

Appendix H: 2007 MAC Planning / Development

Considerations and Conditions

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Economic Conditions
<i>Considerations / Conditions</i>
1. Continued pressure for airlines and airports to reduce costs.
2. Federal funding of transportation security & infrastructure likely to decrease.
3. Increased pressure for airports to generate more operating revenue from non-aeronautical sources.
4. Increased positive impact of air transportation on the regional economy.
5. Projections of continued high energy costs.
6. Increased MAC debt at potentially higher interest rates to fund 2020 Vision.
7. State population growth projected at 197,000 between 2005 and 2010 with 73% in Twin Cities region.
8. Increasing strength of China & India in the global economy.
9. Potential restructured airline agreement at MSP

Technology
<i>Considerations / Conditions</i>
1. Improved asset management technology needed.
2. Increased use of technology for security.
3. Increased use of technology for safety.
4. Information systems will need to be updated on a regular cycle.
5. Increased customer and employee expectations of the organizations ability to respond with technology based information and services.
6. Common use systems will probably continue to be a primary tool at the Humphrey Terminal.

Political / Regulatory
<i>Considerations / Conditions</i>
1. Airlines continue to ask the MAC for financial concessions as the industry struggles to regain economic strength.
2. Legislative interest in the overall MAC system of airports remains high.
3. Local governmental units continue to be involved in MAC decisions.
4. Federal mandates are likely to increase without accompanying funding necessary to implement them.

Environmental
<i>Considerations / Conditions</i>
1. New environmental regulations governing water quality discharges, air quality emissions and noise standards will drive future planning requirements.
2. Increased monitoring and tracking requirements for compliance, monitoring and mitigating environmental permits and agreements.
3. Increased emphasis on facility design and pollution prevention practices to address event management and compliance.
4. Environmental management system (EMS) will become the industry standard to maintain compliance standards.
5. Legal challenges to policy decisions will continue to demand significant organizational resources.

Customers

Considerations / Conditions

1. Northwest will remain the dominant carrier at MSP.
2. Airlines will continue to push for expanded facilities and services without increased cost to them.
3. Increased customer demand for low cost services, additional non-stop flights and greater convenience.
4. In response to the demands of regional manufactures and the regional distribution center (RDC) initiative, freight consolidators increase their use of MSP resulting in an increase in the size and number on container-configured aircraft.
5. Price conscious travelers are willing to accept inconvenience in exchange for lower ticket prices.
6. Aging population will increase as a percent of total passengers, requiring changes in services and facilities to meet their needs.
7. International travelers will increase.
8. Increased ethnic diversity of customers.
9. Expectations for convenience factors continue to increase: e-park, registered traveler, one-stop business centers, etc.

Airport Capacity

Considerations / Conditions

1. Emphasis on maintaining and improving service levels in expanded facilities with limited resources.
2. MSP terminal and parking facilities will become more congested.
3. Reliever airports play an important role in overall air transportation capacity.
4. Reliever airport facilities need to be upgraded to accommodate more sophisticated aircraft.
5. Projected population growth of metropolitan area increases pressure on the ground transportation system and affects access to MSP.
6. Projected growth in passengers results in increased pressure on terminal facilities and higher operations and maintenance costs.
7. Initial phase of the 2020 Plan may be implemented to expand capacity.

Airline Industry

Considerations/Conditions

1. Increased consolidation within the industry with the potential liquidation on one or more legacy carriers.
2. Low-cost carriers will increase their market share.
3. Continued trend toward regional jets and increased operations.
4. Airline capacity and performance remains tied to overall U.S. economy fluctuations.
5. Increased passenger numbers result in increased demand on airport facilities.
6. Increased utilization of MSP by air cargo operators' result in more alternatives available to shippers.
7. Continued demand for high levels of security, coupled with increased passenger numbers and decreased federal resources, will impact passenger-processing rates.
8. Consumer resistance to higher ticket prices continues.
9. NWA will probably emerge from bankruptcy with a more competitive cost structure.
10. Airline jobs continue to be outsourced.
11. Increased pressure on air carrier labor groups to reduce costs.
12. Hub and spoke business model of legacy carriers will continue to evolve and disappear in response to challenges from low-cost point-to-point competition.
12. Decrease in international service offered at MSP.
13. Financial business model is changing for airlines.