

T Transportation Committee

Business Item

Item: 2007-36

Meeting date: January 28, 2008

Date:	January 23, 2008
Subject:	2008 Metropolitan Airports Commission (MAC) Capital Improvement Program (CIP) Review
District(s), Member(s):	All Districts & Members
Policy/Legal Reference:	MS 473.145, 473.165, 473.621 Sd. 6&7
Staff Prepared/Presented:	Arlene McCarthy, Director MTS; 651-602-1754 Amy Vennewitz, Dep. Director Finance & Planning; 602-1058 Connie Kozlak, Manager Transportation Planning; 602-1720 Chauncey Case, Senior Planner; 602-1724
Division/Department:	Metropolitan Transportation Services

Proposed Action

That the Metropolitan Council:

- 1) Find the Metropolitan Airports Commission (MAC) has an adequate public participation process for development and review of its 2008 Capital Improvement Program (CIP),
- 2) Find that the CIP contains no 2008 projects requiring Council approval, and
- 3) Approve and transmit to MAC the attached findings and comments on the MAC 2008 CIP.

Background

Under its statutory authority the Council must review the MAC annual CIP and:

- Determine adequacy of public participation in the CIP process;
- Approve projects meeting “significant effects” criteria; and,
- Review and comment on all projects for consistency with regional policy and plans.

The Metropolitan Airports Commission approved the 2008 Capital Improvement Program at its December 17, 2007 meeting. The CIP includes \$121,145,000 for 2008 projects and \$960,050,000 for projects in 2009 through 2014, totaling about \$1 billion overall. Implementation of the proposed MSP 2020 plan continues to be deferred, given the uncertainties in the airline industry.

Rationale

Annual oversight review is authorized to meet state and federal financial and plan consistency requirements and to ensure that project costs or changes in scope are responsive to system needs and conditions.

Funding

This action has no funding implications for the Council. The MAC has identified Federal, State and local funding sources for all of its 2008 CIP projects, including \$50-\$60 million in contingency funding.

Known Support / Opposition

On January 16, 2008 the TAB reviewed and recommended approval of this CIP. The CIP is supported by MAC and airport users; there is no known opposition.

Review Findings:

Findings for the various review categories are discussed below.

1) Adequacy of public participation in CIP review process: Under state law the Council must make a determination as to adequacy of the process for public participation in the MAC capital improvement program. The 2008 capital improvement review process involved numerous scheduled meetings, public notices and hearings for discussion of the projects. The process included distribution of financial and environmental information that was both mailed and made available electronically. Potential cumulative environmental effects of the proposed projects were the subject of a public hearing and MAC responded to comments received.

Finding: That the MAC has conducted an adequate public participation process for development and review of its Capital Improvement Program.

2) 2008 Projects Requiring Council Approval

Under state statutes the Council must review the capital improvement projects and make a determination if any project has metropolitan significance and therefore requires "approval".

Finding: Review of the 2008 CIP identified no project that meets the dollar threshold amounts and capital review criteria requiring approval.

3) Review and Comment on all 2008 CIP Projects:

The Council reviews and comments on consistency of all CIP projects at the MAC airports with airport plans, with the Council’s Metropolitan Development Guide and other regional systems, and with local plans. Many of the projects proposed in the 2008 CIP are for general maintenance, service upgrades, operational improvements, and efforts to meet environmental and safety requirements. The following table summarizes the projects. All of the 2008 projects are generally consistent with the TPP/APP.

Finding: All projects in the 2008 CIP are found consistent with the TPP/APP.

2008 CIP – Project Category Summary

Airport	Airfield¹	Landside²	Environmental³	Airport Sub-total	Percent of 2008 CIP
MSP 2010 PLAN	\$14,650,000	\$ 6,700,000	\$ 7,300,000	28,650,000	23.6
MSP POST 2010	\$ 9,970,000	\$56,605,000	\$ 13,100,000	72,875,000	60.2
Sub-total	\$24,620,000	\$63,305,000	\$20,400,000	101,525,000	83.8
St. Paul Downtown	\$11,800,000	\$ 200,000	-0-	12,000,000	9.9
Anoka Co.-Blaine	-0-	-0-	-0-	-0-	-0-
Flying Cloud	\$ 900,000	-0-	\$ 4,300,000	5,200,000	4.3
Crystal	\$ 2,120,000	-0-	-0-	2,120,000	1.7
Airlake	-0-	-0-	-0-	-0-	-0-
Lake Elmo	\$ 300,000	-0-	-0-	300,000	.3
Sub-total	\$15,120,000	-0-	\$ 4,300,000	19,620,000	16.2
Total	39,740,000	63,305,000	24,700,000	\$121,145,000	100.0

¹ Primarily runways and taxiways

² Primarily Passenger and cargo terminals, airline facilities and roadways

³ Air and water quality control and remediation, also noise mitigation

4) Project Funding

The 2008 CIP is funded from a variety of sources including passenger facility charges (fees), federal grants, state grants, internally generated funds and bond proceeds. Based on the information reflected in the table below, MAC has sufficient funds to implement the capital program. The Commission has determined no bond sales should occur for capital projects in 2008, 2009, and 2010 due to the economic volatility of the airline industry. The MAC will have approximately \$50-60 million available in commercial paper as a contingency.

