

State of Alaska FY2012 Governor's Operating Budget

Department of Transportation/Public Facilities International Airport Systems Office Component Budget Summary

Component: International Airport Systems Office

Contribution to Department's Mission

Provide relevant and reliable financial information to the Alaska International Airports System (AIAS) and its stakeholders.

Core Services

- Under Commissioner delegated authority, establish uniform rates and charges for air carriers, concessionaires, and others using the AIAS, which consists of the Ted Stevens Anchorage International Airport (ANC) and Fairbanks International Airport (FAI). Perform ongoing evaluation of those rates and charges to ensure financial goals are achieved.
- Provide for timely and informative financial reporting for use by State, Federal Aviation Administration (FAA), airport management, air carriers, rating agencies, bondholders, and other AIAS stakeholders.
- Ensure effective and appropriate accounting and financial internal controls, policies and procedures are in place for AIAS.
- Evaluate the fiscal impact of airport development and administration plans such as terminal and field expansion, parking garages, land lease rates and aircraft tie-down fees. Develop fiscal constraints to be followed by management.
- Identify auditing needs and arrange for, and oversee the annual enterprise fund external financial audit by independent Certified Public Accountants.
- Assist in the negotiation of the airport operating agreement and in the implementation and monitoring of its requirements.
- Monitor AIAS capital project funding needs, ensuring that appropriate financing methodologies are employed and alternatives are reviewed and considered as market conditions and funding requirements warrant.
- Coordinate with the Department of Revenue on AIAS revenue bond issues and assure timely fulfillment of ongoing disclosure requirements.

Key Component Challenges

- In a continued effort to improve long-term financial planning efforts, the AIAS will work with system airports to refine Capital Improvement Programs (CIP) through 2013. To augment this goal, the AIAS anticipates completion of a system debt policy. This document, in combination with near-term updates of the airports' master plans, will provide the tools to assist in meeting infrastructure requirements through viable long-term funding plans over the next 5-10 year framework. The existence of an updated CIP allows personnel to devote more time to individual project management and minimize that spent on long-range and prototype planning. The AIAS will continue to refine this plan during FY10.
- The AIAS manages contracts for other consultants who serve the state on use and lease negotiations, revenue bond issues and day to day matters regarding airline rates and fees. The AIAS administers these contracts to help effectively and efficiently manage relations and negotiations between the air carriers using the AIAS airports and the airport administration. The goal is to ensure optimal provision of service to the state's citizens who are the ultimate AIAS end-users.
- The AIAS airports have recently completed two large terminal projects but still have a number of other smaller, though substantial projects scheduled for completion over the next 2 years. The AIAS is closely involved in the monitoring of these projects, especially regarding financing. This entails managing funds from revenue sources which affect airline rates, such as revenue bonds, passenger facility charges, and international airport revenue funds collected through rates and charges. The AIAS is also closely involved in ensuring airline approval and adequate legislative authority is obtained for the AIAS capital program to help ensure completing individual projects on time and within budget.

Significant Changes in Results to be Delivered in FY2012

No significant changes are anticipated.

Major Component Accomplishments in 2010

- Continued analysis of certified activity reporting process (the self reporting system under which a majority of AIAS revenues are collected) and identified significant opportunities to implement enhanced internal controls over revenue collection activities through enhanced electronic reporting methods and use of independent audit sources. Initiated a program to modify existing methodologies and implement additional internal controls.
- Continued contract with Megadata Passur for enhanced flight tracking system data used in revenue auditing and in support of operational activities.
- Administered several CIP ballot processes in accordance with AIAS operating agreement in order to secure required airline concurrence on capital project program additions.
- Continued Anchorage International and Fairbanks International Airports' passenger facility charge programs and worked to secure 100% of current collection levels as source of funding for debt service related to capital projects. Issued \$171 million aggregate principal amount of Revenue and Revenue Refunding Bonds, Series 2010A, B, C, & D, to provide for the defeasance and optional redemption of a portion of the outstanding principal amount of AIAS Revenue Bonds and to finance capital improvements to ANC facilities.

