performed by the airlines in order to direct passengers to the shortest security lines. In 2015, the Commission will be providing this service at Terminal 1 and will be reimbursed by the airlines.
- \$40,000 - Metropolitan Council fees increase.
- \$23,000 - Advertising parking increase directed to reducing customers' dissatisfaction by encouraging them to park at T2 when flying from T1 and providing customers with current parking capacity information through SurePark.

## **Maintenance**

This category has five components: Trades (Painters, Carpenters, Electricians and Plumbers); Field (Snow Removal, Summer Maintenance and Landscaping); Building (Carrousel/Conveyors, Elevators/Escalators, Moving Walks and Automated People Mover); Equipment (Parts, Shop Supplies and Gas); and Cleaning (Janitorial, Windows, Cleaning Supplies and Rubbish Removal). Total maintenance will increase 6.0% or \$1.9 million over 2014 estimates.

	2014 Estimate vs 2015 Budget					
	2013 Actual	2014 Budget	2014 Estimate	2015 Budget	Dollar Change	% Change
<b>Maintenance</b>						
Trades	2,028	2,215	2,215	2,352	137	6.2%
Field	3,101	2,282	4,000	4,015	15	0.4%
Building	10,442	11,622	11,300	12,320	1,020	9.0%
Equipment	3,102	2,603	3,000	2,730	(270)	-9.0%
Cleaning	10,632	11,249	11,250	12,238	988	8.8%
<b>Total Maintenance</b>	<b>29,305</b>	<b>29,971</b>	<b>31,765</b>	<b>33,656</b>	<b>1,891</b>	<b>6.0%</b>



**Trades** – Trades increased \$137,000 or 6.2% for carpet replacement, flooring repairs, and ceiling tiles along with various hardware throughout the MAC.

**Field** – Field costs include snow removal, summer maintenance and landscaping. Snow removal costs make up a majority of this \$4.0 million budget. Field maintenance expenses are budgeted for snow removal costs associated with an average winter. The estimate for 2014 reflects higher expenses related to the above average winter in 2014. In addition, equipment leases expired in 2014 for snow removal equipment with the 2015 budget reflecting those additional expenses.



**MAC High Speed Plows in Action**

**Building** – Building expenses are budgeted to increase \$1.0 million or 9.0% and is due to the following increases:

- \$400,000 – Contractual increases in Mechanical areas (people movers, escalators, elevators etc.)
- \$180,000 – Contractual increases for Temp Control including data center and IT related demands
- \$400,000 – In 2014, the Commission completed construction and installation of a Checked Baggage Inspection System at Terminal 1, which replaces each airline's outbound baggage systems. The Commission will be responsible for the maintenance of the baggage system and will charge the airlines (based on the number of bags processed). The 2015 budget increase is a result of recognizing a full year's expense.

**Equipment** – This area is budgeted to decrease \$270,000 or 9.0%. This category is also related to winter weather. As stated previously, 2014 was an above average winter. As a result, more fuel was

consumed to run snow removal equipment as well as heavier than normal use of equipment requiring more repairs and parts. The 2015 budget was prepared on a 5-year winter average basis.

**Cleaning** – Cleaning expenses are budgeted to increase \$988,000 or 8.8%. This is a result of an annual contractual increase, more frequencies of restroom cleanings due to greater passenger traffic, and new construction with additional areas to be cleaned such as the new auto rental facility at Terminal 2.

### **Other**

The Other expense category is projected to increase \$178,000 or 5.7%. This category includes General Insurance, Minor Assets (those costing less than \$10,000) and miscellaneous items.

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

	2014 Estimate vs 2015 Budget					
	2013 Actual	2014 Budget	2014 Estimate	2015 Budget	Dollar Change	% Change
<b>Other</b>						
General Insurance	1,652	1,878	1,850	1,970	120	6.5%
Minor Equipment	556	732	750	827	77	10.2%
Other	742	493	526	507	(19)	-3.5%
<b>Total Other</b>	<u>2,950</u>	<u>3,103</u>	<u>3,126</u>	<u>3,304</u>	<u>178</u>	<u>5.7%</u>

**General Insurance** – General Insurance has increased \$120,000 or 6.5%. The insurance market is based upon factors worldwide (losses under the deductible, litigation costs, history of cost and inflationary factors). The cost increase for airport liability is for excess coverage as well as the increase of the value of equipment covered.

