

State of Alaska FY2007 Governor's Operating Budget

**Dept of Commerce, Community, & Economic Development
Alaska Aerospace Development Corporation
Results Delivery Unit Budget Summary**

Alaska Aerospace Development Corporation Results Delivery Unit

Contribution to Department's Mission

Promote aerospace related economic growth and development and strengthen Alaska technological infrastructure.

Core Services

- Provide rocket launch venue
- Provide rocket launch support services to customers

End Results	Strategies to Achieve Results
A: Maintain or improve launch services operating revenue <u>Target #1:</u> Increase launch services operating revenue <u>Measure #1:</u> Amount of launch operating revenue	A1: Expand launch services offered <u>Target #1:</u> Add one new service annually <u>Measure #1:</u> Number of new services added
End Results	Strategies to Achieve Results
B: Maintain or improve contribution level to Alaska economy <u>Target #1:</u> Increase level of operating spending in Alaska economy <u>Measure #1:</u> Amount of expenditures on Alaska payroll and Alaska vendors compared to total expenditures	B1: Increase spending on Alaska payroll, goods and services <u>Target #1:</u> Hire and train in Alaska <u>Measure #1:</u> Number of additional AADC personnel <u>Target #2:</u> Purchase Alaska goods and services <u>Measure #2:</u> Amount of operating spending with Alaska vendors compared to total vendor spending
End Results	Strategies to Achieve Results
C: Strengthen Alaska's technological infrastructure <u>Target #1:</u> Continue investment in capital assets <u>Measure #1:</u> Amount of cumulative investment in capital assets	C1: Develop Range Safety and Telemetry System <u>Target #1:</u> Upgrade telemetry system <u>Measure #1:</u> Telemetry system upgraded

Major Activities to Advance Strategies

- Expand launch services provided
- Maintain or improve contribution level to Alaska economy
- Develop infrastructure to enhance capabilities

FY2007 Resources Allocated to Achieve Results

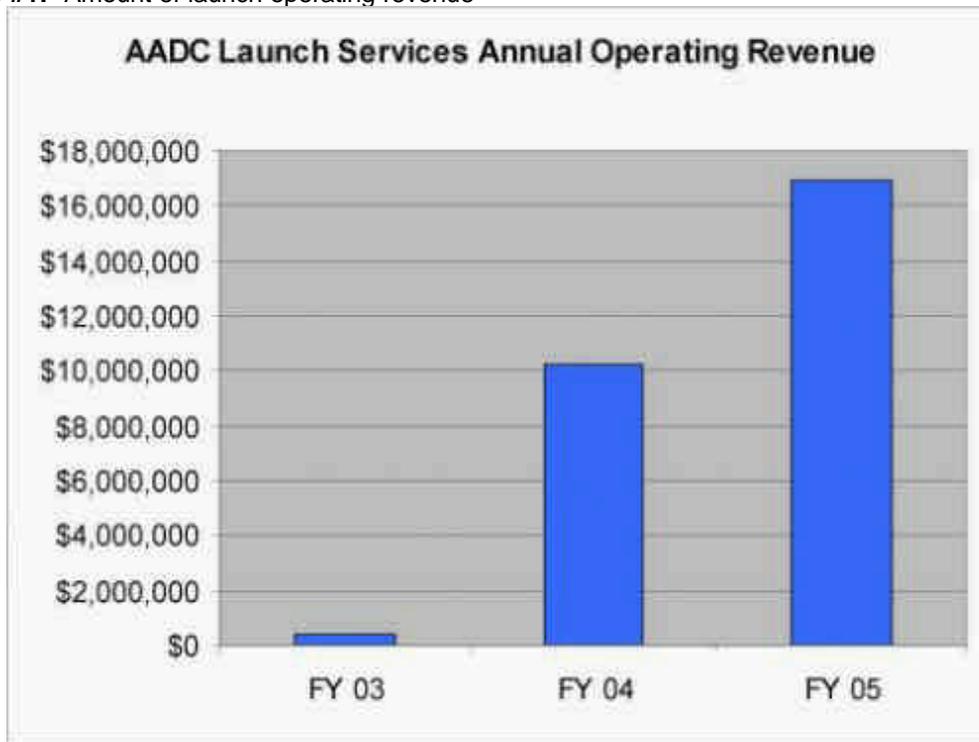
FY2007 Results Delivery Unit Budget: \$24,126,200	Personnel:	
	Full time	46
	Part time	1
	Total	47

