

State of Alaska FY2006 Governor's Operating Budget

Department of Transportation/Public Facilities Ted Stevens Anchorage International Airport Results Delivery Unit Budget Summary

Ted Stevens Anchorage International Airport Results Delivery Unit

Contribution to Department's Mission

Safely, effectively, and efficiently operate and maintain the airport in a manner consistent with federal regulatory requirements, high customer service standards, sensitivity to user needs, and awareness of community goals.

Core Services

- Provide a safe airport through airport police and fire officers
- Maintain the airfield
- Ensure safe and effective operations
- Maintain airport facilities
- Provide airport administration (including marketing, environmental, leasing, information systems, engineering, OSHA, planning, noise control and public relations).

End Results	Strategies to Achieve Results
<p>A: Ensure safe operations on the airports.</p> <p><u>Target #1:</u> Reduce the rate of public injuries and incidents per enplaned passenger.</p> <p><u>Measure #1:</u> Total number and rate of public injuries and incidents per 100,000 enplaned passengers.</p> <p><u>Target #2:</u> Reduce the number of occupational injuries and illnesses to less than the national average.</p> <p><u>Measure #2:</u> Incidence rate (# injuries and illnesses x 200,000/total hours worked per period).</p> <p><u>Target #3:</u> Reduce employee lost time to zero.</p> <p><u>Measure #3:</u> Number of hours of employee lost time due to work-related injuries.</p> <p><u>Target #4:</u> Reduce property damage to zero.</p> <p><u>Measure #4:</u> Number of property damage incidents and total amount of damage per year.</p>	<p>A1: Maximize the safety and security of the traveling public.</p> <p><u>Target #1:</u> Ensure that any new construction conforms to the International Building Code (IBC).</p> <p><u>Measure #1:</u> Percent of new facilities in compliance with current IBC.</p> <p><u>Target #2:</u> 95% compliance with American with Disabilities (ADA) requirements.</p> <p><u>Measure #2:</u> Percent of airport facilities in compliance with ADA.</p> <p><u>Target #3:</u> Maintain roads and sidewalks.</p> <p><u>Measure #3:</u> Number of accidents/incidents on airport maintained roads and sidewalks.</p> <p><u>Target #4:</u> Provide adequate signage.</p> <p><u>Measure #4:</u> Number of complaints per 100,000 passengers regarding signage.</p> <p><u>Target #5:</u> Maintain adequate runway conditions for safe operations</p> <p><u>Measure #5:</u> Number of hours/year the airport is closed due to acts of nature (snow, wind, earthquake, etc).</p> <p><u>Target #6:</u> Provide adequate Law Enforcement Officer/medical emergency response</p> <p><u>Measure #6:</u> Average LEO/medical emergency response time</p> <p>A2: Improve safety training and compliance with applicable safety codes.</p>

