

State of Alaska
FY2009 Governor's Operating Budget

Department of Transportation/Public Facilities
Fairbanks International Airport
Results Delivery Unit Budget Summary

Fairbanks International Airport Results Delivery Unit

Contribution to Department's Mission

Provide for the movement of people and goods at Fairbanks International Airport.

Core Services

- Administration including airport planning, marketing, operating and capital budget development, leasing, finance, engineering, environmental and Occupational Safety and Health Administration (OSHA) management, hazardous materials handling and disposal, and information technology support.
- Building maintenance and repair services including the airport terminal and other state owned or managed buildings, exterior electrical systems for airfield lighting, aircraft and vehicle parking areas.
- Maintenance and repair of paved and unpaved airside and landside surfaces, signage, security fencing/gates, state-owned heavy equipment; snow removal and ice control, vegetation and dust control.
- Airport operations duties including daily inspections and surface friction reports, Notices to Airmen (NOTAM), 24 hour central dispatch radio communications, maintenance of the Airport's Federal Aviation Administration (FAA) Certification Manual and Safety Manual, airfield safety training, and assistance to tenants and construction personnel on the airfield.
- Aircraft rescue, fire fighting, and required federal/state airport security response capability.

End Result	Strategies to Achieve End Result
<p>A: Ensure safe operations on the airport.</p> <p><u>Target #1:</u> Reduce occupational injury and illness incidence rate to less than the national rate for airports. <u>Measure #1:</u> Fairbanks International Airport (FAI) occupational injury and illness incidence rate compared to the national incidence rate for airports.</p> <p><u>Target #2:</u> Reduce employee lost time to zero. <u>Measure #2:</u> Number of hours of employee lost time due to work-related injuries.</p> <p><u>Target #3:</u> Reduce public property damage and injuries to zero. <u>Measure #3:</u> Number of third party property damage and injury claims paid annually</p>	<p>A1: Maximize the safety and security of the traveling public.</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> Zero environmental Notices of Violation (NOVs) or Non-Compliance letters (NCL's). <u>Measure #2:</u> Number of Notice of Violations or Non-compliance Letters from the Environmental Protection Agency (EPA), Alaska Department of Environmental Conservation (ADEC), and Corps of Engineers (COE).</p> <p><u>Target #3:</u> Maintain adequate runway conditions for safe operations. <u>Measure #3:</u> Number of hours per year the airport is closed due to acts of nature (snow, wind, earthquake, etc) that impact aviation operations compared to a three year rolling average.</p> <p><u>Target #4:</u> Reduce the number of airfield deviations and incursions per year. <u>Measure #4:</u> Number of deviations and incursions compared to a three year rolling average.</p> <p><u>Target #5:</u> Zero law enforcement officer response times that do not meet or exceed Code of Federal Regulation guidelines. <u>Measure #5:</u> Number of occurrences law enforcement</p>

	<p>officer response time does not meet federal guidelines.</p> <p><u>Target #6:</u> Ensure adequate emergency medical response on the Airport.</p> <p><u>Measure #6:</u> Number of occurrences an Emergency Trauma Technician (ETT) is not available during operational times.</p> <p><u>Target #7:</u> Ensure fire response time meets or exceeds CFR Part 139 federal guidelines.</p> <p><u>Measure #7:</u> Number of occurrences fire response does not meet federal guidelines.</p>
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End Result	Strategies to Achieve End Result
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<p>B: Decrease revenue gap</p> <p><u>Target #1:</u> Decrease gap between revenues and expenditures.</p> <p><u>Measure #1:</u> Expenditures in excess of revenues, net of depreciation compared to prior year.</p>	<p>B1: Increase revenue</p> <p><u>Target #1:</u> Increase concession and permit revenues by 5% per year</p> <p><u>Measure #1:</u> Percent change in concession revenue per year.</p> <p><u>Target #2:</u> Increase land lease revenues by 2% per year.</p> <p><u>Measure #2:</u> Percent change in land lease revenues per year.</p> <p><u>Target #3:</u> Increase private investment by 2% per year</p> <p><u>Measure #3:</u> Amount of private investments per year compared to a 5-year adjusted rolling average.</p> <p>B2: Maintain or Decrease Costs</p> <p><u>Target #1:</u> Maintain or decrease operational cost per enplaned passenger per year.</p> <p><u>Measure #1:</u> Operational cost per enplaned passenger per year compared to a 3 year rolling average.</p>
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End Result	Strategies to Achieve End Result
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<p>C: Enhance customer satisfaction</p> <p><u>Target #1:</u> Zero customer complaints associated with facility cleanliness, keeping, and stocking.</p> <p><u>Measure #1:</u> Number of customer complaints logged on Fairbanks International Airport customer hotline.</p>	<p>C1: Timely response to all maintenance requests</p> <p><u>Target #1:</u> Respond to all public maintenance requests within 3 business days.</p> <p><u>Measure #1:</u> Average number of days taken to respond to maintenance requests.</p> <p>C2: Ensure business friendly leasing and permit process</p> <p><u>Target #1:</u> 90% customer service satisfaction rating of potential/actual applicants seeking land leases, building permits, and supplements.</p> <p><u>Measure #1:</u> Percent of potential/actual applicants who rate the leasing process 4 or higher on a scale of 1-5.</p>
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Major Activities to Advance Strategies