Performance Measure Detail

A: Result - Maintain or improve launch services operating revenue

Target #1: Increase launch services operating revenue

Measure #1: Amount of launch operating revenue

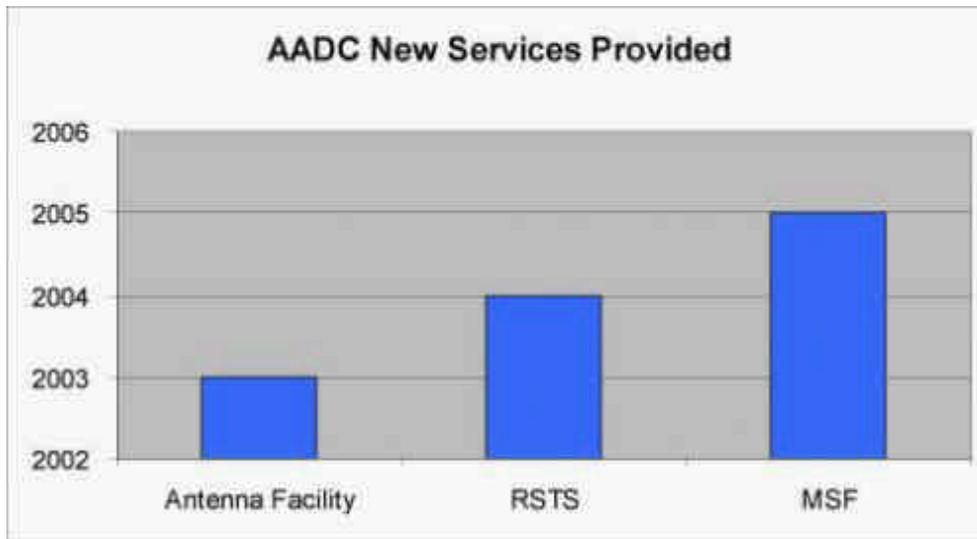


Analysis of results and challenges: Launch operating revenue for the Kodiak launching Center (KLC) increased by \$9.8 million from FY03 to FY04 due to new launch contracts in 2004.