**Minor Equipment** – Minor equipment is increasing by \$77,000 or 10.2%. A number of the Commission's computers, which were purchased 8 to 10 years ago, require replacement to operate current software.

## AIRLINE RATES AND CHARGES AND OTHER INFORMATION

### COST PER ENPLANED PASSENGER SUMMARY

	2013 <u>Actual</u>	2014 <u>Budget</u>	2014 <u>Estimate</u>	2015 <u>Budget</u>
Total Airline Rates and Charges	\$ 110,378,000	\$ 113,559,000	\$ 113,222,000	\$ 117,018,000
Enplaned Passengers	16,367,000	16,600,000	16,800,000	17,150,000
Cost per Enplaned Passenger	\$ 6.74	\$ 6.84	\$ 6.74	\$ 6.82
<b>Budget Target Met</b>				

### AIRLINE RATE SUMMARY

	2013 <u>Actual</u>	2014 <u>Budget</u>	2014 <u>Estimate</u>	2015 <u>Budget</u>
LANDING FEE (Per 1000 lbs)	\$ 2.62	\$ 2.65	\$ 2.70	\$ 2.74
RAMP FEE (Per Lineal Foot)	\$ 594.50	\$ 596.71	\$ 626.17	\$ 644.17
LINDBERGH TERMINAL (T1) RATE (Sq. Ft.) **	\$ 62.86	\$ 65.20	\$ 66.50	\$ 67.29
LINDBERGH TERMINAL (T1) JANITORIAL (Sq. Ft.) **	\$ 69.80	\$ 72.00	\$ 73.30	\$ 74.76
LINDBERGH TERMINAL (T1) AIRLINE R&R RATE (Sq. Ft.)	\$ 6.34	\$ 6.54	\$ 6.54	\$ 6.76
LINDBERGH TERMINAL (T1)INT'L ARRIVAL FEE (Per Pax)	\$ 4.83	\$ 5.36	\$ 5.28	\$ 5.54
MINIMUM LANDING FEE (Applicable for general aviation/non-signatory carriers)	\$ 63.01	\$ 64.07	N/A	\$ 68.49
<b>HUMPHREY T2 RATES AND CHARGES</b>				
HUMPHREY(T2) GATE FEE	\$ 760,851	\$ 795,885	N/A	\$ 821,397
Regular Operations Charges	\$ 600	\$ 628	N/A	\$ 648
International Arrival (T2-FIS) Operation Charges	\$ 1,141	\$ 1,194	N/A	\$ 1,232
Humphrey Terminal (T2)-Exclusive Rate (Sq Ft)	\$ 28.77	\$ 24.63	N/A	\$ 25.83
Humphrey Terminal (T2)-Janitorial Rate (Sq Ft)	\$ 69.51	\$ 64.05	N/A	\$ 68.00
**Rates are subject to adjustment based on further analysis and discussions with the airlines regarding a debt service charge for vacancy per the Airline Agreement.				

### DEBT SERVICE COVERAGE SUMMARY

	2013 <u>Actual</u>	2014 <u>Budget</u>	2014 <u>Estimate</u>	2015 <u>Budget</u>
Senior Debt Service Coverage				
With Transfer	3.24	3.38	3.44	3.44
Without Transfer	3.00	3.13	3.19	3.19
<b>Budget Target Met</b>				
Total Debt Service Coverage				
With Transfer	1.74	1.72	1.75	1.67
Without Transfer	1.67	1.60	1.62	1.54