	<p><u>Target #1:</u> Receive zero violations related to state and federal safety codes. <u>Measure #1:</u> Number of safety related Notice of Violations (NOVs) per year.</p> <p><u>Target #2:</u> 100% of employees with scores of 95 or better on code compliance training. <u>Measure #2:</u> Percent of personnel with posttraining test scores of 95 or better.</p>
End Results	Strategies to Achieve Results
<p>B: Improve customer satisfaction.</p> <p><u>Target #1:</u> 90% of airline, tenants and flight crew rate airport facilities and operations satisfactory or above. <u>Measure #1:</u> Annually survey airlines, tenants and flight crew using industry bench marking standards.</p> <p><u>Target #2:</u> 90% of employees rate their workplace environment as promoting employee satisfaction and productivity. <u>Measure #2:</u> Percent of employees rating their workplace environment as 4 or better on a scale of 1 to 5 for promoting employee satisfaction and productivity (5 being highest).</p> <p><u>Target #3:</u> 90% of tenants, concessionaires and passengers rate the airport environment (facilities and personnel) as conducive to a pleasant travel experience. <u>Measure #3:</u> Percent of tenants, concessionaires and passengers that rate the airport environment as 4 or better on a scale of 1 to 5 for being conducive to a pleasant traveling experience (5 being highest).</p> <p><u>Target #4:</u> 90% of concessionaires and airlines participating in airport-wide programs to enhance customer satisfaction. <u>Measure #4:</u> Percent of concessionaires and airlines participating in airport-wide programs to enhance customer satisfaction.</p>	<p>B1: Improve maintenance activities so facilities are clean, well kept and stocked.</p> <p><u>Target #1:</u> Respond to all requests within 3 business days. <u>Measure #1:</u> Average number of days taken to respond to maintenance requests.</p> <p>B2: Minimize negative airport impact</p> <p><u>Target #1:</u> Minimize noise impact on surrounding communities through the use of preferential runways for at least 95% of the operations at the airport. <u>Measure #1:</u> Percent of departures using preferred runways.</p>
End Results	Strategies to Achieve Results
<p>C: Optimize revenue</p> <p><u>Target #1:</u> Increase concession revenue by 1% per year. <u>Measure #1:</u> Percent change in concession revenue per year.</p> <p><u>Target #2:</u> Constant or decreasing personnel costs per 1,000 pounds of take-off weight. <u>Measure #2:</u> Personnel costs per 1,000 pounds of take-off weight.</p>	<p>C1: Opportunities for multiple revenue sources</p> <p><u>Target #1:</u> Secure major development (>\$10 million in total anticipated capital investment) every 10 years. <u>Measure #1:</u> Cumulative investment dollars.</p>
End Results	Strategies to Achieve Results
<p>D: Ensure regulatory compliance at all levels</p>	<p>D1: Improve environmental conditions at the airport.</p>

<p><u>Target #1:</u> Zero major discrepancies on annual Part 139 inspections. <u>Measure #1:</u> Number of Part 139 inspection discrepancies.</p> <p><u>Target #2:</u> Daily Part 139 inspection discrepancies resolved within one week. <u>Measure #2:</u> Percentage of Part 139 daily inspection discrepancies not resolved within one week.</p>	<p><u>Target #1:</u> Zero environmental Notices of Violation (NOVs). <u>Measure #1:</u> Number of environmental Notices of Violation (NOVs).</p>
End Results	Strategies to Achieve Results
<p>E: Encourage economic development</p> <p><u>Target #1:</u> 2% increase in private investment at the airports. <u>Measure #1:</u> Amount invested compared to a three-year rolling average.</p> <p><u>Target #2:</u> Increase international cargo aircraft landed weight by 1% per year. <u>Measure #2:</u> Percent increase in international cargo aircraft landed weight as compared to a three year rolling average</p>	<p>E1: Improve marketing efforts for private sector development.</p> <p><u>Target #1:</u> Increase private sector contracts by 2% per year. <u>Measure #1:</u> Percent of change in private sector contracts per year.</p>

FY2006 Resources Allocated to Achieve Results							
<p>FY2006 Results Delivery Unit Budget: \$45,549,200</p>	<p>Personnel:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Full time</td> <td style="text-align: right;">350</td> </tr> <tr> <td style="padding-left: 20px;">Part time</td> <td style="text-align: right;">13</td> </tr> <tr> <td style="padding-left: 20px;">Total</td> <td style="text-align: right; border-top: 1px solid black;">363</td> </tr> </table>	Full time	350	Part time	13	Total	363
Full time	350						
Part time	13						
Total	363						

Performance Measure Detail

A: Result - Ensure safe operations on the airports.

Target #1: Reduce the rate of public injuries and incidents per enplaned passenger.
Measure #1: Total number and rate of public injuries and incidents per 100,000 enplaned passengers.

Total number and rate of public injuries and incidents per 100,000 enplaned passengers.

Year	YTD	Total #	Rate
2004		274	0.27%

Analysis of results and challenges: Safety and security of the traveling public is the number one priority at the airport. Seasonal variation of passenger loads must be considered. Through investigations incident causes are determined and corrective action is taken. Also, prevention maintenance such as sanding/salting concrete roads and walkways is constant at the airport. Injuries are reported to the airport through dispatch operations, and figures include incidents where someone files a claim. Data is provided on a calendar year basis.

