

There are a number of significant projects planned for construction in the coming two years. In 2004, these are the East Harriet-Farmstead portion of the RiverLake Greenway, the Loring Bikeway bridge, including extension of the off-street trail to Loring Park between 15th Street and Groveland, and a bicycle lane on Richfield Road. The year 2005 will see the construction of Phase 3 of the Cedar Lake trail, including an extension to the river, the Northeast Diagonal Trail, the "U of M trail", and a bike "station" at the Midtown Exchange (Sears) project.

Existing Minneapolis-St. Paul International Airport Facilities

Minneapolis-St. Paul International Airport (MSP) consists of three runways, two of which are parallel oriented in a northwest-southeast direction and a crosswind runway oriented approximately perpendicular oriented in a northeast-southwest direction. The airport has grown to encompass 3,400 acres with two passenger terminals, cargo facilities, airline maintenance facilities, auto parking, and support service facilities.

The crosswind runway 4/22 is the longest runway at 11,000 feet enabling the largest fully loaded aircraft to fly nonstop to European and Asian destinations under almost all weather conditions. Runway 12R/30L is 10,000 feet long and 12L/30R is 8,200 feet. All runways are equipped with special lighting and landing aids to provide operational service in poor weather conditions.

Scheduled passenger service is accommodated at the Lindbergh Terminal with four concourses and 76 jet aircraft parking gates. Major facility improvements at the terminal area are ongoing in order to keep pace with passenger service requirements, better road access, and increased auto parking demands. Due to MSP's status as a Northwest Airlines hub airport, major improvements have been made in passenger movement systems, as well as retail shops and concessions. International passengers on scheduled airlines are processed through customs and immigration in the Lindbergh Terminal making faster and easier connections to other flights possible.

The newly remodeled Humphrey (HHH) terminal opened in May of 2001 replacing a badly outdated terminal facility serving charter and international passengers. The new terminal has 10 gates of which eight are fully finished. It has the capability to expand to 16 gates. Sun Country Airline, the anchor tenant in the new terminal originally provided both scheduled and charter services in 2001, but with Sun Country's bankruptcy and reorganization in 2002 they are now limiting their operations to charter. Five other airlines provide charter services through the Humphrey terminal. The Metropolitan Airports Commission (MAC) is pursuing new market entrants or trying to persuade other carriers to relocate from the Lindberg terminal to the Humphrey terminal to more efficiently use this facility.

Airline Service

Twelve major U.S. passenger airlines, three foreign-based carriers, six regional carriers, seven charter carriers, and 19 cargo carriers served MSP in 2003. Combined passenger and cargo nonstop flights linked the region directly to 12 international destinations and 119 domestic destinations.

The carriers which provided service to MSP in 2003 were:

Major Airlines	Foreign Carriers	Regional Airlines
Air Tran Airways	Air Canada	Great Lakes
America West	KLM	Chataqua
American	IcelandAir	Comair
American Trans Air		Mesaba
Delta		Pinnacle/Express
Frontier		Skyway (Midwest Express)*
Northwest		
United		
USAir		
Skywest		
MESA*		

Charter Airlines	Cargo Airlines
Champion Air	Airborne Express
Casino Express	AM Intl/KittyHawk
Omni International	ATI/BAX Global
Ryan	Basler Airlines
Miami Air	Bemidji
Sun Country	Blackhawk Airways
	Connie Kalitta
	CSA Air
	DHL Airways
	Emery Worldwide
	Fed Ex
	Mountain Air Cargo
	Orion Air
	Sioux Falls Av.
	Southern Air
	UPS
	Viking Express
	Zantop

Northwest Airlines, with its second largest domestic hub at MSP, continued to dominate operations with the breakout as shown for 1999 through 2003. Both Air Tran and American Trans Air, low fare carriers, experienced significant growth in market share, but have a small base from which to start. While the popularity of low fare carriers continued, their combined share of the market at MSP was limited.