### REVENUES AVAILABLE FOR DESIGNATION

	2013 <u>Actual</u>	2014 <u>Budget</u>	2014 <u>Estimate</u>	2015 <u>Budget</u>
\$=000				
Total Revenues	\$ 302,836	\$ 303,921	\$ 310,568	\$ 324,319
Total Expenditures (Operating, Debt Service, Other)	\$ 256,053	\$ 261,004	\$ 265,286	\$ 279,091
Revenue available for designation	\$ 46,783	\$ 42,917	\$ 45,282	\$ 45,228
<b>Budget Target Met</b>				

# 2015 Operating Expense Budget

## Capital Assets

### 79000 Information Services

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
MUFIDS Monitor Phased Replacement	5	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1	175,000	0	175,000

The MUFIDS Flight Display systems in Terminal 1 and 2 use large screen monitors to display flight data to the public. There are 548 monitors installed, with about 43 remaining from the original installation in 2006. The expected life for a monitor is just under 6 years. This is a phased replacement plan to address the aging monitors systematically using a 3 year cycle. MUFIDS displays are reaching their end of life. This request begins the process to replace 33% of them each year to level the investment and installation labor load.

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
MUFIDS PC Phased Replacement	5	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1	150,000	0	150,000

The MUFIDS Flight Display systems in Terminal 1 and 2 use small personal computers to operate the display monitors. Of the 428 PCs installed, most have been in use for 3 years or longer. This is the first of a three year phased replacement plan to replace the aging PCs. MUFIDS PC's are reaching their end of life. This request begins the process to replace 33% of them each year to level the investment and installation labor load.

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
Vehicle for MAC IS - Replacement	10	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1	30,000	0	30,000

MAC Information Services has one assigned, outdated Ford Explorer stationed at the Data Center. The IS service center was recently assigned two other well-traveled vehicles for MAC use. One vehicle is requested to replace the outdated Ford Explorer towards the goal of having 2 MAC IS vehicles stationed at the Data Center and 2 at the General Office as the Data Center location has added significantly to IS issue response time.

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
Queue Management - Pax Flow Monitoring System	5	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1	350,000	0	350,000

Displaying checkpoint wait times as well as general data on passenger movement through the terminals is a major step toward improving the passenger experience. This system will capture the required data, forecast wait times that can be published on the MAC web site and enable wait time indicator displays in the terminals and parking areas. A key success factor is enabling travelers to check projected queue wait times from home in order to better plan their travel.

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
Additional Interface Cards for MACNet	5	<input checked="" type="checkbox"/>	<input type="checkbox"/>	4	13,000	0	52,000

Interface cards will add more high speed connections to the new MAC network.

## 2015 Operating Expense Budget

### Capital Assets

#### 79000 Information Services

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
Network Mapping/Traffic Display Software	5	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1	50,000	0	50,000

Traffic mapping software that has the ability to identify devices and track network traffic across the network in a map-style interface for network analysts.

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
Parking Management Radio System Replacement	5	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1	23,000	0	23,000

Replacement of an old and outdated radio system including portable and mobile radios. This new system would be a digital system that provides a much better signal and better coverage into the concrete parking ramps at both T1 and T2. Maintenance costs on the old system continue to rise every year as parts are difficult to obtain.

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
T1 TRAM Control Radio Console Replacement	5	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1	100,000	0	100,000

Replacement of the 2 radio consoles used by the APM Tram contractor to communicate with the trams emergency call boxes as well as their technicians. The 2 consoles were in limited production when purchased and now Motorola does not support them any longer and parts are hard to find.

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
Blade Server Chassis	5	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2	80,000	0	160,000

Add ability to replicate services in a second location on campus for disaster recovery.

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
Airside Operations Radio Console Upgrade Phase 2	10	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1	75,000	0	75,000

Add additional radio console positions to Airside Operations and their backup center at the Driver's Training Center. This will also add the hardware necessary to allow staff to monitor and talk to the tower on their frequencies to coordinate runway/taxiway closures. This is the second phase of this project and will be building on what was installed in 2014 under phase 1.

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
VM Site Recovery Tools	5	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1	125,000	0	125,000

Software for disaster recovery.