Target #2: Reduce the number of occupational injuries and illnesses to less than the national average.
Measure #2: Incidence rate (# injuries and illnesses x 200,000/total hours worked per period).

Incidence rate (# injuries and illnesses x 200,000/total hours worked per period).

Year	YTD
2003	4.95%
2004	6.7%

Analysis of results and challenges: In November 2002 the airport signed into policy the DOT/PF Safety Manual that covers safety programs and task analysis for the various jobs. The airport has also written site-specific programs for facilities, field maintenance and police/fire. Safety meetings are being conducted to review the safety manual, safety issues, preventive maintenance, etc. Monthly, on average, the Safety and Health Officer sends out, by email, Safety Reminders to all employees. These reminders include subjects as ladder safety, seasonal celebration safety, chain saw safety, aerial lift safety, etc. Statistics are distributed to show incidence rate, lost time rate, recordable injuries and worker compensation costs. Statistics are available airport-wide and by component. This is measured annually (calendar year basis) from OSHA 300 logs and compared to most recent National Average for Air Transportation from the U.S. Dept. of Labor Bureau of Labor Statistics. The CY 2002 national average is 11.8% per FTE employees.

Target #3: Reduce employee lost time to zero.

Measure #3: Number of hours of employee lost time due to work-related injuries.

Number of hours of employee lost time due to work-related injuries.

Year	YTD
2003	408 hours
2004	208 hours

Analysis of results and challenges: Statistics are kept showing recordable injuries and then these injuries are broken down into causes (slip/fall, struck by/against, caught in/under/between, cut/scrape, strain, heat/cold, motor vehicle, and illness). The airport is working on a back-to-work program to begin looking at jobs an injured worker could perform (i.e. assisting the Safety Officer, data entry, parts ordering, etc). Measured annually (calendar year basis) from OSHA 300 logs (# days away from work x 8 hrs.).

Target #4: Reduce property damage to zero.

Measure #4: Number of property damage incidents and total amount of damage per year.

Property damage amounts per year.

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2003	\$7,285	\$8,140	\$52,100	\$64,100	\$131,625
2004	\$61,970	\$41,100	\$15,050	\$20,575	\$138,695

Analysis of results and challenges: All damage for property includes vehicles, fences, and building damage reported to Airport Police. Average amount per incident is \$2,200 for FY03 and \$3,500 for FY04. The information is collected from the airport police logs based on calls for service. The amounts reflected are for damages to state property, but not all of the incidents are the responsibility of the state to repair/replace. For example, a driver hits a portion of the perimeter fence; the driver is responsible for the repair cost of the fence. To prevent property damages, officers patrol the terminals and roadways to find hazards that could promote damage to state property, for example, calling for sand on slick roadways to avoid vehicles hitting the fence. Data is provided on a fiscal year basis.

A1: Strategy - Maximize the safety and security of the traveling public.

Target #1: Ensure that any new construction conforms to the International Building Code (IBC).

Measure #1: Percent of new facilities in compliance with current IBC.

Percent of new facilities in compliance with current IBC.

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2004	N/A	N/A	N/A	N/A	100%

Analysis of results and challenges: C Concourse was added to airport inventory in 2004. Any construction

changes, additions, or modifications are required to comply with airport design and construction standards through the airport building permit process under the airport title 17 regulations. If tenants and airport projects follow building permit standards then the airport is in compliance. Those not complying cause the airport to be out of compliance. No inspections or audits of projects or tenants have been done at this time as many spaces are still in the construction punch list phase. Measured annually on a fiscal year basis.

Target #2: 95% compliance with American with Disabilities (ADA) requirements.

Measure #2: Percent of airport facilities in compliance with ADA.

Percent of airport facilities in compliance with ADA.