- Comply with FAA safety directives including snow/ice
- Audit concession revenues and monitor and collect

Major Activities to Advance Strategies

- | | |
|---|--|
| <ul style="list-style-type: none"> • removal • Maintain airfield lighting and signage in 100% working order • Maintain clear and safe access around the terminal • Aggressively promote FAI in national and international passenger and cargo carrier markets | <ul style="list-style-type: none"> • any overdue payments • Utilize state contract awards and "buy in bulk" whenever possible • Automated work order system tracks timely response to customer requests and scheduled maintenance • Review Leasing customer satisfaction survey distributed to business partners |
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FY2009 Resources Allocated to Achieve Results

FY2009 Results Delivery Unit Budget: \$14,071,100

Personnel:

Full time	105
Part time	7
Total	112

Performance Measure Detail

A: Result - Ensure safe operations on the airport.

- Target #1:** Reduce occupational injury and illness incidence rate to less than the national rate for airports.
Measure #1: Fairbanks International Airport (FAI) occupational injury and illness incidence rate compared to the national incidence rate for airports.

FAI annual incidence rate

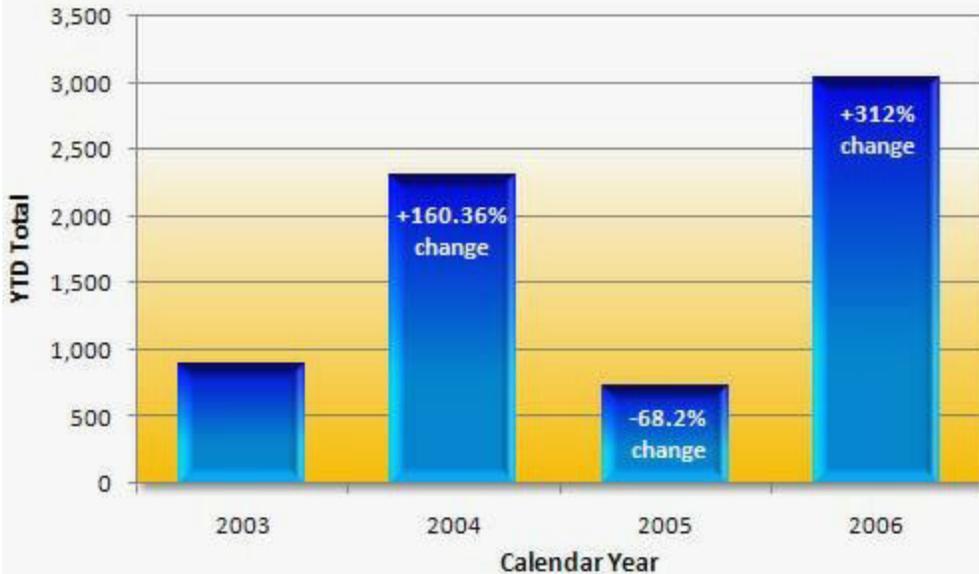
Year	YTD	Nat'l Rate
2003	7.93	11.8
2004	15.8	10.1
2005	6.4	9.4
2006	15.1	9.9

Analysis of results and challenges: Ensuring the safety of the airport's workforce helps keep it running year around – and protects the traveling public. To "stay safe" employee training is provided and a safety conscious attitude is encouraged when getting the job done. The success of this measure is reviewed annually by comparing the FAI Incidence Rate (the number of injuries and illnesses per 100 full time equivalent (FTE) workers) to the national incidence rate for airports of similar size, using a standard U.S. Department of Labor formula and the FAI injury log.

Employee lost hours due to workplace injury: 3,032 in calendar year 2006.

Target #2: Reduce employee lost time to zero.

Measure #2: Number of hours of employee lost time due to work-related injuries.



Analysis of results and challenges: Employee lost time, similar to an incidence rate, is another measurement of how safe the work environment is and how well the airport is doing to prevent injuries. FAI tracks employee lost time by utilizing the OSHA 300 logs (# days away from work x 8 hrs.). Efforts are made to keep this number at a minimum by providing employee training and stressing a safety conscious attitude when getting the job done. The effectiveness of the training is analyzed in part by comparing the current year to past years, further, focusing in on challenging areas, namely repeat incidences or incidences that result in many lost hours, i.e., a broken arm. In essence, no one tool is good enough to measure employee safety – so FAI uses two. Calendar year.