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
Anti-Virus Software for Virtualized Environments	3	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1	50,000	0	50,000

Providing security for the MAC's virtualized backoffice computers requires a different product set from those already in place.

**79000 Information Services Capital Asset Total:** 1,340,000



## 2015 Operating Expense Budget

### Capital Assets

#### 82000 MSP Airport Operations

Equipment/Project Name	Est Life	N E W	R P L	Qty	Individual Price	Trade in Value	Total
MSP Tenant Directory Database	10	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1	135,000	0	135,000

Started in 2012, this web-based development of an interactive tenant directory database and multi-user system will allow MAC staff and its non-profit partners (Airport Foundation, Travelers Assistance, etc.) to utilize information to better assist with internal and external customer needs. Funding to complete this project was unavailable in 2013/2014.

**82000 MSP Airport Operations Capital Asset Total:** 135,000

#### 82050 MSP Airport Conference Center

Equipment/Project Name	Est Life	N E W	R P L	Qty	Individual Price	Trade in Value	Total
Carpet Replacement - Commission Chambers & Lounge	12	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1	17,000	0	17,000

The carpet in the Chambers and the Lounge has been repaired as many times as it can be by MAC carpenters. It is in need of replacement due to separation between the backing and the carpeting causing bubbling, fraying at the seams that cannot be repaired, and staining that cannot be removed by carpet cleaning.

Equipment/Project Name	Est Life	N E W	R P L	Qty	Individual Price	Trade in Value	Total
Table Replacement - Lounge	20	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1	10,000	0	10,000

Matching tables in the Commission Lounge to replace and accommodate 20 people. The current tables do not match and can only accommodate 10 commissioners and/or others at any given time.

**82050 MSP Airport Conference Center Capital Asset Total:** 27,000

## 2015 Operating Expense Budget

### Capital Assets

#### 82600 Airside Operations

Equipment/Project Name	Est Life	N E W	R P L	Qty	Individual Price	Trade in Value	Total
MSP AFOC Video/Audio Distribution Project	5	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1	100,000	0	100,000

The MSP Airfield Operations Center (AFOC) contains 21 shared displays, 2 permanent projectors, 14 visual display workstations, 12 desktop workstations, 25+ visual information sources and multiple audio sources. The majority of these systems and displays are independent and not interchangeable which means that they can only be displayed in one location or as a non-interactive video feed. The AFOC video/audio distribution project will connect all of the disparate systems and video/audio sources into one integrated system which will allow for the instantaneous control and sharing of all AFOC information across all user workstations and shared displays as well as with other locations such as the APD Situation Room, MAC EOC, and Emergency Communications Center. The project will include all necessary hardware, software, cabling, accessories and labor.

Equipment/Project Name	Est Life	N E W	R P L	Qty	Individual Price	Trade in Value	Total
MSP Drivers' Records System Citation Patch	5	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1	30,000	0	30,000

Built in 2004, the MSP Driver's Record System manages the citation records, point system and appeals process of MAC Ordinance 105. This project will be an intermediate step in replacing the currently outdated citation system with a workable solution until this process can be merged into a new badging system in the future.

Equipment/Project Name	Est Life	N E W	R P L	Qty	Individual Price	Trade in Value	Total
MSP ELS System and Integrations	5	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1	48,000	0	48,000

The MSP Airfield Logging and Inspection System (ELS) is a comprehensive software package which allows the Airside Operations department to record daily events, activities and inspections on the airfield in order to meet part 139 compliance. Since it was contracted in 2010, several new systems have been developed at the MAC that will benefit from integrating and sharing real-time airfield data throughout the organization. This project will create integrations between our existing ELS system and Airside's Continuous Friction Measuring Equipment, vehicle tracking system, the MAC GIS mapping system and the MAC E1 work order system. The project will also provide some of the framework necessary for the system to be SMS capable.