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2004	N/A	N/A	N/A	N/A	75%

Analysis of results and challenges: The Americans with Disabilities Act (ADA) of 1990 requires access to buildings and facilities by individuals with disabilities. These scoping and technical requirements must be applied during the design, construction, and alteration of buildings and facilities that serve the general public. Estimate is 75% compliance. Remaining areas planned for correction were identified in the airport CIP program. That program was deferred by the airlines. Projects of ticketing counter upgrade, paging system, signage, and restroom renovation work cannot be resolved until the CIP is released for action. Measure annually on a fiscal year basis.

Target #3: Maintain roads and sidewalks.

Measure #3: Number of accidents/incidents on airport maintained roads and sidewalks.

Number of accidents/incidents per 100,000 passengers on airport maintained roads and sidewalks.

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2004	.66	1.2	N/A	N/A	1.68

Analysis of results and challenges: This will measure how well we keep roads and sidewalks free of ice and snow. Data is gathered based on claims and police reports. Speed limits will be enforced and concrete areas will be sanded/salted to help prevent incidents. Measured on a calendar year basis.

Target #4: Provide adequate signage.

Measure #4: Number of complaints per 100,000 passengers regarding signage.

Number of complaints regarding signage per 100,000 passengers.

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2004	1.2	1.4	N/A	N/A	2.6

Analysis of results and challenges: Signage includes outside and inside the terminals. Walk arounds to check signage are done by facilities staff, the sign shop, leasing staff, as well as by the airport director and deputy direction. Customer suggestion boxes, which are a mechanism to register a complaint, are throughout the terminals, at the bus shuttle stops, or a customer can call Operations or Safety.

Target #5: Maintain adequate runway conditions for safe operations

Measure #5: Number of hours/year the airport is closed due to acts of nature (snow, wind, earthquake, etc).

Number of hours/year the airport is closed due to acts of nature (snow, wind, earthquake, etc).

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2003	0	10	0	0	10
2004	0	0	0	0	0

Analysis of results and challenges: In 2003 the control tower had to be evacuated due to high winds, and the airport was closed for 10 hours. During such a closure, aircraft are diverted to Fairbanks or they stay where they are until we re-open. The airport has won the Blachen Post Award for best snow and ice control teams three out of the last five years. Measured on a calendar year basis. The airport's goal is to allow no more than 12 hours of complete runway closure per year.

Target #6: Provide adequate Law Enforcement Officer/medical emergency response

Measure #6: Average LEO/medical emergency response time

Average LEO/medical emergency response time

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2004	N/A	N/A	N/A	N/A	less than 2 minutes

Analysis of results and challenges: Airport Police & Fire officers responded to 264 calls for medical assistance in FY04. There are four police officers and one mobile fire/medical response unit available on a 24/7 basis. FAR Part 139 requires officers on duty to be qualified as an Emergency Trauma Technician, TSR Part 1542 requires officers to provide basic first aid. We have recently worked with facilities staff to install first aid kits and AED's (defibrillators) in various, strategic locations throughout the terminals to facilitate a more rapid response having the needed equipment in place. This data is provided on a fiscal year basis.

The airport's goal is maintain an average response time of ten minutes or less.

A2: Strategy - Improve safety training and compliance with applicable safety codes.

Target #1: Receive zero violations related to state and federal safety codes.

Measure #1: Number of safety related Notice of Violations (NOVs) per year.

Number of safety related Notice of Violations (NOVs) per year.

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2004	N/A	N/A	N/A	N/A	1

Analysis of results and challenges: Measured annually on a fiscal year basis. This target addresses compliance with building, electrical, fire and other applicable safety codes. EPA and FAA compliance is addressed elsewhere. Airport Facilities received one safety violation regarding failure to have adequate documentation regarding training performed in response to an employee complaint and subsequent inspection. The violation was resolved and training shown to actually have had occurred as required; however, the section was shown to have difficulty keeping up it's records. This was due to not having adequate administrative staff to support the 117 employee section and current staff are unwilling to perform overtime any longer.

Target #2: 100% of employees with scores of 95 or better on code compliance training.

Measure #2: Percent of personnel with posttraining test scores of 95 or better.