Percent Operations at MSP by Major Airline

Airline	1999	2000	2001	2002	2003
Northwest	76.3	76.5	78.2	79.3	79.4
United	4.1	4.0	3.7	3.7	4.2
American	3.3	3.3	3.3	5.0***	3.9
Delta	2.5	2.5	2.2	2.2	2.4
Continental	2.5	2.2	2.2	2.5	2.8
TWA	1.8	1.8	1.7	0.0***	----
Sun Country	3.6	3.8	3.3	0.8	----
Vanguard	1.8	1.3	0.1**	0.0	----
US Airways	1.7	1.6	1.6	1.6	1.3
America West	1.0	0.9	0.9	1.1	1.0
Frontier	0.4	0.4	0.4	0.5	0.7
Iceland Air	0.2	0.2	0.2	0.2	0.1
KLM	0.2	0.2*	0.1	NA	----
Air Tran Airways	NA	0.5*	0.7	0.8	1.2

American Trans Air	NA	0.4 [*]	0.7	0.9	1.2
Air Canada		0.5	0.2	0.6	0.6
Sky West		0.2			0.7
MESA ^{****}		0.2			0.8

^{*} New carrier entrants in year 2000

^{**} Terminated service 3/01

^{***} American purchased TWA in 2002 and operations are all counted under American Airlines

^{****} Started service in March 2002

Aircraft Operations

Operations activity increased significantly from 1985 to 1995, albeit at a lower growth rate than passenger activity. In the 11-year period from 1985 to 1995, total operations increased from 373,000 to 465,000, almost a 25 % increase. During the five-year period from 1996 through 2000, MSP experienced a 7.8 % increase in aircraft operations. The combination of an economic slowdown and the September 2001 terrorist attacks resulted in fewer operations in 2001. Growth since 2001 has been slow but in 2003, operations were only 2% lower than the historic high in 2000.

Year	Total Operations	% Chg
1996	485,480	4.3
1997	491,273	1.2
1998	483,013	-1.7
1999	510,421	5.7
2000	523,146	2.5
2001	501,522	-4.1
2002	507,669	1.2
2003	512,350	0.9

Operational characteristics were further broken down by six general classifications; the following table illustrates this breakdown for 1999 through 2003.

Operations by Classification

	1999	2000	% Change	2001	% Change	2002	% Change	2003	% Change
Major	320,919	349,204	8.8	349,571	0.1	345,792	-1.1	340,766	-1.5
Regional	109,017	89,105	-18.2	81,661	8.4	95,248	16.6	104,899	10.1
Charter	10,600	5,959	-43.8	4,090	-31.4	4,833	18.2	10,656	120.5
Air Freight	17,271	18,395	6.5	17,077	-7.2	14,974	-12.3	16,579	10.7
General Aviation	49,256	58,076	17.9	45,943	-20.9	44,279	-3.6	37,594	-15.1
Military	3,358	2,473	-26.4	3,180	28.6	2,543	-20.0	1,856	-27.0
Total	510,421	522,257	2.3	501,522	-4.1	507,669	1.2	512,350	0.9

As indicated, both regional and charter activity dropped off significantly between 1999 and 2001, while general aviation (primarily corporate) experienced substantial growth. The picture is somewhat distorted, however, since a number of regional operations are now classified as major carrier operations. Charter, freight, and regional activity were growth sectors in 2003. Major airline activity remained marginally in decline as the mainline carriers reduced capacity and used regional carriers to a greater degree in order to boost yields. Restrictions imposed on general aviation after September 11, 2001 contributed to a significant decline in general aviation operations the last

several years. Military operations comprised a very small percentage of the total operations at MSP and were at a five year low in 2003.

Passengers

While aircraft operations increased significantly over the last 15 years, passenger activity has increased at a much greater rate over the same time period. This growth can be attributed to:

- Northwest Airlines' hub activity with more connecting flights;
- increased load factors (number of passengers/aircraft flight); and
- more leisure travel.