**82600 Airside Operations Capital Asset Total:** 178,000

## 2015 Operating Expense Budget

### Capital Assets

#### 83400 Landside-Administration

Equipment/Project Name	Est Life	N E W	R P L	Qty	Individual Price	Trade in Value	Total
Variable Message Sign T1 Valet Entrance	10	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1	30,000	0	30,000

Replacement of outdated variable message sign near entrance of T1 Valet parking to notify customers when open/closed, to display promotional information and to provide operational information to commercial vehicle operators.

Equipment/Project Name	Est Life	N E W	R P L	Qty	Individual Price	Trade in Value	Total
Revenue Control System - Chip and Pin Readers	5	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1	702,786	0	702,786

Update of all parking and commercial vehicle bank card readers to comply with October 2015 Chip and PIN liability switch requirements.

Equipment/Project Name	Est Life	N E W	R P L	Qty	Individual Price	Trade in Value	Total
T2 Intercom Replacement (Part 2 of 2014 Project)	10	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1	122,409	0	122,409

Replacement of Revenue Control System intercoms at T2 parking and commercial vehicle entries and exits.

Equipment/Project Name	Est Life	N E W	R P L	Qty	Individual Price	Trade in Value	Total
Minivan for Parking Management Company	5	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1	25,000	0	25,000

Replacement of pick-up truck with a minivan to better serve parking customers needing transport within the parking ramps, to haul parking equipment (cones and signage) and to transport diversion staff to areas when needed.

Equipment/Project Name	Est Life	N E W	R P L	Qty	Individual Price	Trade in Value	Total
Two MAVIS Enhancements	3	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1	55,000	0	55,000

Two MAVIS enhancements: 1) Modify the automatic bank card payment feature for taxicab owners so the owner account is not automatically suspended if the bank card on file passes its expiration date. Only automatically suspend account if payment is unpaid or past due. 2) Modify the taxicab violations feature to avoid the automatic assessment of errant penalties resulting from multiple violations being entered simultaneously.

Equipment/Project Name	Est Life	N E W	R P L	Qty	Individual Price	Trade in Value	Total
PCI Security Compliance Software	3	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1	100,000	0	100,000

Management software necessary to maintain Payment Card Industry (PCI) security standard compliance on internal bank card processing systems. This software would track, analyze and detect intrusions into the bank card holder environment.

**83400 Landside-Administration Capital Asset Total:** 1,035,195

## 2015 Operating Expense Budget

### Capital Assets

#### 84200 Police

Equipment/Project Name	Est Life	N E W	R P L	Qty	Individual Price	Trade in Value	Total
Biometric Reader Upgrades	5	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1	125,000	0	125,000

MSP continues to upgrade our current card readers to biometric access control readers across the campus. This is a necessary ongoing project to get our systems up to industry standards. Integrating biometrics into our card access system also meets the suggested improvements identified in Security Directive 1542-04-08G. This improved technology identifies not only the badge being displayed but also the individual presenting the badge. The initial phase of this project began in 2012. The plan is to purchase and install approximately 50 readers per year. Biometric enrollment of badge holders is ongoing with nearly 50% completion. This project is expected to span a 3-year period.

Equipment/Project Name	Est Life	N E W	R P L	Qty	Individual Price	Trade in Value	Total
Police Vehicles	3	<input type="checkbox"/>	<input checked="" type="checkbox"/>	3	41,667	3,700	121,301

Replacement and outfitting of police vehicles used for patrol and investigative purposes that have over 100,000 miles and are recommended for replacement by the APD and MAC's equipment superintendent.

Equipment/Project Name	Est Life	N E W	R P L	Qty	Individual Price	Trade in Value	Total
On-Line Badging Applications and Renewals	3	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1	25,000	0	25,000

The capability to integrate with ProWatch would allow authorized signers and badge applicants to electronically complete new badge applications and renewal forms. The data would flow directly into the ProWatch database. Customers would log in at a computer workstation/kiosk in the badging office to verify the accuracy of their application prior to being assisted by staff.