Percent of personnel with posttraining test scores of 95 or better.

Year	YTD
2003	100%
2004	100%

Analysis of results and challenges: Compliance training for airport personnel is vital in operations at the airport, both within the facilities and on the airfield. Personnel must be able to notice and report potential problem situations in order to avoid violations. However, many training protocols do not score trainee performance with a written test, nor are the airports equipped or staffed to administer such tests. This measure will reflect personnel who successfully completed applicable training (i.e., OSHA, Access Control, in-house training, industry training/plumber certificate, electrician's license, etc).

B: Result - Improve customer satisfaction.

Target #1: 90% of airline, tenants and flight crew rate airport facilities and operations satisfactory or above.

Measure #1: Annually survey airlines, tenants and flight crew using industry bench marking standards.

Annually survey airlines, tenants and flight crew using industry bench marking standards.

Year	YTD
2003	n/a
2004	57%

Analysis of results and challenges: Airlines, tenants and flight crews represent another significant subset of airport customers. An annual survey to collect information was developed and completed in August/September 2004.

Target #2: 90% of employees rate their workplace environment as promoting employee satisfaction and productivity.

Measure #2: Percent of employees rating their workplace environment as 4 or better on a scale of 1 to 5 for promoting employee satisfaction and productivity (5 being highest).

Percent of employees rating their workplace environment as 4 or better on a scale of 1 to 5 for promoting employee satisfaction and productivity (5 being highest)

Year	YTD
2003	n/a
2004	60%

Analysis of results and challenges: Satisfied employees are productive employees. An annual survey to collect this information was developed and completed in August/September 2004.

Target #3: 90% of tenants, concessionaires and passengers rate the airport environment (facilities and personnel) as conducive to a pleasant travel experience.

Measure #3: Percent of tenants, concessionaires and passengers that rate the airport environment as 4 or better on a scale of 1 to 5 for being conducive to a pleasant traveling experience (5 being highest).

Percent of tenants, concessionaires and passengers that rate the airport environment as 4 or better on a scale of 1 to 5 for being conducive to a pleasant traveling experience (5 being highest).

Year	YTD
2003	n/a
2004	91-93%

Analysis of results and challenges: ANC is either the first or last (or both) experience in the state for most travelers. To encourage repeat tourism and further contribute to the state economy it is important that we provide a positive experience for the traveler. An annual survey to collect this information was developed and completed in August/September 2004.

Target #4: 90% of concessionaires and airlines participating in airport-wide programs to enhance customer satisfaction.

Measure #4: Percent of concessionaires and airlines participating in airport-wide programs to enhance customer satisfaction.

Percent of concessionaires and airlines participating in airport-wide programs to enhance customer satisfaction.

Year	YTD
2003	n/a
2004	35%

Analysis of results and challenges: Measured annually, calendar year basis. It takes but one experience at the airport to spoil a visitor's whole day. Excellent service from entry to exit, on the other hand, wins repeat customers. Current programs to measure are the Airport Mystery Shopper and the Alaska Host Employee Customer Service Training. *This program is new and as it grows, the percent of concessionaires and airlines participating is anticipated to grow quickly.

B1: Strategy - Improve maintenance activities so facilities are clean, well kept and stocked.

Target #1: Respond to all requests within 3 business days.

Measure #1: Average number of days taken to respond to maintenance requests.

Average number of days taken to respond to maintenance requests.

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2003	0	0	0	0	0
2004	0	0	1	0	1

Analysis of results and challenges: ANC is a 24-hour a day, 7 days a week operation and must be able to respond to inquiries as soon as possible. We have over 5 million passengers/customers through our facilities each year that expect a good level of service. Data will be collected from the Help Line Log at ANC. Normal response time is within 24 to 72 hours.

B2: Strategy - Minimize negative airport impact

Target #1: Minimize noise impact on surrounding communities through the use of preferential runways for at least 95% of the operations at the airport.

Measure #1: Percent of departures using preferred runways.

