

THE METROPOLITAN AIRPORTS COMMISSION STRATEGIC PLAN 2009-2013



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Introduction

The Metropolitan Airports Commission's Strategic Plan for 2009-2013 outlines the path the organization will take to fulfill its mission: Providing and promoting safe, convenient, environmentally sound and cost-competitive aviation services for its customers.

The first decade of the new century has been marked by tremendous uncertainty in the aviation industry. Terrorism, airline mergers and bankruptcies, and a sluggish global economy have presented significant challenges as we have worked to identify and address 21st Century air transportation needs. Whatever the difficulties, our focus has remained on providing a safe, enjoyable, seamless airport experience for travelers.

To achieve our mission, we adhere to five primary strategies:

- Enhance service to our customers
- Match employee talent with changing business needs so we have the right people with the right skills and experience to fulfill our mission
- Ensure the MAC's long-term financial viability so we can continue to operate a competitive airport system, pay down debt and maintain an enviable bond rating
- Leverage resources and technology to improve performance, increase productivity and deliver cost-effective services
- Strengthen relationships and partnerships within the airport system and with neighboring communities, regional businesses and governmental agencies.

In 2009, the MAC will undertake several key initiatives.

We will work with our airport business partners in the Customer Service Action Council to launch an airport-wide customer service program at Minneapolis-St. Paul International Airport. An enhanced passenger experience can help make MSP the airport of choice for travelers and encourage them to take full advantage of the airport's many amenities.

We will work to identify new non-aeronautical business opportunities at our reliever airports. Developing land for business or commercial use where appropriate will provide a revenue stream to help support the reliever system financially, create jobs and help strengthen the economies of communities around the airports.

We will inaugurate the next phase of MAC's Stewards of Tomorrow's Airport Resources (STAR) program. The STAR program encourages actions that are financially, environmentally, operationally and socially sustainable. Specifically in 2009, the MAC will build on its successful energy conservation program, develop an alternative energy policy and supporting program, implement construction and fleet emissions reduction guidelines, and promulgate new administrative policies consistent with the STAR program's aim of improving efficiencies through financially viable actions.

We will also initiate a marketing campaign for Minneapolis-St. Paul International Airport and the MAC's six reliever airports. The MAC is privileged to operate one of the largest, most well respected airport systems in the nation. Completion of the \$3.1 billion 2010 expansion program at MSP and recent or planned improvements to the reliever airports strengthen these regional assets, making them even more attractive to air travelers and better equipped to generate additional business and jobs in surrounding communities. Marketing efforts in 2009 will focus on attracting new air service, promoting travel through MSP, enhancing activities at reliever airports and increasing aeronautical and non-aeronautical revenues.

We know 2009 will be a challenging year for the aviation industry and for the Metropolitan Airports Commission. The activities outlined in our strategic plan will help ensure we address those challenges in ways that further our vision and continue to set the standard for excellence in airports.

Sincerely,



Jack Lanners
Chairman



Jeff Hamiel
Executive Director

Setting the Standard for Excellence in Airports

Vision Details

We aspire to *Set the Standard for Excellence* in:

- ◆ ***Safety***
MAC has the infrastructure, policies, procedures and personnel to provide a safe environment for our customers and employees.
- ◆ ***Security***
MAC has the infrastructure, policies, procedures and personnel to provide a secure environment for our customers and employees.
- ◆ ***Financial Responsibility***
MAC's system of airports is fiscally sound in terms of bond ratings and its ability to generate revenue from multiple sources while maintaining a competitive cost per enplaned passenger.
- ◆ ***Airport Operations***
MAC is recognized for efficient and effective operation and maintenance of our world-class system of airports.
- ◆ ***Airport Development***
MAC proactively plans, finances and constructs the infrastructure necessary to meet customer expectations.
- ◆ ***People***
MAC attracts, develops and retains people who have the talent to sustain our industry-leading, high-performing organization.
- ◆ ***Environmental Stewardship***
MAC sets the standard for environmental stewardship in the development and operation of our airport system.
- ◆ ***Customer Service***
MAC consistently provides services that meet or exceed customers' expectations.