Target #3: Reduce public property damage and injuries to zero.

Measure #3: Number of third party property damage and injury claims paid annually

Annual Property Damage and Injury Claims

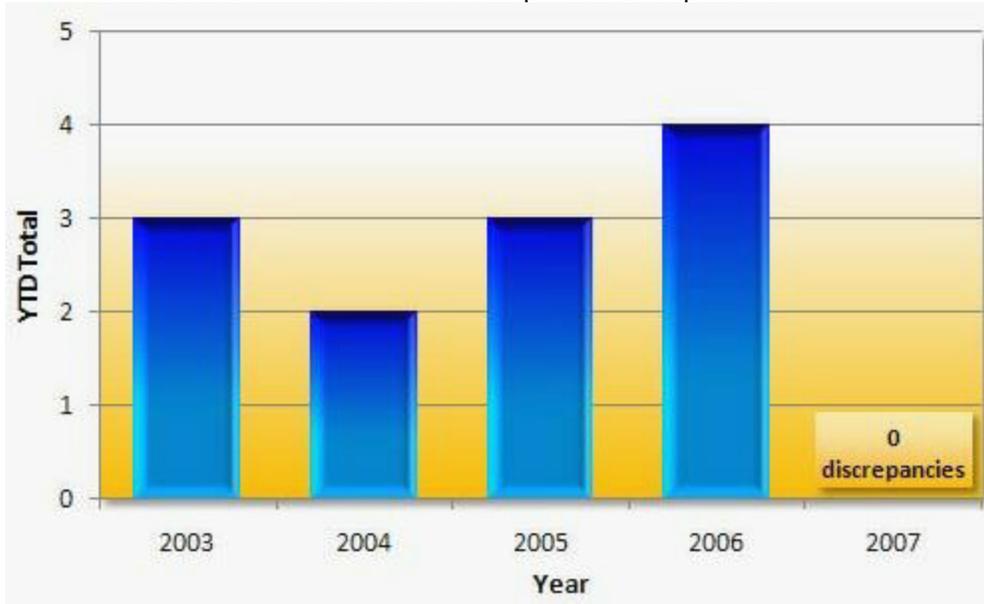
Year	YTD
2003	2
2004	0
2005	3
2006	2

Analysis of results and challenges: One of the best ways to measure the level of maintenance and risk prevention at the airport is to track the number of settled property and injury claims against FAI. Claims are measured annually from data provided by Department of Administration, Risk Management. Reduction of claims may be possible through improved performance of airport operations and maintenance of FAI property. Measured by fiscal year.

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

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

Measure #1: Number of Part 139 inspection discrepancies.



Analysis of results and challenges: As a federally assisted airport, Fairbanks International Airport must comply with all FAA operational and airfield requirements. Compliance is awarded based on 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. Measured annually by calendar year.

Target #2: Zero environmental Notices of Violation (NOVs) or Non-Compliance letters (NCL's).

Measure #2: Number of Notice of Violations or Non-compliance Letters from the Environmental Protection Agency (EPA), Alaska Department of Environmental Conservation (ADEC), and Corps of Engineers (COE).

Number of Notice of Violations/Non-compliance letters

Year	YTD
2003	0
2004	0
2005	0
2006	1

Analysis of results and challenges: Environmental stewardship is important – and like other business entities – FAI must comply with all environmental regulations related to activities, property and facilities managed by the airport. Preventative environmental programs are implemented in an effort to reduce or eliminate environmental violations. This measurement does not include actions issued to tenants or other airport users. Calendar year.

Target #3: Maintain adequate runway conditions for safe operations.

Measure #3: Number of hours per year the airport is closed due to acts of nature (snow, wind, earthquake, etc) that impact aviation operations compared to a three year rolling average.

Number of hours per year runway is closed that impact aviation operations

Year	YTD	3yr Average
2003	2	2
2004	1	1
2005	0	1
2006	1	1
2007	0	0

Reporting is on a calendar year basis.

Analysis of results and challenges: Fairbanks International Airport uses flex staffing and preventative maintenance in challenging weather conditions to ensure the airways and air surfaces remain open for business. Success in airfield maintenance is measured by the amount of time the airfield is closed as recorded on Notice to Airmen (NOTAMs) issued by permitted agencies. The times "counted" for the measurement are those times in which airfield closures impact scheduled operations. Closures normally last for 10 minutes or less. Calendar year.

Target #4: Reduce the number of airfield deviations and incursions per year.

Measure #4: Number of deviations and incursions compared to a three year rolling average.