Percent of departures using preferred runways

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2004	99%	99%	99%	99%	99%

Analysis of results and challenges: A preferential runway is the runway that when used would have the least noise impact on the surrounding communities. Notification is given through newspaper notices and/or nearby community mailing lists when a preferential runway cannot be used, such as for scheduled construction. Issues such as an unanticipated weather changes, could cause a change from a preferential runway without notice. This is measured daily and tabulated quarterly. Information comes from the daily operations shift summaries.

C: Result - Optimize revenue

Target #1: Increase concession revenue by 1% per year.

Measure #1: Percent change in concession revenue per year.

Percent change in concession revenue per year.

Year	YTD
2003	18%
2004	-17%

Analysis of results and challenges: Measured annually from Alaska International Airport System audited financial statements. Increased concession revenue allows other airport fees (terminal rent and landing fees) to remain low enough to continue to make the airport attractive to air carriers. The dramatic changes from FY2002 to 2003 and then the decline in 2004 reflects an accounting transaction when revenue was allocated to a specific fiscal year. Specifically, the decrease in revenue is a result of a dramatic drop in declining international passengers (due to SARS, war and the economy) resulting in negotiations with the duty free concessionaire. The airport continues to generate additional concession revenue in the South Terminal, however the decline in international passengers (thus the drop in duty free concessionaire revenue) is difficult to overcome with the modest increases in the South Terminal revenues.

Target #2: Constant or decreasing personnel costs per 1,000 pounds of take-off weight.

Measure #2: Personnel costs per 1,000 pounds of take-off weight.

Personnel costs per 1,000 pounds of take-off weight.

Year	YTD
2003	\$766
2004	\$774

Analysis of results and challenges: While the number of passengers and operations are expected to increase each year, a more accurate measurement of the efficiency of the airport staff is the cost of operating the airport per 1000 pounds of take-off weight. Annual measure.

C1: Strategy - Opportunities for multiple revenue sources

Target #1: Secure major development (>\$10 million in total anticipated capital investment) every 10 years.

Measure #1: Cumulative investment dollars.

Cumulative investment dollars since 1994

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2004	n/a	n/a	n/a	n/a	\$193,892,735

Analysis of results and challenges: Measured every 10 years.

D: Result - Ensure regulatory compliance at all levels

Target #1: Zero major discrepancies on annual Part 139 inspections.

Measure #1: Number of Part 139 inspection discrepancies.

Number of Part 139 inspection discrepancies.

Year	YTD
2003	0
2004	0

Analysis of results and challenges: Measured annually, federal fiscal year basis. As federally assisted airports, we must comply with all operational and airfield requirements of FAA. We must pass an annual certification inspection. Typically, there are numerous minor discrepancies discovered during certification inspections that do not affect the passing results. However, with extraordinary efforts, the airport can keep these discrepancies to a very low level with no major discrepancies.

Target #2: Daily Part 139 inspection discrepancies resolved within one week.

Measure #2: Percentage of Part 139 daily inspection discrepancies not resolved within one week.

Percentage of Part 139 daily inspection discrepancies not resolved within one week.

Year	YTD
2003	0
2004	0

Analysis of results and challenges: Measured daily. As federally assisted airports, we must comply with all operational and airfield requirements of FAA. We must pass an annual certification inspection. Typically, there are discrepancies discovered during daily inspections. Timely correction of these discrepancies ensures a safe operating environment at the airports

D1: Strategy - Improve environmental conditions at the airport.

Target #1: Zero environmental Notices of Violation (NOVs).

Measure #1: Number of environmental Notices of Violation (NOVs).

Number of environmental Notice of Violations

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2003	0	0	0	0	0
2004	0	0	0	0	0

Analysis of results and challenges: Measured annually. ANC must comply with all environmental regulations, including activities, property and facilities managed by the airport.

E: Result - Encourage economic development

Target #1: 2% increase in private investment at the airports.

Measure #1: Amount invested compared to a three-year rolling average.

Amount invested compared to a three-year rolling average.