Finding: That adequate federal, state and local funding for the 2008 CIP has been identified by the MAC, including approximately \$50-60 million in commercial paper as a contingency.

MAC 2008 CIP - Funding Summary

Funding Source	2008 Funding	Percent of 2008 CIP
Passenger Facility Charges (PFC's)	37,650,000	31.2
Federal Aid - FAA	14,362,000	12.0
State Aid *	-0-	.0
Revenue Bonds & Commercial Paper	28,050,000	23.0
MAC Funds	26,838,000	22.0
Airline Reserve & Replacement Fund	13,675,000	11.3
Other**	570,000	.5
Total	\$121,145,000	100.0

* Grants from MnDOT for this period have been committed to projects from prior years.

** Other funding sources represents facilities built by MAC or a developer and paid for by the tenant or developer.

Implementation Status of Prior Year Council Review Recommendations

In its review of the 2006 and 2007 MAC CIPs, several recommendations were made by the Council. The Commission's recent actions related to these recommendations are listed below for the Council's consideration:

- Recommendation: Projects beyond 2008 should not be approved until the MAC updates and adopts a long-term comprehensive plan (LTCP) for MSP and submits it to the Metropolitan Council.

Status: In 1996, MAC adopted a 2010 LTCP and a 2020 concept plan for MSP airport. The 2010 plan is nearly built, while there is general agreement that the 2020 plan will not go forward as proposed and needs to be revisited. At its November 2006 meeting the Commission authorized a Request for Qualifications for airport planning services; the Commission selected a consultant (HNTB) in early 2007. Planning activities anticipated in 2007 included additional work on preparing a MSP development plan and the second round of reliever airport plan updates. Plan work was deferred while a new airline agreement at MSP was negotiated and approved in 2007. Therefore, the 12-18 month work effort on updating the MSP LTCP has migrated into the 2008/09 time frame. . The MAC staff recently indicated they have initiated forecasting work for the MSP LTCP Update and would provide aviation forecasts to the Council by mid-2008. Work on completing updated plans for three of the MAC reliever airports in 2006-07 has taken longer than anticipated, due to issues with the Crystal Airport, and will extend into 2008 along with initiation of work on plans for the remaining three MAC reliever airports.

Projects in the 2008 CIP are divided into 2010 Plan and Post 2010 categories, but involve several years of transition. For example, the MSP noise mitigation program will extend out to 2014 even though it is part of the original 2010 LTCP; and the Building B demolition and cleanup in early 2008 advances work in the Post 2010 development plan

- Recommendation: *Defer expansion of the HHH Terminal at MSP.*

Status: The expansion of the Humphrey Terminal is related to expansion at the Lindbergh Terminal in that it involves moving certain airlines from one terminal to another. The airlines had requested that expansion projects be deferred until after a new airline agreement was completed. No new request has been made to reinstate gate expansion at either the HHH or Lindbergh terminals by the airlines since the agreement was completed in 2007. The MAC did approve additional expansion to the HHH orange parking ramp. MAC is also involved with MnDOT and the City of Bloomington in evaluating effects of the airport parking and development of the Airport South area on roadway needs, in particular the capability of the I-494/34th Ave and TH 5/Post Rd. interchanges to handle future demand; a final report is expected in 2008.

- Recommendation: *Continued delay of reliever airport capital investment projects, necessary to maintain an airport's significance in the regional system, should be viewed as being inconsistent with regional plans.*

Status: There has been some progress made since 2006 on the capital projects and planning activity at the reliever airports:

- At Anoka County-Blaine airport the east/west runway extension to 5,000 feet has been completed, and the precision instrument landing system is operational. The extensive NW hangar building area has also been prepared for leasing/development. Both projects are being implemented through funding by a public/private partnership. New building developments are expected in 2008. The MAC is updating the airport's LTCP in 2008.
- The flood protection projects at St. Paul Downtown airport are being completed. The LTCP is being updated in 2008.
- A draft of the Lake Elmo Airport LTCP Update was prepared in 2007; it is expected to be submitted for Council action in 2008.
- A draft of the Airlake Airport LTCP Update was prepared in 2007; it is expected to be submitted for Council action in 2008.
- A development alternative for Crystal Airport has been adopted by the Commission, a full draft of the LTCP Update is being prepared for public review in early 2008; it is expected to be submitted for Council action later in 2008.
- Update of the Flying Cloud Airport LTCP is scheduled for 2008.

None of the potential development projects identified in the LTCP Updates completed to-date at the MAC reliever airports is included in the 2008 CIP.

Transportation Advisory Board

of the Metropolitan Council of the Twin Cities

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January 18, 2008

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Peter Bell, Chair
Metropolitan Council
390 Robert Street No.
St. Paul, MN 55101

Mr. Bell,

On January 16, 2008, the Transportation Advisory Board discussed the Metropolitan Airports Commission (MAC) Capital Improvement Program (CIP) for 2008-2014.

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The MAC CIP does not include any major construction projects that require approval from the Metropolitan Council. The TAB concurs with the comments and findings in the attached report and recommends that the Metropolitan Council approve the program.

The TAB forwards this recommendation to the Metropolitan Council along with additional information described in TAB action transmittal 2008-01.

Sincerely,

Donn Wiski
ICR

Donn Wiski, Chair
Transportation Advisory Board

Cc: Chauncey Case

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