Equipment/Project Name	Est Life	N E W	R P L	Qty	Individual Price	Trade in Value	Total
Computerized Queue Management System	3	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1	20,000	0	20,000

The procurement of a queuing system for the badging office would serve to create better customer flow, reduce wait times and improve employee productivity. The current "take-a-number" system requires staff to verbally announce the number being served, which is often difficult for customers to hear in the waiting area. Additionally, the existing system does not allow staff to segregate the types of service needed, which leads to longer wait times.

Equipment/Project Name	Est Life	N E W	R P L	Qty	Individual Price	Trade in Value	Total
Card Access AVI System for Perimeter Gate Access	5	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1	20,000	0	20,000

This system is used by MAC oversized vehicles to safely access the AOA and Secured SIDA. The current system has many issues and is non-functional in many vehicles. The system must have tamper proof devices which deactivate the vehicles access ability if it has been tampered with. The current technology installed is faulty in many of the applications and new technology will resolve this issue.

**84200 Police Capital Asset Total:** **311,301**

## 2015 Operating Expense Budget

### Capital Assets

#### 85000 Environment-General

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
Dell Equallogic Blade SAN	7	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1	35,699	0	35,699

This is a Dell Equallogic PS-M4110 Blade Storage SAN that will fit directly into our existing Data Center M1000E. This is needed to provide redundant SAN storage for VMware and the database servers at the Data Center. The data on this system supports the MACNOMS system. We currently require about 1 Terabyte of space on high performance disks that are accessible via SAN network.

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
Vsphere Server Blade	5	<input checked="" type="checkbox"/>	<input type="checkbox"/>	3	10,281	0	30,843

This is for a Dell PowerEdge M620 Blade matching the existing blades in the new data center. This blade will be part of Site Recovery Manager installed at the GO data center. These are needed to provide a redundant failover with live servers in both locations.

**85000 Environment-General Capital Asset Total:** 66,542

#### 86100 Facilities-Terminal 1

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
Terminal Trash Receptacle and Recycling Containers	10	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1	25,000	0	25,000

Additional trash receptacles and recycling containers to supplement existing ones throughout Terminals 1 & 2 secured areas. These items must match existing units and have not been ordered since 2012; therefore, there are many new/expanded areas that are lacking proper trash and recycling.

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
Bomb-proof Trash Cans	15	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1	96,000	0	96,000

Twenty blast mitigation (bomb-proof) trash cans for all pre-security areas at Terminals 1 & 2. Supplemental cans have not been ordered since 2012 and take extensive time to manufacture. These new cans will be distributed evenly amongst new/expanded areas at both terminals.

**86100 Facilities-Terminal 1 Capital Asset Total:** 121,000

#### 86300 Facilities-Energy Management Center

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
Control Panel for 2000 ton York Chillers	20	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1	28,000	0	28,000

Replacement of one York Chiller control panel. Controls are obsolete and parts are no longer available. This is the third annual replacement as we replace one per year.

**86300 Facilities-Energy Management Center Capital Asset Total:** 28,000

## 2015 Operating Expense Budget

### Capital Assets

#### 88000 Trades - Electricians

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
New MSP Airfield Van	10	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1	195,000	3,000	192,000

A new MSP airfield van is needed to replace the current airfield van which needs a great amount of repair.

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
New Reliever Service Truck	10	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1	62,300	2,500	59,800

A new service truck is needed for the Relievers to replace an older, larger, heavier truck. The current truck has 110,000 miles on it, has poor gas mileage and needs frequent repairs. Having an appropriate-sized vehicle will improve safety, efficiency of staff, as well as operating costs.

**88000 Trades - Electricians Capital Asset Total:** 251,800

#### 88200 Trades - Carpenters

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
4x4 Pick Up Truck	10	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1	34,800	2,000	32,800

A pick-up truck is needed with towing package, side tool box, beacon, painted liner, cab shield and lift gate to replace an older truck.

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
Genie Self Propelled Electric Aerial Lift/Platform	10	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1	25,278	1,500	23,778

A self propelled (drivable) one-man lift with inverter package for tool usage is needed to replace the current one-man lift at T1. This unit is GR-20 with a 25.75 foot height capability.