Statutory and Regulatory Authority

FAR Part 108, 612
AS 18 Health, Safety, and Housing
AS 37.15.430 International Airports Revenue Fund

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**International Airport Systems Office
Component Financial Summary**

All dollars shown in thousands

	FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	329.9	661.6	685.3
72000 Travel	2.1	45.0	45.0
73000 Services	369.9	138.8	138.8
74000 Commodities	2.5	4.1	4.1
75000 Capital Outlay	0.0	10.8	10.8
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	704.4	860.3	884.0
Funding Sources:			
1027 International Airport Revenue Fund	704.4	860.3	884.0
Funding Totals	704.4	860.3	884.0

**Summary of Component Budget Changes
From FY2011 Management Plan to FY2012 Governor**

All dollars shown in thousands

	<u>Unrestricted Gen (UGF)</u>	<u>Designated Gen (DGF)</u>	<u>Other Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
FY2011 Management Plan	0.0	0.0	860.3	0.0	860.3
Adjustments which will continue current level of service:					
-FY 2012 Personal Services increases	0.0	0.0	23.7	0.0	23.7
FY2012 Governor	0.0	0.0	884.0	0.0	884.0

International Airport Systems Office Personal Services Information				
Authorized Positions			Personal Services Costs	
	FY2011 Management Plan	FY2012 Governor		
Full-time	6	6	Annual Salaries	436,359
Part-time	0	0	COLA	5,488
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	259,082
			<i>Less 2.23% Vacancy Factor</i>	(15,629)
			Lump Sum Premium Pay	0
Totals	6	6	Total Personal Services	685,300

Position Classification Summary					
Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant II	1	0	0	0	1
Accountant IV	1	0	0	0	1
Admin Asst III	1	0	0	0	1
AK Intl Airport Sys Plnr	1	0	0	0	1
Asst Commissioner	1	0	0	0	1
Intl Airpts Controller	1	0	0	0	1
Totals	6	0	0	0	6

Component Detail All Funds
Department of Transportation/Public Facilities

Component: International Airport Systems Office (1649)
RDU: Aviation (532)

	FY2010 Actuals	FY2011 Conference Committee (Final)	FY2011 Authorized	FY2011 Management Plan	FY2012 Governor	FY2011 Management Plan vs FY2012 Governor	
71000 Personal Services	329.9	656.3	661.6	661.6	685.3	23.7	3.6%
72000 Travel	2.1	45.0	45.0	45.0	45.0	0.0	0.0%
73000 Services	369.9	138.8	138.8	138.8	138.8	0.0	0.0%
74000 Commodities	2.5	4.1	4.1	4.1	4.1	0.0	0.0%
75000 Capital Outlay	0.0	10.8	10.8	10.8	10.8	0.0	0.0%
77000 Grants, Benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	704.4	855.0	860.3	860.3	884.0	23.7	2.8%
Fund Sources:							
1027 Int Airprt	704.4	855.0	860.3	860.3	884.0	23.7	2.8%
Unrestricted General (UGF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Designated General (DGF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Other Funds	704.4	855.0	860.3	860.3	884.0	23.7	2.8%
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Positions:							
Permanent Full Time	7	6	6	6	6	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	0	0	0	0	0	0	0.0%

Change Record Detail - Multiple Scenarios With Descriptions
Department of Transportation/Public Facilities

Component: International Airport Systems Office (1649)

RDU: Aviation (532)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2011 Conference Committee (Final) To FY2011 Authorized *****												
FY2011 Conference Committee	ConfCom	855.0	656.3	45.0	138.8	4.1	10.8	0.0	0.0	6	0	0
1027 Int Airprt		855.0										
ADN 25-1-7619 FY2011 Non-covered Salary Increase Year 1, CH 56 SLA 10 (HB 421) (Sec 2 CH 41 SLA 10 P 51 L 8)	FisNot	5.3	5.3	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1027 Int Airprt		5.3										
: \$5.3												
Subtotal		860.3	661.6	45.0	138.8	4.1	10.8	0.0	0.0	6	0	0
***** Changes From FY2011 Authorized To FY2011 Management Plan *****												
Subtotal		860.3	661.6	45.0	138.8	4.1	10.8	0.0	0.0	6	0	0
***** Changes From FY2011 Management Plan To FY2012 Governor *****												
FY 2012 Personal Services increases	SalAdj	23.7	23.7	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1027 Int Airprt		23.7										
This change record includes the following personal services increases:												
: \$23.7												
Alaska State Employees Assn (GGU) FY2012 Health Insurance Increased Costs : \$7.9												
Non-Covered Employees FY2012 Health Insurance Increased Costs : \$3.8												
Alaska State Employees Association (GGU) FY 12 COLA increases												
: \$6.5												
Non-Covered Employees FY 12 COLA increases												
: \$5.5												
Totals		884.0	685.3	45.0	138.8	4.1	10.8	0.0	0.0	6	0	0

Personal Services Expenditure Detail
Department of Transportation/Public Facilities

Scenario: FY2012 Governor (8665)
Component: International Airport Systems Office (1649)
RDU: Aviation (532)

