

# **State of Alaska FY2002 Governor's Operating Budget**

Department of Community & Economic Development  
Alaska Aerospace Development Corporation  
Component

## **Component: Alaska Aerospace Development Corporation**

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### **Component Mission**

To promote aerospace related economic growth and to develop corresponding technologies and support services.

### **Component Services Provided**

Provide rocket launch services to government and commercial customers, assist university, federal, and private organizations in developing aerospace technologies, provide educational opportunities within the state and promote Alaska as the ideal location for aerospace activities.

### **Component Goals and Strategies**

Guide existing programs to demonstrate success at the Kodiak Launch Complex, and as such, garner new launch contracts providing long-term Alaska business.

Encourage commercial ground station development in Fairbanks due to expanding remote sensing industry and advanced imagery processes.

To continue development of KLC.

- Promote use of Alaska's spaceport while continuing to secure and broaden the KLC launch customer base.
- Continue implementation of marketing and commercialization of KLC.
- Install two range safety systems - one at KLC and a second down range (Cordova is targeted location).
- Proactively explore KLC site development opportunities in national and commercial arenas.

To increase local opportunities to support aerospace activities.

- Continue to encourage local opportunities to support launch operations.
- Encourage aerospace industry to develop ongoing business presence within the State.
- Utilize local contractors to support launch missions from the KLC.
- Begin acquiring necessary components to develop a short-term and long-term land use plan at KLC site; promoting spin-off resources to support launch customers.

To provide educational opportunities throughout the state.

- Encourage launch customers to visit local schools and provide educational information related to launch missions from the KLC.
- Develop curriculum to conduct school hands-on tours of KLC.
- Research opportunities to create a student mentorship program.

### **Key Component Issues for FY2001 – 2002**

AADC will focus on marketing the Kodiak Launch Complex. AADC has just transitioned the facility from construction to operations and will bring online the operations and maintenance functions to support current and future launch customers.

### **Major Component Accomplishments for FY2000**

- Successfully complete two contracted launches; Lockheed Martin Corporation's Athena Launch/August '01 and US Army's Generic Rest of World (GROW) Risk Reduction Flight/Sept '01.
- Completed construction of the Kodiak Launch Complex (KLC).

- Successfully negotiated and signed contract for US Air Force launch, Quick Reaction Launch Vehicle (QRLV)/March '01.
- Negotiated contract for US Army launch in May '01, West Coast Risk Reduction Flight (WC RRF); first launch of multi-year/multi-launch Strategic Target System (STARS) contract.
- Received funding for additional infrastructure and equipment, communications and a second range safety system for the KLC.
- Entered into launch services support contract negotiations with local strategic program management company to provide ongoing KLC launch operations support.
- Developed KLC Marketing Plan identifying goals and potential missions, promoting customer interface and seeking launch contract awards.
- Executed contracts for AADC Technical Director and public relations firm (components of the ASTF KLC Marketing Grant) to provide industry technical expertise and market the KLC to potential commercial users.
- Conducted numerous commercial, government as well as national and local media briefing tours at the KLC.
- Updated KLC Business Plan to demonstrate positive contribution of Alaska's spaceport in the launch infrastructure needs of the United States.
- Worked with Anchorage based company to examine possibilities of locating a housing complex near the KLC on private property to support launch personnel.
- Sought approval to hire additional permanent staff member in Anchorage; Contract/Procurement Specialist.

## Statutory and Regulatory Authority

AS 14.40-821-990 Alaska Aerospace Development Corporation

## Key Performance Measures for FY2002

### **Measure: Successfully complete 4 launches from the Kodiak Launch Complex (KLC) in FY02.**

*(Revised from Legislature's FY2001 version.)*

#### **Current Status:**

AADC is targeting four launches for FY2002; one for Lockheed Martin in August 2001, one for the Air Force and two for the US Army in FY02. Contract negotiations are complete with Lockheed and preliminary contracts have been developed for the government missions.

#### **Benchmark:**

Being developed. The KLC is the first facility of its kind - the only complete launch complex owned and operated by a state.

#### **Background and Strategies:**

There have been two launches from the KLC - one in FY99, one in FY00 and two projected in FY01. Lockheed Martin's Athena will be the first commercial vehicle to be launched from the KLC in August 2001.

AADC received a marketing/commercialization grant from the Alaska Science and Technology Foundation to be expended over a three-year period. The purpose of the grant is to reach out to as many potential customers as possible and solidify launch contracts for the KLC. A technical marketing component of the grant will assist in contract development and negotiation as well as explore KLC enhancements that could broaden the customer base.