Number of deviations and incursions

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD	3yr Average
2003	0	0	2	2	4	4
2004	0	1	1	1	3	3.5
2005	0	1	0	0	1	2.6
2006	0	0	3	0	3	2.75
2007	0	1	5			

Analysis of results and challenges: Deviations and Incursions are terms used to describe a pedestrian or vehicle entering radio-controlled surfaces at an airport without permission; i.e., not receiving clearance from the air traffic control tower to cross a taxiway or runway. Unlike airports that have multiple main runways that offer choices to landing or departing aircraft, FAI's challenge is to perform runway maintenance and still have it available for aviation operations. To accomplish this, FAI is vigilant about training all badged personnel in proper radio procedures to ensure deviations and incursions are avoided, further, if they do occur, to retrain or remove non-compliant users from the airfield. This is measured by the number of deviations and incursions recorded by permitting agencies and reported to FAI. Calendar year.

Target #5: Zero law enforcement officer response times that do not meet or exceed Code of Federal Regulation guidelines.

Measure #5: Number of occurrences law enforcement officer response time does not meet federal guidelines.

Number of occurrences where the response was not within federal guidelines

Year	YTD
2003	0
2004	0
2005	0
2005	0

Reporting is on a calendar year basis.

Analysis of results and challenges: In compliance with federal law and in an effort to provide a safe facility, FAI must ensure that an accredited police officer is able to respond to the passenger screening point within 10 minutes. To accomplish this, FAI has at least one accredited police officer on the premises at all times. Airport police officers respond to hundreds of requests per year and by doing so, ensure a safe traveling environment. Calendar year.

Target #6: Ensure adequate emergency medical response on the Airport.

Measure #6: Number of occurrences an Emergency Trauma Technician (ETT) is not available during operational times.

of occurrences

Year	YTD
2003	0
2004	0
2005	0
2006	0

Reporting is on a calendar year basis.

Analysis of results and challenges: Federal regulations require at least one full-time emergency trauma technician (ETT) be available during all operational times. To increase staff efficiency and ensure safe operations, FAI dual trains their police and fire officers to also provide first responder medical services until an ambulance can arrive. Last year FAI responded to over 70 medical requests on the premises. This is measured by recording the number of occurrences in which a fully trained ETT is not available to respond to emergency calls for assistance on the Airport. Calendar year.

Target #7: Ensure fire response time meets or exceeds CFR Part 139 federal guidelines.

Measure #7: Number of occurrences fire response does not meet federal guidelines.

of occurrences

Year	YTD
2003	0
2004	0
2005	0
2006	0

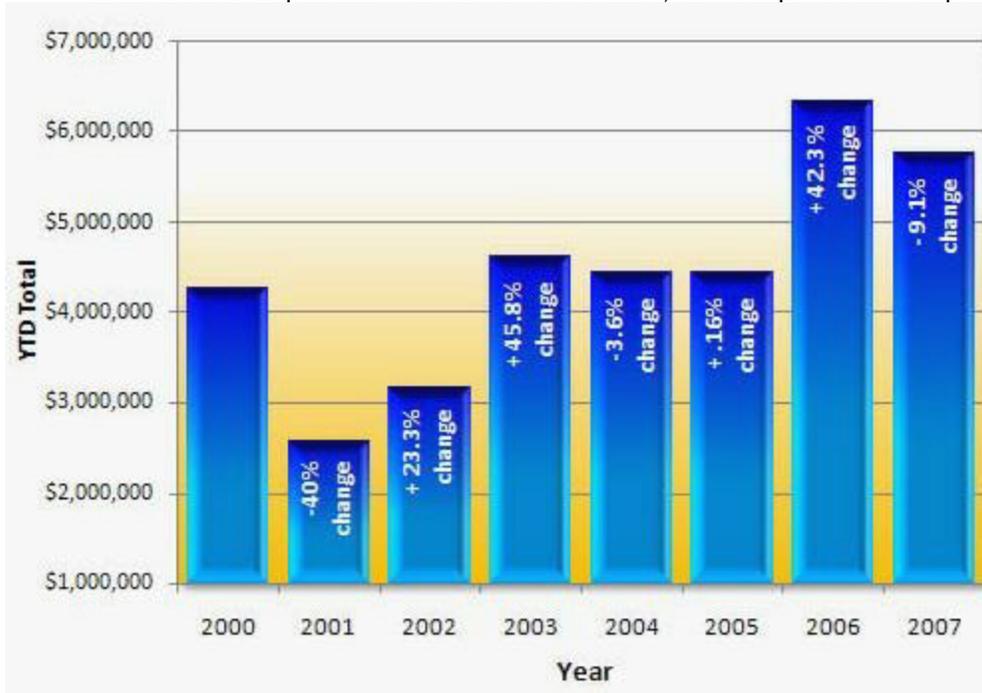
Reporting is on a calendar year basis.