A1: Strategy - Expand launch services offered

Target #1: Add one new service annually

Measure #1: Number of new services added

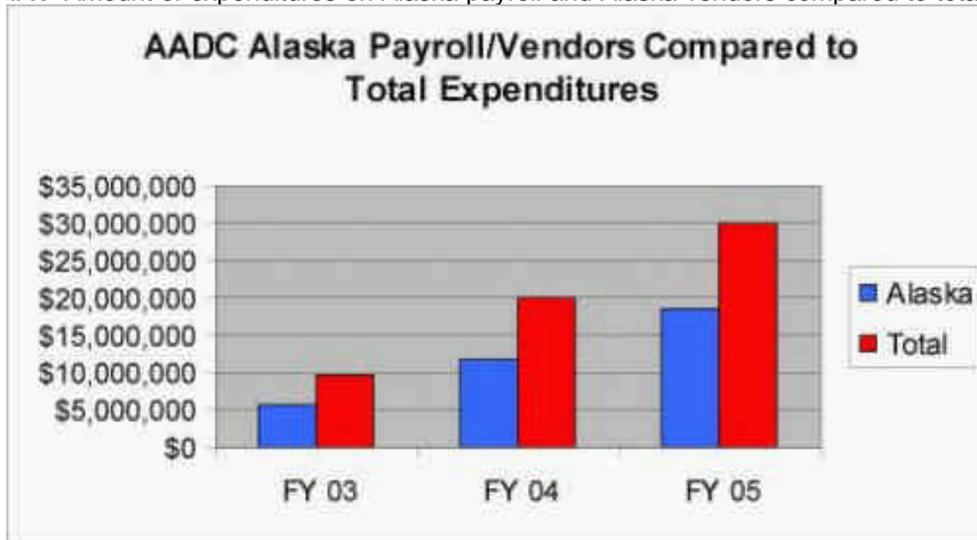


Analysis of results and challenges: In July 2004, AADC accepted delivery of the new Range Safety and Telemetry System (RSTS) and began providing telemetry data services. In September 2005, AADC completed the Maintenance and Storage Facility (MSF).

B: Result - Maintain or improve contribution level to Alaska economy

Target #1: Increase level of operating spending in Alaska economy

Measure #1: Amount of expenditures on Alaska payroll and Alaska vendors compared to total expenditures

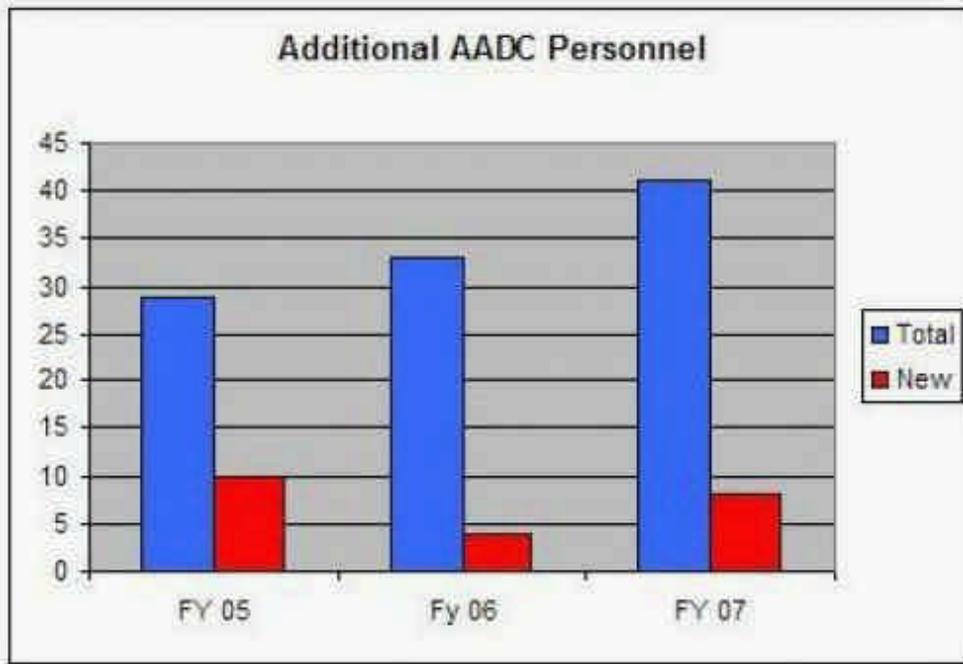


Analysis of results and challenges: In FY05, AADC spent \$18.5 million on Alaska payroll and vendors compared to \$29.9 million in total expenditures.