### **Measure: Demonstrate economic impact from KLC launch activities of at least \$2 million in FY02.**

*(Revised from Legislature's FY2001 version.)*

#### **Current Status:**

The University of Alaska Anchorage, Institute of Social and Economic Research (ISER) performed an analysis of the inaugural launch from the KLC. Based on actual expenditures, ISER determined the total economic effect for the state to be \$1.3 million in sales and \$450,000 in payroll.

**Benchmark:**

Being developed. There is no data available for comparison from other states.

**Background and Strategies:**

There is a direct relationship between the number of launches from the KLC and the economic benefit to the State of Alaska. AADC will continue to promote utilization of the facility and monitor the economic benefits that result. AADC will also encourage use of local resources for supplies and services to maximize the effect within the state.

**Status of FY2001 Performance Measures**

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> <li>• Increase the number of launches from the Kodiak Launch Complex (KLC) to at least two in FY01.</li> <li>• Demonstrate economic impact from KLC launch activities of at least \$2 million in FY01.</li> <li>• The excess earnings (or dividend) per launch.</li> <li>• The new permanent jobs created</li> <li>• The number of launches per year.</li> <li>• The new space-related technologies brought to the state.</li> <li>• The economic impact of launch activities expressed in dollars.</li> </ul>		X			
			X		
			X		
			X		
			X		
			X		

**Alaska Aerospace Development Corporation**  
**Component Financial Summary**

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	450.4	468.6	566.4
72000 Travel	39.3	58.0	66.7
73000 Contractual	252.5	200.4	207.0
74000 Supplies	6.6	6.0	7.0
75000 Equipment	9.6	10.0	11.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>758.4</b>	<b>743.0</b>	<b>858.1</b>
<b>Funding Sources:</b>			
1025 Science & Technology Endowment Income	555.2	557.0	497.0
1061 Capital Improvement Project Receipts	160.0	142.8	110.4
1101 Alaska Aerospace Development Corporation Receipts	43.2	43.2	250.7
<b>Funding Totals</b>	<b>758.4</b>	<b>743.0</b>	<b>858.1</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
<b>Unrestricted Revenues</b>						
None.		0.0	0.0	0.0	0.0	0.0
<b>Unrestricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Restricted Revenues</b>						
Capital Improvement Project Receipts	51200	160.0	142.8	118.2	110.4	120.0
Science/Technology Endowment Income	51375	555.2	557.0	489.5	497.0	497.0
Aerospace Development Corporate Receipts	51416	43.2	43.2	42.5	250.7	350.0
<b>Restricted Total</b>		<b>758.4</b>	<b>743.0</b>	<b>650.2</b>	<b>858.1</b>	<b>967.0</b>
<b>Total Estimated Revenues</b>		<b>758.4</b>	<b>743.0</b>	<b>650.2</b>	<b>858.1</b>	<b>967.0</b>

## Alaska Aerospace Development Corporation

### Proposed Changes in Levels of Service for FY2002

- With the launch site transitioning from a construction project to a revenue producing enterprise, the AADC Board of Directors has determined the need for additional staff to support the administrative, operational and maintenance demands of the Corporation. Increments are requested that would fund two positions in Anchorage: Deputy Director and a Procurement Specialist. Funding source is AADC corporate receipts.

### Summary of Component Budget Changes

#### From FY2001 Authorized to FY2002 Governor

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	<b>0.0</b>	<b>0.0</b>	<b>743.0</b>	<b>743.0</b>
<b>Adjustments which get you to start of year:</b>				
-Update Executive Administration and Support Cost Allocation Plan	0.0	0.0	-1.3	-1.3
<b>Adjustments which will continue current level of service:</b>				
-PCN 08-0502 transfer to AADC Facilities Maintenance component ADN 0810062	0.0	0.0	-92.8	-92.8
-Year 2 Labor Costs - Net Change from Fy 2001	0.0	0.0	6.5	6.5
<b>Proposed budget increases:</b>				
-New Positions and Related Expenses	0.0	0.0	202.7	202.7
<b>FY2002 Governor</b>	<b>0.0</b>	<b>0.0</b>	<b>858.1</b>	<b>858.1</b>

## Alaska Aerospace Development Corporation

## Personal Services Information

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	6	7	Annual Salaries	435,156
Part-time	0	0	COLA	10,211
Nonpermanent	0	0	Premium Pay	8,870
			Annual Benefits	129,658
			<i>Less 3.00% Vacancy Factor</i>	(17,495)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>6</b>	<b>7</b>	<b>Total Personal Services</b>	<b>566,400</b>

## Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
AADC Office Manager	1	0	0	0	1
Accounting Technician	1	0	0	0	1
Deputy Director	1	0	0	0	1
Dir Of Business Operations	1	0	0	0	1
Executive Director	1	0	0	0	1
Procurement Spec V	1	0	0	0	1
Secretary	1	0	0	0	1
<b>Totals</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>