Analysis of results and challenges: Federal regulations require a training response time of three minutes or less to the centerline of the runway for aircraft rescue fire fighting. FAI accomplishes this by ensuring all fire trucks are in excellent working condition and by dual training the police and fire officers so in the event of an emergency, all officers can respond. This is measured by recording the number of occurrences in which fire response time, training or otherwise, does not meet federal regulations. Calendar year.

B: Result - Decrease revenue gap

Target #1: Decrease gap between revenues and expenditures.

Measure #1: Expenditures in excess of revenues, net of depreciation compared to prior year.



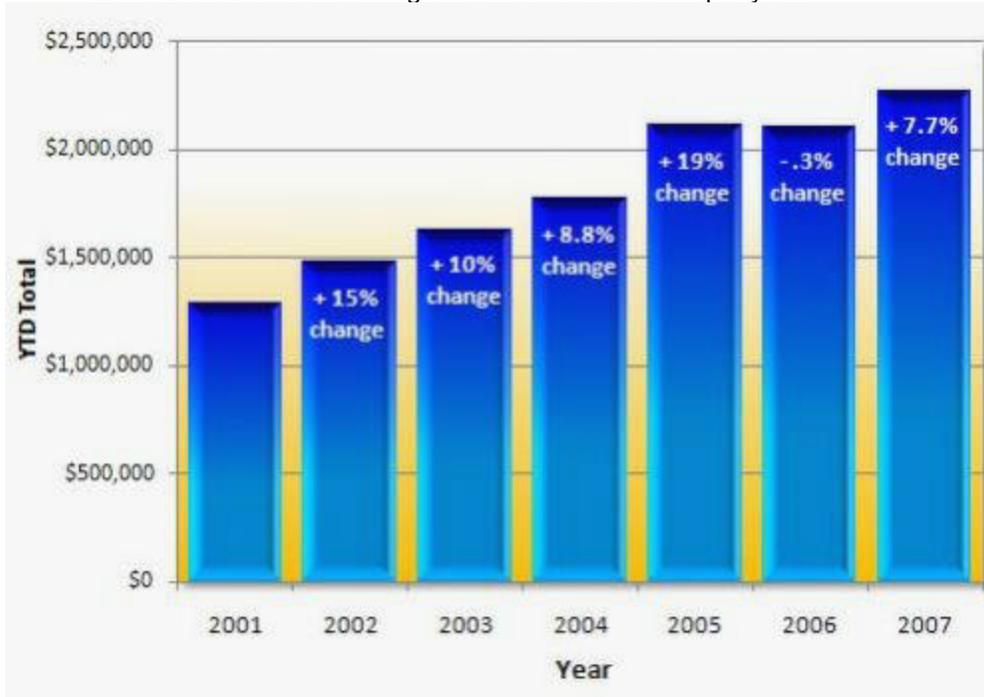
Analysis of results and challenges: FAI has embarked on an aggressive program to reduce the airport's gap between revenues and expenditures without sacrificing the most important result: safe operations. The approach is simple: increase revenue and maintain or decrease costs. The strategies listed below indicate the approach that will be taken. Measured annually from Alaska International Airport System audited financial statements. The International Airport System (Anchorage and Fairbanks) is a self-sustaining facility. The Fairbanks International Airport serves as the primary alternate for Anchorage International Airport and incurs operational costs in excess of revenues to sustain alternate viability.

The increase in FY06 is attributed to increased fixed expenses such as fuel/power and reduced revenue due to the loss of cargo flights to Central Asian airports because of a four hour block time savings one way. The subsequent reduction in FY07 reflects diminished expenditures in excess of diminished revenues.