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range / Step	Comp Months	Split / Count	Annual Salaries	COLA	Premium Pay	Annual Benefits	Total Costs	GF Amount
25-2554	Asst Commissioner	FT	A	XE	Anchorage Intl Airport	AA	27A / A	12.0		94,656	2,616	0	51,140	148,412	0
25-2556	Intl Airpts Controller	FT	A	XE	Anchorage Intl Airport	AA	24J / K	12.0		103,910	2,872	0	54,673	161,455	0
25-2611	Admin Asst III	FT	A	GP	Anchorage Intl Airport	200	15A / A	12.0		43,440	0	0	32,205	75,645	0
25-2975	Accountant II	FT	A	GP	Anchorage Intl Airport	200	16D / E	12.0		53,353	0	0	35,990	89,343	0
25-3458	Accountant IV	FT	A	GP	Anchorage Intl Airport	200	20F / G	12.0		75,180	0	0	44,324	119,504	0
25-3546	AK Intl Airport Sys Plnr	FT	A	GP	Anchorage Intl Airport	200	21A / A	12.0		65,820	0	0	40,750	106,570	0

	Total Positions	New	Deleted
Full Time Positions:	6	0	0
Part Time Positions:	0	0	0
Non Permanent Positions:	0	0	0
Positions in Component:	6	0	0

Total Component Months: 72.0

Total Salary Costs:	436,359
Total COLA:	5,488
Total Premium Pay:	0
Total Benefits:	259,082
Total Pre-Vacancy:	700,929
Minus Vacancy Adjustment of 2.23%:	(15,629)
Total Post-Vacancy:	685,300
Plus Lump Sum Premium Pay:	0
Personal Services Line 100:	685,300

PCN Funding Sources:	Pre-Vacancy	Post-Vacancy	Percent
1027 International Airport Revenue Fund	700,929	685,300	100.00%
Total PCN Funding:	700,929	685,300	100.00%

Note: If a position is split, an asterisk (*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (**) will appear in this column. [No valid job title] appearing in the Job Class Title indicates that the PCN has an invalid class code or invalid range for the class code effective date of this scenario.

Line Item Detail
Department of Transportation/Public Facilities
Travel

Component: International Airport Systems Office (1649)
RDU: Aviation (532)

Line Number	Line Name		FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
72000	Travel		2.1	45.0	45.0
Expenditure Account	Servicing Agency	Explanation	FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
72000 Travel Detail Totals			2.1	45.0	45.0
72110	Employee Travel (Instate)	Instate Employee travel (per diem, airfare, mileage, and parking).	1.5	26.0	26.0
72400	Out Of State Travel	Out of state employee travel for airline meetings (per diem, airfare, mileage, parking).	0.6	19.0	19.0

Line Item Detail
Department of Transportation/Public Facilities
Services

Component: International Airport Systems Office (1649)
RDU: Aviation (532)

Line Number	Line Name		FY2010 Actuals	FY2011 Management Plan	FY2012 Governor	
73000	Services		369.9	138.8	138.8	
Expenditure Account	Servicing Agency	Explanation	FY2010 Actuals	FY2011 Management Plan	FY2012 Governor	
73000 Services Detail Totals			369.9	138.8	138.8	
73025	Education Services	FY10 memberships included: Airports Council International (\$35.5), Alaska Air Carriers Association (\$1.3), American Association of Airport Ex. (\$5.0), Alaska State Chamber of Commerce (\$.7), The International Air Cargo Association (\$1.0), and the World Trade Center (\$.9). Conference registration, memberships and employee tuition.	44.4	1.5	1.5	
73050	Financial Services	Contract for financial audit for international airports.	51.6	50.0	50.0	
73150	Information Technlgy	All information technology (IT) contractual costs such as software licensing, software maintenance, IT training, IT consulting, and IT equipment leases. Includes Microsoft Enterprise Agreement.	1.2	0.0	0.0	
73156	Telecommunication	Cellular phones, data network services, wireless connections, voice mail, long distance/toll costs, and fax.	0.2	1.5	1.5	
73225	Delivery Services	Freight, courier and postage.	0.5	0.5	0.5	
73450	Advertising & Promos	Advertising position vacancies, other miscellaneous advertising.	2.6	3.0	3.0	
73675	Equipment/Machinery	Equipment/machinery repair/maintenance.	0.7	1.0	1.0	
73750	Other Services (Non IA Svcs)	Other services including PASSUR contract (radar based aircraft activities recording system).	209.8	77.8	77.8	
73805	IT-Non-Telecommnctns	Enterprise Technology Services	Computer services provided by the Department of Administration, Enterprise Technology Services, such as central server, data storage, printing, network services, open connect, and task order system.	6.0	1.7	1.7
73806	IT-Telecommunication	Enterprise Technology	Telecommunications services provided by the Department of Administration, Enterprise Technology	1.1	0.7	0.7

Line Item Detail
Department of Transportation/Public Facilities
Services

Component: International Airport Systems Office (1649)