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
Genie Self Propelled Scissor Lift/Work Platform	10	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1	42,500	0	42,500

A Genie self propelled scissor lift with work platform, 32 foot/500 pound capacity for use on the G concourse.

**88200 Trades - Carpenters Capital Asset Total:** 99,078

## 2015 Operating Expense Budget

### Capital Assets

#### 89000 Field Maintenance

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
Garbage Truck	10	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1	220,000	3,500	216,500

Replacement vehicle used daily for terminal maintenance operations.

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
High-Speed, Multi-Function Snow Removal Vehicle	10	<input type="checkbox"/>	<input checked="" type="checkbox"/>	2	910,000	60,000	1,760,000

Multi-function snow removal equipment to replace two plows and two rotary brooms.

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
Tow-Behind Rotary Broom	10	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1	400,000	0	400,000

Upgraded component of a high-speed, multi-function unit for compatibility with existing plow tractor.

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
Hagie Multi-Function Vehicle	10	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1	570,000	0	570,000

Multi-function vehicle for summer and winter maintenance operations to facilitate task completion with reduced man-hours.

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
Wheel Balance Machine	10	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1	15,000	200	14,800

Replacement equipment used for routine fleet maintenance operations.

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
Pressure Washer	10	<input type="checkbox"/>	<input checked="" type="checkbox"/>	2	13,000	0	26,000

Pressure washer used for routine fleet maintenance operations.

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
Tri-axle Dump Truck	10	<input checked="" type="checkbox"/>	<input type="checkbox"/>	3	184,000	0	552,000

Additional fleet vehicles for enhanced maintenance operations, driven by FAA directive for more timely removal of snow piles from taxiway safety areas.

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
Snow Blower Head Attachment	10	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1	165,000	0	165,000

Snow blower attachment for existing Oshkosh equipment to address FAA directive for more timely snow removal from taxiway safety areas.

# 2015 Operating Expense Budget

## Capital Assets

### 89000 Field Maintenance

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
Snow Blower Attachment	10	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1	27,000	0	27,000

Snow blower attachment for existing tractor equipment for more efficient snow removal from navaid critical areas.

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
Rotary Broom Attachment	10	<input type="checkbox"/>	<input checked="" type="checkbox"/>	4	20,000	1,000	79,000

Two replacement and two new rotary broom attachments for existing tractor equipment to enhance the visibility of airfield markings during snow events.

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
Runway Plow Blade Attachment	10	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1	50,000	500	49,500

Replacement plow blade to extend the useful life of an existing high-speed runway plow.

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
Landside Utility Vehicle w/attachments	10	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1	125,000	0	125,000

Replacement vehicle for high-hours, high-repair landside maintenance vehicle.

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
4,000-Gallon Liquid Deice Truck	10	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1	305,000	7,500	297,500

Replacement equipment for high-hours, high repair 4,000-gallon liquid dispensing vehicle used for winter applications of pavement deicer and for summer landscape management tasks.

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
20-Foot Box Plow	10	<input checked="" type="checkbox"/>	<input type="checkbox"/>	2	29,000	0	58,000

Replacement front-end loader attachment used for aircraft parking gate snow and ice control operations.

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
30-Foot Box Plow	10	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1	35,000	0	35,000

Replacement front-end loader attachment used for deice pad snow and ice control operations.

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
One-Ton Utility Truck	7	<input type="checkbox"/>	<input checked="" type="checkbox"/>	2	30,000	4,000	56,000

Replacement equipment for landside vehicles exposed to salt and corrosion.



## 2015 Operating Expense Budget

### Capital Assets

#### 89000 Field Maintenance

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
Manager Vehicle	10	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1	45,000	1,000	44,000

Replacement equipment for high-mileage, high-repair vehicle assigned to an airfield manager.

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
Parking Ramp Cleaning Vehicle	5	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1	190,000	0	190,000

New parking ramp cleaning vehicle that meets NPDES permit requirements for waste water collection and discharge.