Our Mission

We Provide and Promote Safe, Convenient, Environmentally Sound and Cost-Competitive Aviation Services for Our Customers

- ◆ *Provide*
Our mission is to provide and maintain airport facilities and services that meet the needs of our community.
- ◆ *Promote*
Our mission is to promote the use of airport facilities and services in ways that drive regional economic development.
- ◆ *Safe*
Our mission is to provide a safe and secure airport environment throughout our system of airports.
- ◆ *Environmentally Sound*
Our mission is to be environmental stewards of these public assets.
- ◆ *Convenient*
Our mission is to ensure that our facilities are easily accessible and convenient for all.
- ◆ *Cost Competitive*
Our mission is to provide products and services at competitive prices.
- ◆ *Aviation Services*
Our mission is to provide and maintain an airport infrastructure that supports the national system of air transportation.
- ◆ *Our Customers*
Our mission is to balance the often competing needs of our customers:
 - The Citizens of the Region
 - The Traveling Public
 - Regional Businesses
 - Airport Tenants and Concessionaires
 - The Airline Industry
 - General Aviation

Our Core Values

Integrity

- We do business in an honest, fair, open, and respectful manner.
 - We live up to our responsibilities, meet our objectives, and fulfill our commitments.
 - We maintain our credibility through timely communication with customers, employees and stakeholders.
 - We instill confidence in all who deal with our organization that we can be depended upon to act with the highest moral and ethical standards.
-

Fiscal Responsibility

- We make sound financial decisions that balance the interests of the community, partners, stakeholders, and customers.
 - We make decisions that help to drive the economic vitality of this region.
 - We maintain policies to provide adequate revenues to operate without general tax support or the exercising of our authority to levy taxes.
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Innovation and Excellence

- We seek creative and innovative solutions to complex challenges.
 - We set high standards in all aspects of our organization and focus on continuous improvement.
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Commitment to the Community and the Environment

- We are responsive to the environmental concerns of the community.
 - We demonstrate leadership in sound environmental management.
 - We promote open and honest communication about environmental concerns.
-

Teamwork

- We reach common goals through strong relationships based on trust.
- We commit ourselves to open and respectful communication.

Key Areas of Performance

- *Safety*
- *Security*
- *Financial Responsibility*
- *Airport Operations*
- *Airport Development*
- *People*
- *Environmental Stewardship*
- *Customer Service*

Performance Indicators

Results	2003	2004	2005	2006	2007
Safety					
◆ MSP Runway Incursions & Airfield Violations					
■ Airfield Operations Area (AOA) Violations	NA	4	3	13	5
■ Citations Issued	NA	21	35	43	79
■ Warning Citations Issued	NA	80	56	47	35
■ Runway Incursions	3	1	1	0	0
◆ Employee Accidents & Incidents					
■ Total Employee Injuries	107	82	91	107	84
■ OSHA Recordable Injuries	41	33	29	34	28
■ Injuries Per FTE**	0.22	0.15	0.15	0.19	0.15
■ Lost Work Days Per FTE**	1.21	0.61	0.69	0.41	0.33
■ Workers Comp Experience Rating Modification Factor	0.70	0.73	0.86	1.05	.97
■ MAC Vehicle Accidents	60	45	64	50	37
◆ Airport User Accidents & Incidents					
■ Claim Cost Per Million Enplaned Passengers	\$76,913	\$127,462	\$79,442	\$120,956	\$156,145
■ Number of Accidents & Incidents	280	313	294	186	205
Security					
◆ Security Breaches & Violations					
■ Failure to Display Security Badge	97	20	13	11	12
■ Piggybacking	81	47	26	17	9
■ Failure to Challenge	21	13	45*	14	16

*This upward spike is due to increased staffing in the Aviation Security Division and education efforts.