B1: Strategy - Increase spending on Alaska payroll, goods and services

Target #1: Hire and train in Alaska

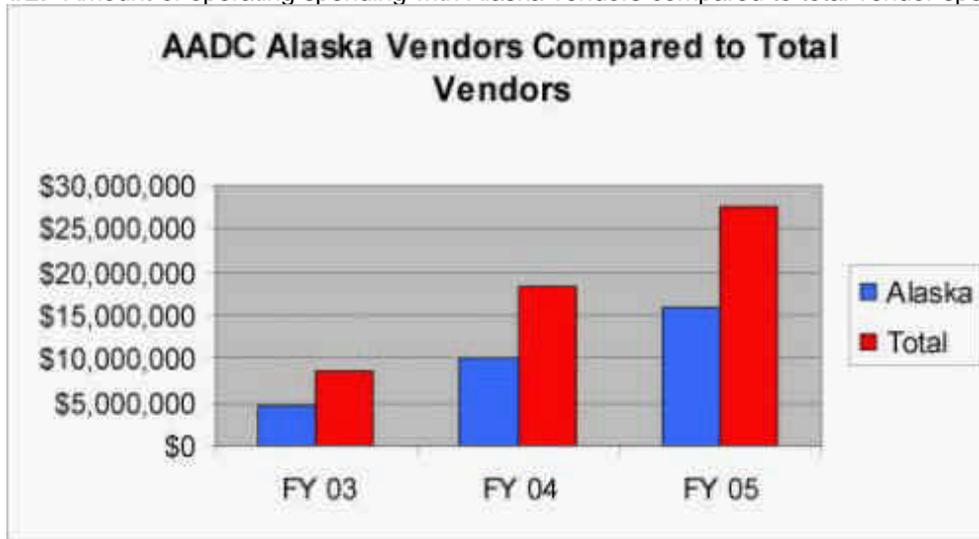
Measure #1: Number of additional AADC personnel



Analysis of results and challenges: In 2005, AADC hired 10 new personnel. AADC plans on hiring 4 new employees in FY 2006. In 2007 AADC projects a requirement for 8 new positions to be hired.

Target #2: Purchase Alaska goods and services

Measure #2: Amount of operating spending with Alaska vendors compared to total vendor spending

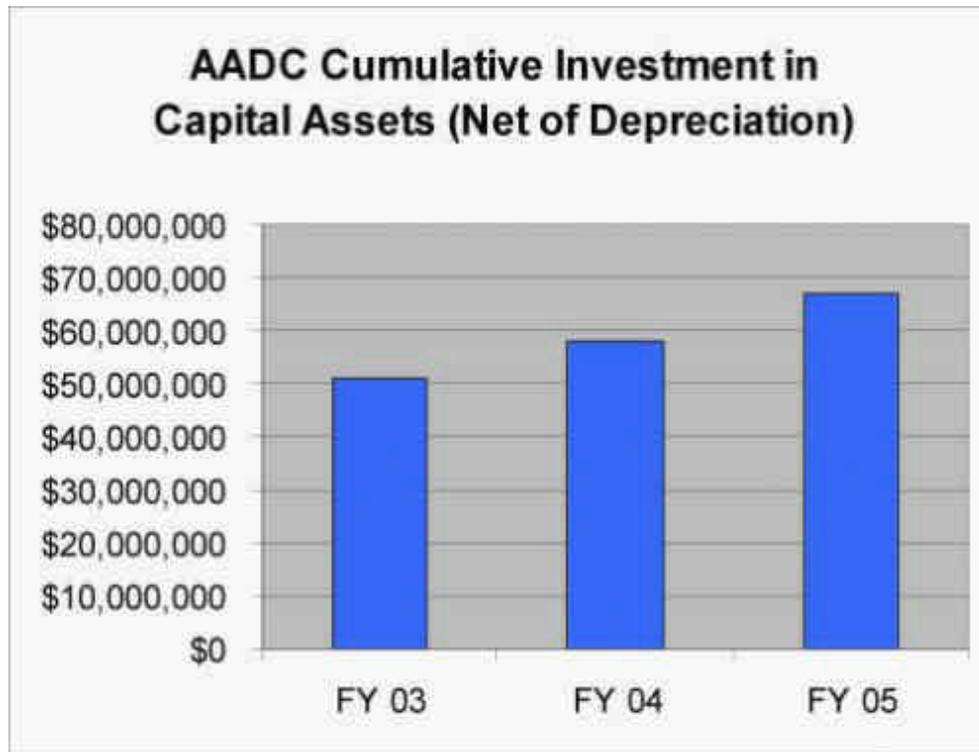


Analysis of results and challenges: AADC spent \$16.0 million out of \$27.4 million with Alaska vendors in FY05.