Year	YTD
2003	\$2,527,698
2004	\$5,844,278

Analysis of results and challenges: Buildings are being constructed such as a new cargo facility, remodeling passenger hangars to upgrade and/or accommodate aircraft requirements, adding aircraft fueling facilities, expanding the Post Office, etc. This aviation development reflects support of statewide business activity and in some cases response to national and international aviation business. Employment is not directly related to investment and construction reported in building permits. Every two or three years ANC has typically hired UAA Institute of Social and Economic Research to measure employment generated at the airport and indirect employment in the community. The last one was done in 2000; another will be complete again this spring or summer. The airport markets to bring more private investment by being constant contact with airlines, third party developers, support businesses and organizations such as Airports Council International-NA (ACI) and its sister organizations, The International Air Cargo Assoc (TIACA), and AEDC, Anchorage Air Cargo Assn. and the Chambers locally. The Governor, Commissioner, Airport Director, Development Director and the Marketing Manager as well as others advise business of opportunities available at ANC and work hard to assist any interested party successfully develop required facilities and services. Measured annually from the dollar amount of permanent improvements to leaseholds as requested on airport building permits.

Target #2: Increase international cargo aircraft landed weight by 1% per year.

Measure #2: Percent increase in international cargo aircraft landed weight as compared to a three year rolling average

Landed Weight - Percent increase

Year	YTD
2003	18,367,299
2004	18,742,394 + 2%

Analysis of results and challenges: Marketing continues to actively pursue additional cargo traffic through ANC. We anticipate a large international/domestic cargo hub to begin operation in the 1st quarter of 2005 using the new cargo transfer legislation. Future cargo activity will be mainly driven by the growth in the China air cargo market. All U.S. cargo carriers operating on this route have designated Anchorage as their U.S. departure point. We do, however, continue to face challenges from other airports attempting to draw our cargo traffic to other hubs by offering free landing fees and other incentives. Landed cargo weight is an industry benchmark for ranking airports. Since ANC is heavily dependent on cargo traffic for revenue generation, tracking this item is appropriate. Tracking landed weight takes into account larger aircraft, which may require fewer operations. Measured annually on a fiscal year basis.

E1: Strategy - Improve marketing efforts for private sector development.

Target #1: Increase private sector contracts by 2% per year.

Measure #1: Percent of change in private sector contracts per year.

Percent of change in private sector contracts per year.

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2003	2.5%	-2.1%	1.4%	2.1%	4.0%
2004	1.0%	-1.0%	4.0%	1.7%	2.7%

Analysis of results and challenges: Measured annually (fiscal year basis) by the number of active contracts included in the Leasing/Property subsystem. The ANC airport is a self-sustaining facility and in order to remain so, revenues need to increase by attracting new carriers, tenants, or other business activities at the airport. The airport markets space to potential customers as available (advertising in magazines, sending notices to potential customer lists, etc). Growth, such as the new parking garage for rental car agencies, is making it more attractive for these customers to bring their business to the airport.

Key RDU Challenges

The terrorist attacks of September 11, 2001 and the continuing changes to airport security requirements and guidelines have impacted all levels of airport management and staff and expenses. The administrative changes associated with responding to nationwide political and economic concerns will occupy significant amounts of time, energy and resources throughout each budget year.

ANC new C Concourse opened in June 2004 and more than doubled the terminal's square footage. This impacts all airport components. The challenges will include the core services support that will be needed for the additional space and systems.

The department operates and modifies the passenger terminals and associated mechanical systems during constant adaptations of federal security changes necessary to protect the traveling public. The airport operates in a cost effective manner in light of increased public and federal regulatory demands and unfunded mandates in a time of airline cuts.

Runway lighting, asphalt condition and snow/ice removal necessitate more resources than ever, especially with the construction and subsequent maintenance of the new north/south Yankee Taxiway. Perimeter defense, notably gate and fence safekeeping, are essential to a safe, secure airport.

Providing oversight and insurance to the traveling public is a priority. Primary FY06 challenges include the identification and communication of airport inefficiencies, safety hazards and terminal and airfield expansion/maintenance quandaries.