Performance Indicators

Results	2003	2004	2005	2006	2007
Financial Responsibility					
◆ Cost Performance					
■ Operating Cost Per Enplaned Passenger	\$ 6.01	\$5.78	\$6.18	\$6.51	\$7.35
■ Operating Cost Per Enplaned Passenger (with depreciation)	\$10.95	\$10.52	\$11.50	\$12.89	\$14.14
■ Airline Operating Expense Per Enplaned Passenger	*\$ 4.14 \$ 4.94	\$4.55	\$5.06	\$5.23	\$5.21
◆ Debt Management					
■ Senior Debt Service Coverage (with transfer)	1.52x	1.72x	2.03x	2.14x	2.30x
■ Long Term Debt as % of Total Assets	53.14%	53.0%	56.3%	51.1%	48.15%
■ Debt Service as % of Operating Revenue	70.7%	63.8%	56.3%	57.7%	58.85%
◆ Revenue Performance					
■ Operating Revenue Per Enplaned Passenger	*\$10.44 \$11.25	\$11.15	\$12.56	\$14.56	\$14.04
■ Non-Aeronautical Revenues as % of Operating Revenue	52.0%	51.8%	51.5%	59.1%	64.12%
■ Non-Aeronautical Revenue from Relievers (unaudited results)	\$20,534	\$39,277	\$69,067	\$84,513	\$88,882
◆ Operating Performance					
■ Operating Income Margin	*-4.79% 2.94%	5.64%	8.44%	11.47%	-0.72%
■ Operating Income Per Enplaned Passenger	* \$(0.50) \$0.31	\$0.63	\$1.06	\$1.67	-\$0.10
■ Revenue-to-Expenditure Ratio	* 0.95 1.03	1.06	1.09	1.13	.99
* With \$13 million Airline Credit					
◆ Disadvantaged Business Enterprise					
■ % of Concession \$ Oct. 1 – Sept. 30	13.55%	9%	9.76%	22.5%	21.40%
Airport Operations					
◆ MSP					
■ Enplaned Passengers Per FTE	32,181	33,940	32,288	32,138	32,291
■ Operations Per FTE	992	1093	971	890	862
◆ Reliever Airports					
■ Operations Per FTE	21,748	24,257	21,577	21,718	18,687
■ Tenants Per FTE	26.9	37.3	30.3	33.38	33.38
■ Based Aircraft Per FTE	59.2	67.6	67.6	72.25	71.71
■ Annual MSP Subsidy	\$4,127,000	\$4,069,000	\$3,100,000	\$2,150,000	\$2,297,000

Performance Indicators

Results	2003	2004	2005	2006	2007
Airport Development					
◆ Disadvantaged Business Enterprise					
■ % of Construction Contract \$	13.96%	9.5%	16.6%	8.9%	6.60%
◆ Targeted Group Business					
■ % of Total Construction Contract \$ (July-July)	3.8%	3%	5.2%	2.8%	2.50%
People					
◆ Overtime as % of Total Wages	9.53%	9.61%	10.9%	8.57%	11.37%
◆ Operating Revenue Per Employee	\$319,132	\$366,276	\$410,190	\$447,973	\$433,578
◆ Operating Expense Per Employee **	\$183,759	\$190,095	\$202,276	\$200,229	\$226,828
◆ Personnel as % of Total Cost Operating Expense*	27.4%	27.2%	28.5%	24.3%	27.9%
◆ Terminal Square Feet Per FTE Employee	4,554	4,482	5,571	5,541	5,368
◆ Airfield Pavement Square Feet Per FTE Employee	2,746	2,703	3,421	3,396	3,296
◆ Employee Job Satisfaction	4.65 of 6	4.86 of 6	4.8 of 6	4.8 of 6	4.73 of 6
◆ Annual Employee Turnover	6.71%	4.75%	7.45%	4.11%	7.06%
◆ Affirmative Action					
■ Female Employees	22%	23%	22.7%	23.84%	24.41%
■ Minority Employees	9%	9%	9%	9.61%	8.89%
■ Disabled Employees	2%	2%	1.8%	2.14%	2.53%
Environmental Stewardship					
◆ Violations Identified by a Regulatory Agency	3	0	1	0	0
◆ Reduction in Discharged De-Icing Material to River	76%	80%	83%	79%	87%
Customer Service					
◆ Airport Service Performance Rating***	3.88 of 5.0	3.89 of 5.0	3.87 of 5.0	3.82 of 5.0	4.08 of 5.0
◆ Complaints Per 100,000 Passengers	1.18	.91	1.02	1.40	1.59

** excluding depreciation

* including benefits

***ACI survey

Critical Issues

■ *Meeting Customer Expectations*

Challenge: Customers expect MAC to maintain and improve service levels throughout our system of airports. Allocation of financial resources necessary to meet expectations needs to keep pace as the size and complexity of the infrastructure continues to grow.