B1: Strategy - Increase revenue

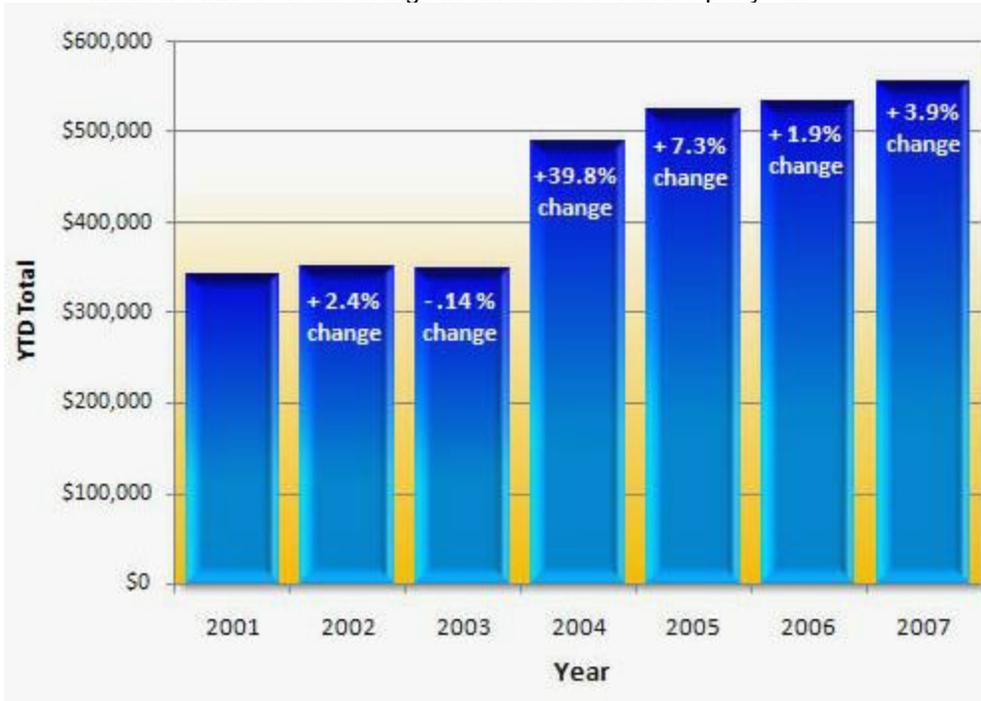
Target #1: Increase concession and permit revenues by 5% per year

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



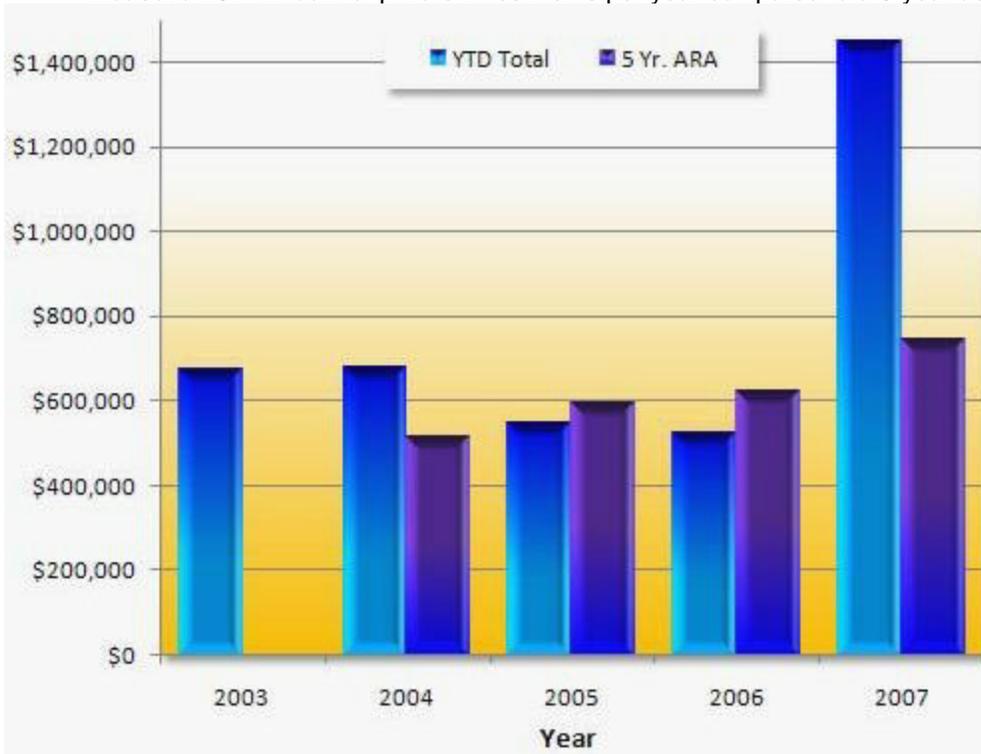
Analysis of results and challenges: Fairbanks International Airport (FAI) is reviewing all concession contracts to ensure they are current and based on competitive terms comparable to airports of similar size. Infrastructure improvements are being investigated to determine if they could lead to a better business environment – and more concession sales. Measured by fiscal year from FAI concession and vehicle parking income as reflected in the AIAS audited financial statements.

Target #2: Increase land lease revenues by 2% per year.
Measure #2: Percent change in land lease revenues per year.



Analysis of results and challenges: FAI continues to aggressively market vacant land and provide top-notch customer service. Rental rates at both international airports were increased in FY04 to better reflect competitive land values. Revenues include land rent as shown in fiscal year-end AIAS audited financial statements.

Target #3: Increase private investment by 2% per year
Measure #3: Amount of private investments per year compared to a 5-year adjusted rolling average.