**89000 Field Maintenance Capital Asset Total:** 4,665,300

#### 90300 Relievers - Lake Elmo

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
11- Foot Bat Wing Rotary Mower	15	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1	65,000	0	65,000

A rotary riding mower to manicure grass areas near hangars, roadways, airport environs, airfield signage and lights. The operator can maneuver in confined spaces and avoid obstructions without leaving behind ungroomed areas. A small mower will adjust to irregular land contours, which will create a professional look.

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
Chevrolet Pick Up	10	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1	35,000	0	35,000

Replacement of a 1998 pick up truck with 115,000 miles based at Lake Elmo Airport. This truck has extensive rust and holes in the body. Also, the engine is in need of expensive repairs. This truck is no longer reliable to travel between airports or pick up supplies from off airport vendors.

**90300 Relievers - Lake Elmo Capital Asset Total:** 100,000

#### 90400 Relievers - Airlake

Equipment/Project Name	Est Life	N E W	R E P L	Qty	Individual Price	Trade in Value	Total
Rolba Snow Blower	10	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1	750,000	0	750,000

Rolba / Oshkosh type blower. This is a replacement piece for the Rolba blower currently located at the Airlake Airport. The Airlake Rolba blower is over twenty years old. Replacement parts are no longer available.

**90400 Relievers - Airlake Capital Asset Total:** 750,000

## 2015 Operating Expense Budget

### Capital Assets

#### 90500 Relievers - Flying Cloud

Equipment/Project Name	Est Life	N E W	R P L	Qty	Individual Price	Trade in Value	Total
Light-Duty Tractor with Blower Attachment	20	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1	70,000	0	70,000

The purchase of a light-duty tractor with snow blower attachment will shorten the time to remove snow around airfield signage, lights and confined areas. It is time intensive for an operator to remove snow around the wig wag lights with tight radiuses when using the large blower. The visibility and maneuverability of a smaller machine would make quick work of these areas, and minimize damage to lights and signs.

**90500 Relievers - Flying Cloud Capital Asset Total:** 70,000

#### 90600 Relievers - Crystal

Equipment/Project Name	Est Life	N E W	R P L	Qty	Individual Price	Trade in Value	Total
Vacuum Sweeper	15	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1	250,000	1,000	249,000

This sweeper will be used at the three West Reliever Airports; Flying Cloud, Crystal and Anoka County-Blaine. The sweeper will keep runways, taxiways, aircraft parking areas and roadways free of foreign object debris. The existing sweeper was purchased in 1994. A new sweeper will be capable of picking up the typical material found on runways, like pea gravel, small objects such as nuts and bolts, and pieces of vegetation.

**90600 Relievers - Crystal Capital Asset Total:** 249,000

#### 90700 Relievers - Anoka

Equipment/Project Name	Est Life	N E W	R P L	Qty	Individual Price	Trade in Value	Total
Snow Blower	20	<input type="checkbox"/>	<input checked="" type="checkbox"/>	1	750,000	0	750,000

Replacement of a snow blower purchased in 1992. The existing blower has exceeded its life expectancy. Replacement parts are scarce. A new blower will be more reliable in winter operations, will be supported by a manufacturer and replacement parts will be available. A new blower will decrease the time it takes to remove snow, be more adaptable, and be more comfortable and safe for the operator.

Equipment/Project Name	Est Life	N E W	R P L	Qty	Individual Price	Trade in Value	Total
11-Foot bat Wing Rotary Mower	15	<input checked="" type="checkbox"/>	<input type="checkbox"/>	1	60,000	0	60,000

A small rotary mower to manicure areas adjacent to hangars, entry points, roadways and airport environs. The operator will be able to maneuver in confined spaces and avoid obstructions which leave ungroomed areas. A small mower will adjust to irregular land contours, which will create a professional look.

**90700 Relievers - Anoka Capital Asset Total:** 810,000

## 2015 Operating Expense Budget

### Capital Assets

---

Capital Asset Grand Total: 10,237,216