Increased levels of awareness in airport security have resulted in increased duties for the airport police officers. Additional resources may be necessary to implement new FAA and Transportation Security Administration (TSA) security procedures and maintain diligence in protecting the traveling public and employees at the airport. Officers must respond to security issues such as door alarms leading to the restricted ramp areas, responding to the screening points and baggage x-ray areas for contraband and/or weapons, and escorting persons who have business onto the restricted areas and ramps.

Federal matching funds need to be captured to allow ANC to reduce noise impacts on residents living in areas with significant airport noise levels. Through 6/30/2004, acoustical treatments have been provided to a total of 104 homes surrounding the airport. There are 750 homes within the airport's existing program boundaries.

Significant Changes in Results to be Delivered in FY2006

ANC new C Concourse opened in June 2004 and more than doubled the terminal's square footage. This impacts all airport components.

Major RDU Accomplishments in 2004

- Succeeded in getting legislation through Congress to allow expanded cargo transfer rights in Anchorage for cargo carriers.
- Negotiated and opened new C Concourse concessions at 100% of locations.
- Completed a successful C Concourse new terminal opening with 20 hours to spare.

- Completed over 9 large capital facilities improvement and upgrade projects in addition to supporting the C Concourse program North Terminal (NT) architectural finishes master plan; parking garage repairs; re-roof ground transportation lobby and NT areas; NT level 2 & 3 remodel of walls, flooring, restrooms, and furnishings; build-out of facilities shops; INS remodel; add high-speed overhead doors to field maintenance compound; and replaced aged wooden with high-speed overhead doors in Tug Alleys. Integrated airport trades & crafts employees and contract employees in a combined union mixed shop facility team with minimal problems and conflicts.
- Constructed over 2,500 feet of Tug Road parallel to Taxiway Romeo. This will allow for more efficient movement of cargo from main ramp to FedEx/UPS and Northwest cargo facilities while maintaining better security.
- Constructed the new Taxiway Yankee and the extension of taxiways Sierra, Tango, Uniform, and Whiskey.
- Constructed 20 general aviation tie down spots next to Charley parking saving state \$86,000.
- Won the prestigious Balchen Post Award for Outstanding Achievement in Airport Snow and Ice Control.
- Received (0) discrepancies during the annual FAA Part 139 Certification Inspection.
- Conducted safe flight operations in excess of 100 operations per hour on numerous days; conducted nearly 300,000 operations annually.

Contact Information
<p>Contact: Morton V. Plumb Jr., Director Phone: (907) 266-2529 Fax: (907) 243-0663 E-mail: Morton_Plumb@dot.state.ak.us</p>

**Ted Stevens Anchorage International Airport
RDU Financial Summary by Component**

All dollars shown in thousands

	FY2004 Actuals				FY2005 Management Plan				FY2006 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Formula Expenditures												
None.												
Non-Formula Expenditures												
AIA	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7,456.5	7,456.5
Administration												
AIA Facilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	16,312.5	16,312.5
AIA Field & Equipment Maint	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	10,182.5	10,182.5
AIA Operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2,502.4	2,502.4
AIA Safety	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2,343.0	6,752.3	9,095.3
Totals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2,343.0	43,206.2	45,549.2

**Ted Stevens Anchorage International Airport
Summary of RDU Budget Changes by Component
From FY2005 Management Plan to FY2006 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2005 Management Plan	0.0	0.0	0.0	0.0
Adjustments which will continue current level of service:				
-AIA Administration	0.0	0.0	137.4	137.4
-AIA Facilities	0.0	0.0	254.4	254.4
-AIA Field & Equipment Maint	0.0	0.0	215.1	215.1
-AIA Operations	0.0	0.0	74.4	74.4
-AIA Safety	0.0	1.8	28.8	30.6
Proposed budget increases:				
-AIA Administration	0.0	0.0	200.0	200.0
-AIA Field & Equipment Maint	0.0	0.0	200.0	200.0
FY2006 Governor	0.0	2,343.0	43,206.2	45,549.2