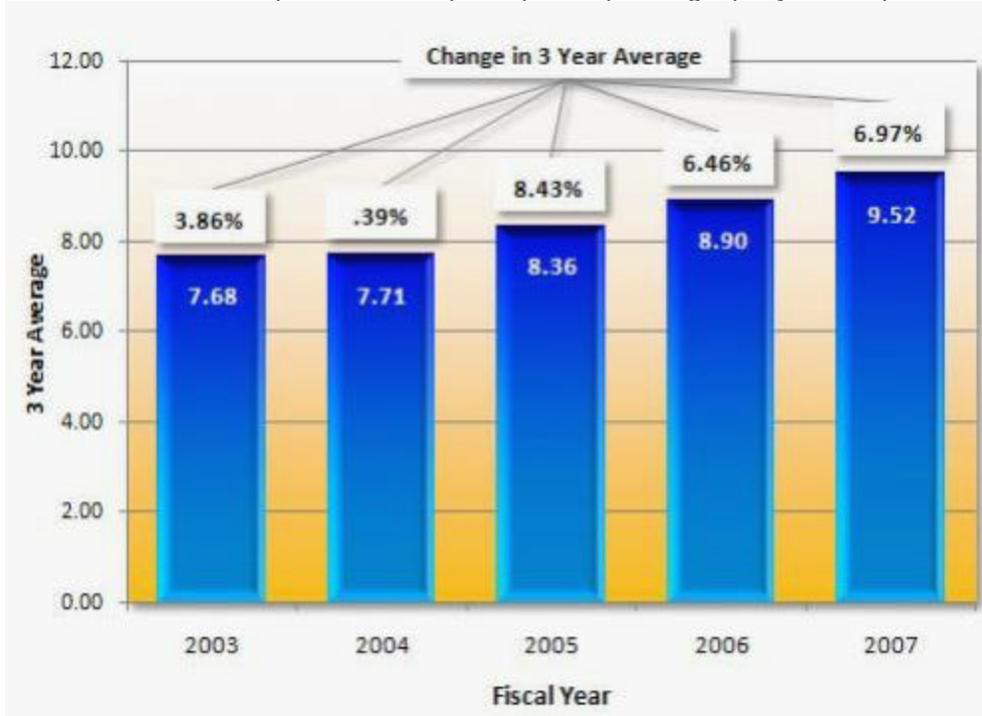


Analysis of results and challenges: Measured by fiscal year from the dollar amount of permanent leasehold improvements as requested on airport building permits. In FY06 three hangar facilities were constructed. In FY07 five more hangars were built including one for approximately \$500,000.

B2: Strategy - Maintain or Decrease Costs

Target #1: Maintain or decrease operational cost per enplaned passenger per year.

Measure #1: Operational cost per enplaned passenger per year compared to a 3 year rolling average.



Analysis of results and challenges: This number is generated by the Alaska International Airport System Controller's (AIAS) office and represents the average cost per enplanement (CPE) for all airlines serving the Ted Stevens Anchorage and Fairbanks International airports. The airports and airlines use the CPE benchmark to evaluate annual operating costs by passenger, a widely-used measurement in the aviation sector. The AIAS methodology is based on that used by its bond issue feasibility consultants. AIAS passenger airline operating revenues are divided by total enplanements for the period to arrive at CPE.

Fairbanks International Airport uses this benchmark to determine success and identify when costs need to be kept down.

Prior period values have been restated to properly correlate with the measure.

C: Result - Enhance customer satisfaction

Target #1: Zero customer complaints associated with facility cleanliness, keeping, and stocking.

Measure #1: Number of customer complaints logged on Fairbanks International Airport customer hotline.

Customer complaints

Year	YTD
2003	0
2004	0
2005	0
2006	0

Analysis of results and challenges: Fairbanks International Airport (FAI) has placed customer placards and

notices in every restroom advising passengers to call a hotline should they have concern over the cleanliness, keeping, and stocking of the facility. The calls are logged to monitor the nature of the call and response time. This is measured by calendar year. FAI's policy is "extreme clean" – an attitude that employees take to work every day. In fact, last year FAI was used as a national example for how to maintain carpets – some carpet is in use that's over 25 years old!

C1: Strategy - Timely response to all maintenance requests

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

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

Average time in days taken to respond to maintenance requests

Year	YTD
2004	0
2005	0
2006	0

Analysis of results and challenges: Measured quarterly and based on initial response time, i.e., call back, to customer queries and requests. FAI categorizes maintenance requests in order of priority starting with public safety, operational impact not safety related, and long-term predictable maintenance. The category of maintenance requests will dictate the response time, ranging from immediate to long-term, however, each request will be logged and responded to at least verbally within 3 business days.

C2: Strategy - Ensure business friendly leasing and permit process

Target #1: 90% customer service satisfaction rating of potential/actual applicants seeking land leases, building permits, and supplements.

Measure #1: Percent of potential/actual applicants who rate the leasing process 4 or higher on a scale of 1-5.