From 1985 through 1995 total passengers increased from 14.8 million annually to 26.8 million, a 70% increase. Since 1995 the total number of passengers increased to over 36 million in 2000, a 27% increase over the five-year period. The impacts of the economic slowdown starting early in 2001 and the September 11 attacks are evident in the drop off of passenger activity since 2000. Total passengers in 2003 were 9.6% lower than the historic high. Revenue passengers increased nearly 2.5% from 2002. The higher yielding business fare market continued to be very weak, thus exacerbating the weakness of the major airlines' financial positions.

Year	Total Passengers*	% Change
1996	28,772,000	7.5
1997	30,208,000	5.0
1998	30,347,920	0.5
1999	34,721,879	14.4
2000	36,751,632	5.8
2001	33,742,074	-8.2
2002	32,629,690	-3.3
2003	33,195,873	1.7

* Includes both revenue and non-revenue (airline employees or other non-paying) passengers

Cargo

Air cargo was an important aspect of service provided at MSP in 2003. Cargo included heavier freight, small package and mail service. Regional commuters carried a small percentage of cargo, but the bulk of cargo was shipped in the belly holds of passenger aircraft or in all-cargo carriers. Nearly 59% of cargo was shipped via passenger aircraft while all-cargo carriers shipped about 40%. The following table illustrates cargo volume at MSP for the period 1995-2003. The volume of cargo shipped through MSP has remained relatively stable in the 1990's. Since 2000, mail and cargo volumes have continued to decline reflecting a regional weakness as well as the economic climate.

Mail and Cargo Volumes

Year	Metric tons	% Change
1995	365,203	
1996	361,662	-1.0
1997	379,117	4.8
1998	366,347	-3.4
1999	366,425	0.0
2000	376,032	2.6
2001	340,027	-9.6
2002	320,148	-5.8
2003	317,230	-0.9

Facility Improvements

In 1989, the Metropolitan Airport Planning Act required the Metropolitan Council and the Metropolitan Airports Commission to undertake an extensive study to plan for long term major airport development to serve the aviation needs of the region. The study included assessing the possibility of meeting long term needs through 2020 at the current site, as well as the option of developing a new airport at a new site. This study process became known as the dual track process and had a number of component parts. In 1996, the Minnesota Legislature decided that a new airport would not be needed, and that MSP could meet the region's air traffic needs beyond 2020. The State legislature thereby ended the dual track study.

One of the dual track study components was the development of a long-term comprehensive plan for MSP to meet aviation needs through 2010. Major improvements needed to meet operational demand included significant improvements to runways, the addition of a new north-south runway, taxiway improvements, aircraft holding aprons, and additional passenger and cargo aprons. In addition to runway reconstruction of older pavement areas on the south parallel, the crosswind runway was extended to provide greater utilization for international flights. Staged construction for the new north-south runway, 17/35, is underway with an anticipated operational date of November 2005.

Major improvements have been completed in both terminals, concourses, vehicle parking ramps, terminal access roads, and support facilities. Among the major improvements brought into service in 2002 were:

- Passenger Screening Checkpoints;
- Completion of the C Concourse adding 11 additional gates and connection to A and B concourses;
- Completion of Regional Concourses A and B providing 30 gates for regional carriers;
- First Phase Parking Ramp at the Humphrey Terminal providing 2500 spaces;
- Federal Express Center completed; and
- Reconstruction and strengthening of 2000' of Runway 4-22.

In 2003, major work items included:

- Relocation of the auto rental service site and access road;
- Site work on the Mesaba hangar site;
- Runway 17-35 paving;
- Runway 12R de-icing pad;
- Upgrade of the lighting system on Runway 12L;
- Work on the stormwater drainage ponds; and
- LRT station and tunnel work.

Airport Noise

A consequence of having a busy airport in the urban area was the noise impacts on neighboring communities. The Federal Aviation Act of 1958 gave the Federal government complete and exclusive national sovereignty in the airspace over the United States. The Act also created the Federal Aviation Administration (FAA) and gave it broad authority to control and regulate the use of navigable airspace and aircraft operations. At the time of the Act, most airports were locally owned and operated, and local governments were responsible for controlling and regulating the airports.