C: Result - Strengthen Alaska's technological infrastructure

Target #1: Continue investment in capital assets

Measure #1: Amount of cumulative investment in capital assets



Analysis of results and challenges: Cumulative investment in capital assets, net of depreciation, through FY05 was \$67 million

C1: Strategy - Develop Range Safety and Telemetry System

Target #1: Upgrade telemetry system

Measure #1: Telemetry system upgraded

Key RDU Challenges

AADC's biggest challenges in the coming year continues to be building systems and personnel flexibility to be able to respond to our anchor tenant's changing requirements, and continuing to recruit and train our work force. AADC's anchor tenant, the United State's Department of Defense Missile Defense Agency, has evolving requirements for both launch services and business management data.

While the Alaska State Department of Transportation and Public Facilities completed paving approximately 20 miles of road leading to the Kodiak Launch Complex, 9 miles of road are still unpaved. These 9 miles through Pasagshak Pass, represent the most serious safety hazard to personnel transportation and equipment logistics.

Significant Changes in Results to be Delivered in FY2007

AADC is currently performing the third year of a five-year support services agreement with the United State's Department of Defense Missile Defense Agency (MDA). MDA continues to request additional launch services support and continues to increase its requirements for management data. To support these requirements and AADC's goal to contribute to the Alaska economy, eight additional staff is requested.

Major RDU Accomplishments in 2005

AADC successfully executed the second year of providing services for its anchor tenant, MDA, under a five year contract. The first of several rockets was launched from Kodiak Launching Center (KLC) to test the nation's missile

defense system. Integrated Flight Test (IFT) 13C was launched on December 14, 2004. The second Integrated Flight Test, (IFT) 14, was successfully launched from KLC on February 13, 2005.

Infrastructure development continued as construction was completed on Phase 2 of the 19,000 square foot Maintenance and Storage Facility project. This facility will centralize the maintenance support functions, provide all weather storage and maintenance of the mobile Range Safety and Telemetry Systems and provide a limited amount of space for customer storage.

In addition, AADC enhanced their community relations program.

Contact Information
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**Alaska Aerospace Development Corporation
RDU Financial Summary by Component**

All dollars shown in thousands

	FY2005 Actuals				FY2006 Management Plan				FY2007 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
<u>Formula Expenditures</u>												
None.												
<u>Non-Formula Expenditures</u>												
AK Aerospace Development Corp	0.0	0.0	1,912.8	1,912.8	0.0	0.0	2,452.9	2,452.9	0.0	0.0	3,196.1	3,196.1
AADC Facilities Maintenance	0.0	0.0	13,068.8	13,068.8	0.0	0.0	20,787.6	20,787.6	0.0	0.0	20,930.1	20,930.1
Totals	0.0	0.0	14,981.6	14,981.6	0.0	0.0	23,240.5	23,240.5	0.0	0.0	24,126.2	24,126.2

**Alaska Aerospace Development Corporation
Summary of RDU Budget Changes by Component
From FY2006 Management Plan to FY2007 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2006 Management Plan	0.0	0.0	23,240.5	23,240.5
Adjustments which will continue current level of service:				
-AK Aerospace Development Corp	0.0	0.0	90.2	90.2
-AADC Facilities Maintenance	0.0	0.0	137.9	137.9
Proposed budget increases:				
-AK Aerospace Development Corp	0.0	0.0	653.0	653.0
-AADC Facilities Maintenance	0.0	0.0	4.6	4.6
FY2007 Governor	0.0	0.0	24,126.2	24,126.2