Percentage of satisfied applicants

Year	YTD
2004	100%
2005	100%
2006	100%

Analysis of results and challenges: Customer satisfaction can assist the airport in achieving its revenue generating targets. It is important that potential and actual applicants seeking land leases, building permits and supplements find the leasing and permit process open to competition, customer friendly, responsive, and oriented to problem solving. An exit survey is used that contains 5 to 10 questions. It has a rating scale of 1 to 5 that provides feedback to management regarding how well customers are served and possible areas of improvement. This measure is shown on a calendar year basis.

Key RDU Challenges

- Construction continues on the \$99 million, multi-year replacement of the existing terminal building. The new section is slated to open in Spring, 2008. The airport will continue to operate the existing terminal until demolition of the oldest portion of the existing building is completed.
- One of Fairbanks International Airport's (FAI) greatest challenges is generating more revenue opportunities and maintaining existing revenues to support airport functions. In an effort to attract other air carriers or businesses to the airport to replace lost revenues, FAI staff will concentrate on marketing and outreach efforts with the aid of a USDOT Small Community Air Service Development Program grant. When it makes sense to do so, projects will continue to be outsourced to private consultants.
- Geopolitical developments in world wide cargo transport directly affect revenues. Global air transport will continue to change as economic and political conditions evolve in rapidly developing countries such as China and Russia, as well as in central Asia. The impacts to the Airport will be enormous as airlines make these important business decisions.
- Continuing high energy costs have had a major impact on the budget. Heating and vehicle fuel costs remain high,

which may require foregoing other planned expenditures and diverting budgets to pay utility and fuel bills. Costs are expected to abate once the new, energy efficient terminal is fully online and older portions of the existing building have been demolished.

Significant Changes in Results to be Delivered in FY2009

Continuation of existing service levels may be adversely affected if the price of oil remains high and continues to influence costs for heating fuel, electricity, and supplies.

Major RDU Accomplishments in 2007

- The Terminal building addition was erected and commencement of finish work begun. A Guaranteed Maximum Price (GMP) was negotiated with the construction contractor and a contract established to complete the majority of the construction under this project.
- Worked with northern region staff and the contractor to complete repairs to runway 1R-19L.
- New food and beverage and new gift and news concession agreements were awarded to coincide with the anticipated public opening of the new terminal.
- Responded to fourteen hazardous substance spills and ensured proper cleanup and disposal of 19,000 pounds of non-hazardous hydrocarbon contaminated waste, 5,600 pounds of hazardous waste, and 300,000 gallons of deicing fluid-contaminated storm water.
- Passed annual FY07 FAA airport certification inspection with zero deficiencies.
- Recruited and hired 12 new Airport Police and Fire Officers who are now in training.
- Received a three year USDOT Small Community Air Service Development Program grant for \$500.0.

Contact Information

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**Fairbanks International Airport
RDU Financial Summary by Component**

All dollars shown in thousands

	FY2007 Actuals				FY2008 Management Plan				FY2009 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												
FIA	0.0	0.0	1,615.0	1,615.0	0.0	0.0	1,692.9	1,692.9	0.0	0.0	1,675.8	1,675.8
Administration												
FIA Facilities	0.0	0.0	3,119.8	3,119.8	0.0	0.0	3,063.7	3,063.7	0.0	0.0	3,099.5	3,099.5
FIA Field & Equipment	0.0	0.0	3,094.8	3,094.8	0.0	0.0	3,621.6	3,621.6	0.0	0.0	3,675.4	3,675.4
Maint												
FIA Operations	0.0	0.0	1,538.2	1,538.2	0.0	0.0	1,731.6	1,731.6	0.0	0.0	1,296.1	1,296.1
FIA Safety	0.0	17.3	2,768.6	2,785.9	0.0	20.0	3,133.5	3,153.5	0.0	620.0	3,704.3	4,324.3
Totals	0.0	17.3	12,136.4	12,153.7	0.0	20.0	13,243.3	13,263.3	0.0	620.0	13,451.1	14,071.1

**Fairbanks International Airport
Summary of RDU Budget Changes by Component
From FY2008 Management Plan to FY2009 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2008 Management Plan	0.0	20.0	13,243.3	13,263.3
Adjustments which will continue current level of service:				
-FIA Administration	0.0	0.0	-17.1	-17.1
-FIA Facilities	0.0	0.0	35.8	35.8
-FIA Field & Equipment Maint	0.0	0.0	53.8	53.8
-FIA Operations	0.0	0.0	-435.5	-435.5
-FIA Safety	0.0	0.0	570.8	570.8
Proposed budget increases:				
-FIA Safety	0.0	600.0	0.0	600.0
FY2009 Governor	0.0	620.0	13,451.1	14,071.1