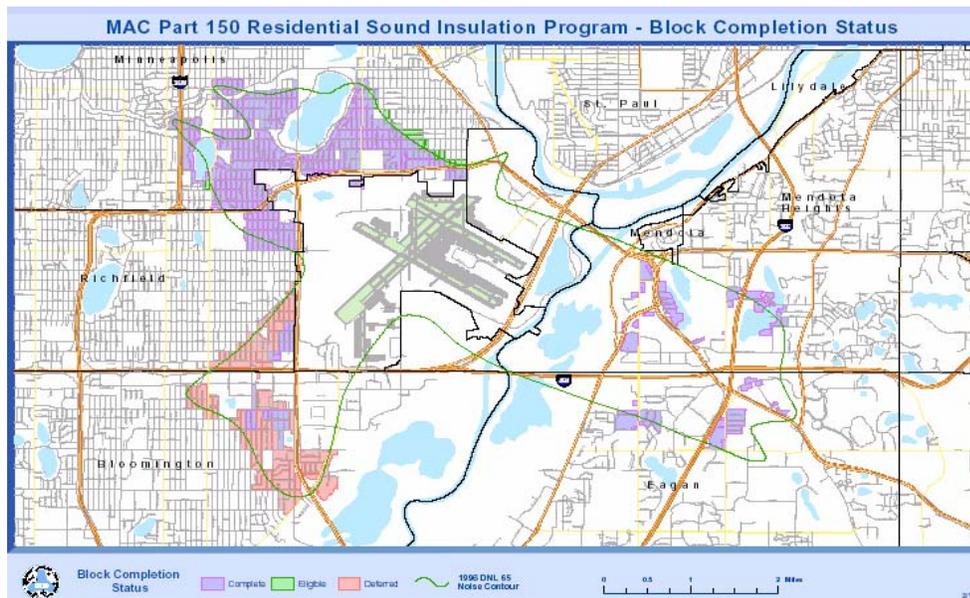
To balance the interests of the airline industry and those of residents living near airports, Congress responded with the Airport Noise and Capacity Act of 1990 (ANCA). A key provision of the Act was the implementation of a national phase out of older, noisier Stage 2 aircraft with the goal of achieving a 100% transition of aircraft over 75,000 pounds to new generation, quieter aircraft (Stage 3) by the year 2000. The Act also authorized DOT to establish a national aviation noise policy and

program for reviewing noise and airport access restrictions. In effect, the ability of airport proprietors or local communities to control noise impacts through airport use restrictions was severely limited.

The Metropolitan Airports Commission (MAC) current Part 150 program was based on a 1996 65 Day Night Level (DNL) Noise Exposure Map which was developed in the prior Part 150 update in 1991. As shown, the largest impact area is associated with the parallel runways. The area to the southeast, Mendota Heights and Eagan, within the contours depicted was primarily commercial and industrial development, although there was some residential development as well. The area to the northwest, Minneapolis and Richfield, was primarily residential development. To the southwest a relatively large lobe was projected from use of Runway 4/22 encompassing both residential development in Richfield and commercial development in Bloomington. The use of the crosswind runway did not materialize as projected with the result being that a greater share of noise was associated with use of the parallel runways.

Sound Insulation Program

The MAC implemented a residential Sound Insulation Program (SIP) in 1992 providing neighboring homes with a sound insulation package, which reduced the noise environment inside homes. Homeowner participation in the program was voluntary. Efforts of the program focused on relieving the highest noise impacted areas first and moving outward toward areas of lower noise levels. In November 1995, the FAA approved a recommendation whereby all homes in a given block would be eligible to participate in the program if the noise contour touched or passed through any part of that city block.



Treatment methods varied by individual home, but were designed to achieve a five-decibel reduction inside the home. A five-decibel noise reduction was roughly equal to doubling the distance of an aircraft from the roof of the home. A combination of methods were used to treat noise infiltration including replacement of doors and windows, addition of acoustical storm windows, vent baffles, additional insulation in walls and attics, central air conditioning, and vent or duct modifications.