Implications: MAC needs to understand customer expectations and seek innovative ways to expand capabilities to meet these needs.

■ *Operating in a Changing Airline Industry*

Challenge: Our challenge is to remain financially viable as the structure of the airline industry continues to evolve. The potential exists for more airline bankruptcies, mergers, dissolutions, and shifts in market share.

Implications: MAC needs to address its exposure to the financial risks of this environment.

■ *Transitioning the Organization through Changes in Leadership*

Challenge: A majority of senior staff is eligible to retire during the life of this plan. Retirements will also occur in a number of key technical and professional positions.

Implications: MAC needs to develop and attract staff talent to remain a high performing organization as this transition occurs.

■ *Determining MSP and Reliever Airport Development Plans*

Challenge: Our challenge is to match the development of expanded airport facilities to correspond with customer demands while remaining financially viable.

Implications: MAC needs to prioritize the development plans based on projected customer needs.

■ *Addressing Unfunded and/or Under Funded Mandates*

Challenge: Federal, state, and local mandates continue to increase as funding is reduced or eliminated.

Implications: MAC needs to minimize the financial impact of these mandates and maximize access to funding opportunities.

■ *Complying with the 2007 Noise Mitigation Decree*

Challenge: Meeting the timelines set out by the court to complete this process and maintaining high quality in the products and services delivered.

Implications: MAC needs to comply with the court order while ensuring high levels of customer satisfaction.

Five-Year Strategies

- ◆ *Enhance Customer Service*

Ensure that our customers experience excellent service.

- ◆ *Match Employee Talent with Changing Business Needs*

Ensure that MAC has the right people with the right skills and experience to fulfill its mission.

- ◆ *Ensure Long-Term Financial Viability*

Ensure MAC has the financial resources necessary to operate our airport system, meet all debt service obligations in any scenario and maintain our AA- bond rating.

- ◆ *Leverage Resources and Technology*

Use resources and technology to improve performance, increase productivity and deliver cost-effective services.

- ◆ *Strengthen Relationships and Partnerships*

Expand effectiveness through internal teamwork and strengthening external relationships and partnerships with neighboring communities, regional businesses, and governmental agencies.

Key Initiatives for 2009

Strategy - Enhance Customer Service

Key Initiative for 2009

- **Launch a MSP airport-wide customer service program in partnership with the Customer Service Action Counsel.**

Measurable Outcome:

Enhanced passenger experience throughout the terminals resulting in:

- Increased non-aeronautical revenue per enplaned passenger
- Higher customer service rating on the Airport Service Quality (ASQ) survey
- Increased customer feedback
- Increased selection of MSP as the airport of choice for connecting passengers

Strategy - Ensure Long-Term Financial Viability

Key Initiatives for 2009

- **Maximize our region's economic interests through the Delta/NWA acquisition.**

Measurable Outcome:

Strengthened MSP hub status, service levels, and industry related jobs.

- **Develop new non-aeronautical business development opportunities at the Reliever Airports.**

Measurable Outcome:

Award at least three contracts that result in increased non-aeronautical revenue from the reliever system.

- **Inaugurate the next phase of the STAR, Stewards of Tomorrow's Airport Resources, Program.**

Measurable Outcome:

Improved efficiencies through financially viable projects and activities.

- Complete next two phases of the Energy Conservation Program
- Implement at least five STAR Initiative administrative policies
- Develop a MAC alternative energy policy and supporting program
- Implement construction and fleet emissions reduction guidelines

- **Initiate a marketing campaign for MSP and Reliever Airports.**

Measurable Outcome:

Increased aeronautical and non-aeronautical revenue.