Since 1992, the MAC awarded contracts for insulation of 7,452 homes (as of December 19th, 2003) of which 7,342 were completed. There were an additional 350 homes in the pre-construction and construction phases. With the completion of the homes currently underway, the total residential program costs to date will be \$215.3 million. Of the completed homes, 6,241 (nearly 85%) were in Minneapolis.

A cost summary since the inception of the program outlines the construction effort and expenditure by year. The cost per home reflects both construction and administrative costs. In addition to the effects of inflation, the increased cost per home in 2000 and 2001 was attributed to work being conducted on larger homes, generally higher costs associated with construction materials and labor, and addition of air quality enhancement services which were not available with the early program. The lower unit costs in 2003 were primarily attributed to work being done on smaller homes and favorable construction costs compared to the previous two years. It is anticipated that all single homes eligible under the 1996 65 DNL contour will be completed in 2004.

MAC Part 150 Program Cost Summary

Year	# Homes Awarded	Yearly Program Cost (in \$ millions)	Avg Cost/Home
1992	139	\$ 4.4	\$28,500
1993	243	5.9	\$24,100
1994	599	10.4	\$17,300
1995	843	14.5	\$17,300
1996	1,002	20.7	\$19,100
1997	847	20.7	\$23,850
1998	912	25.5	\$31,000
1999	758	25.5	\$33,500
2000	831	36.4	\$43,800
2001	734	33.0	\$45,000
2002	241	8.6	\$35,600
2003	304	9.7	\$32,000
Total	7,452	\$215.3	

*As of December 19, 2003

Prior to the single family homes program, in 1981 the MAC initiated school sound abatement projects in neighboring communities, with St. Kevin's School in Minneapolis as the initial project. Since that time an additional nine schools have been completed in Minneapolis. Two schools were completed in Mendota Heights, and an additional five have been completed in Richfield. The sound abatement measures generally consist of adding a secondary roof system and suspended ceiling, window reduction and replacement, re-working of doors and entryways, baffling of air intakes and vents, and air conditioning. MAC has spent approximately \$41.7 million on this aspect of the compatibility program in the three communities, with schools located in Minneapolis receiving approximately two-thirds of the funds. Visitation School is the last remaining school to receive noise mitigation and was completed in 2003.

Sound Abatement Projects at Minneapolis Schools

School	Project Years	Project Cost
St. Kevin's	1981 - 87	\$ 215,300
Wenonah	1988 - 89	1,153,500
Hale	1998	1,585,600
Resurrection	1989 - 90	1,263,300
Windom	1991 - 92	1,926,200
Keewaydin	1997	2,185,400
Ramsey	1999 - 2000	9,142,900
Washburn	1999 - 2000	8,544,500
Clara Barton	2001 - 2002	1,729,700
Visitation	2003	1,850,000
Total Minneapolis		\$29,596,400

Multiple Family Residential Noise Mitigation

The MAC initiated a pilot program in 2001 to insulate affected multi-family structures within the 1996 65-DNL contour. The program was designed to determine the most suitable and effective techniques to achieve a similar five-decibel reduction that is comparable to noise reduction in single-family homes. Implementation of the pilot program was deferred from the 2002 capital improvements program, along with most other construction projects, in response to anticipated revenue shortfalls. Six structures were in the initial pilot program. A total of 960 multiple family

units situated in 64 structures were identified within the 1996 65-DNL contour; most were located in Minneapolis. In 2003, 220 units in 15 structures were sound insulated at a cost of approximately \$1.85 million.

Summary of Existing Part 150 Program

The noise compatibility program had 19 elements, which were approved by the FAA and put into effect at MSP to alleviate noise impacts on neighboring residents. These elements included 11 noise abatement measures aimed at reducing overall noise exposure levels. These measures included voluntary nighttime flight restrictions, training restrictions, utilization of runways most favorable to alleviating noise impacts to residents, noise monitoring, and flight tracking. In addition, eight measures were directed at either corrective action to mitigate non-compatible land uses or to prevent future non-compatible uses. These measures included acquisition, relocation, zoning, building code revisions, and the sound insulation program. While a significant number of Minneapolis residents were impacted by airport noise, the MAC had one of the most aggressive noise compatibility programs in the nation.