RDU: Aviation (532)

Expenditure Account		Servicing Agency	Explanation	FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
73000 Services Detail Totals				369.9	138.8	138.8
		Services	Services, such as basic telephone services, equipment and features, dedicated voice/data line service, statewide paging, two-way radio, and video conferencing.			
73809	Mail	Central Mail	Chargeback fees for central mail services such as mailing vendor payments (AKSAS) and payroll warrants (AKPAY).	0.1	0.2	0.2
73810	Human Resources	Personnel	Chargeback fees for human resource services such as labor relations, position classifications and payroll processing.	0.2	0.1	0.1
73812	Legal	Transportation Section	Legal services.	7.7	0.0	0.0
73815	Financial	Finance	Chargeback fees for AKSAS and AKPAY.	0.3	0.5	0.5
73816	ADA Compliance	Americans With Disabilities	Chargeback fees for the statewide coordinator of the Americans with Disabilities Act (ADA).	0.1	0.3	0.3
73979	Mgmt/Consulting (IA Svcs)	Statewide Aviation	Reimbursable Services Agreement with Statewide Aviation to provide assistance to International Airports System Office i.e. time spent managing, attending meetings, planning, budget and personnel matters.	43.4	0.0	0.0

Line Item Detail
Department of Transportation/Public Facilities
Commodities

Component: International Airport Systems Office (1649)
RDU: Aviation (532)

Line Number	Line Name		FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
74000	Commodities		2.5	4.1	4.1
Expenditure Account	Servicing Agency	Explanation	FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
74000 Commodities Detail Totals			2.5	4.1	4.1
74200	Business	Books, office supplies, subscriptions.	2.5	4.1	4.1

Line Item Detail
Department of Transportation/Public Facilities
Capital Outlay

Component: International Airport Systems Office (1649)
RDU: Aviation (532)

Line Number	Line Name		FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
75000	Capital Outlay		0.0	10.8	10.8
Expenditure Account	Servicing Agency	Explanation	FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
75000 Capital Outlay Detail Totals			0.0	10.8	10.8
75400	Materials & Supplies	Miscellaneous office equipment purchases above \$5,000.	0.0	10.8	10.8

Inter-Agency Services
Department of Transportation/Public Facilities

Component: International Airport Systems Office (1649)
RDU: Aviation (532)

Expenditure Account	Service Description	Service Type	Servicing Agency	FY2010 Actuals	FY2011		
					Management Plan	FY2012 Governor	
73805	IT-Non-Telecommnctns	Computer services provided by the Department of Administration, Enterprise Technology Services, such as central server, data storage, printing, network services, open connect, and task order system.	Inter-dept	Enterprise Technology Services	6.0	1.7	1.7
				73805 IT-Non-Telecommnctns subtotal:	6.0	1.7	1.7
73806	IT-Telecommunication	Telecommunications services provided by the Department of Administration, Enterprise Technology Services, such as basic telephone services, equipment and features, dedicated voice/data line service, statewide paging, two-way radio, and video conferencing.	Inter-dept	Enterprise Technology Services	1.1	0.7	0.7
				73806 IT-Telecommunication subtotal:	1.1	0.7	0.7
73809	Mail	Chargeback fees for central mail services such as mailing vendor payments (AKSAS) and payroll warrants (AKPAY).	Inter-dept	Central Mail	0.1	0.2	0.2
				73809 Mail subtotal:	0.1	0.2	0.2
73810	Human Resources	Chargeback fees for human resource services such as labor relations, position classifications and payroll processing.	Inter-dept	Personnel	0.2	0.1	0.1
				73810 Human Resources subtotal:	0.2	0.1	0.1
73812	Legal	Legal services.	Inter-dept	Transportation Section	7.7	0.0	0.0
				73812 Legal subtotal:	7.7	0.0	0.0
73815	Financial	Chargeback fees for AKSAS and AKPAY.	Inter-dept	Finance	0.3	0.5	0.5
				73815 Financial subtotal:	0.3	0.5	0.5
73816	ADA Compliance	Chargeback fees for the statewide coordinator of the Americans with Disabilities Act (ADA).	Inter-dept	Americans With Disabilities	0.1	0.3	0.3
				73816 ADA Compliance subtotal:	0.1	0.3	0.3
73979	Mgmt/Consulting (IA Svcs)	Reimbursable Services Agreement with Statewide Aviation to provide assistance to International Airports System Office i.e. time spent managing, attending meetings, planning, budget and personnel matters.	Inter-dept	Statewide Aviation	43.4	0.0	0.0
				73979 Mgmt/Consulting (IA Svcs) subtotal:	43.4	0.0	0.0
				International Airport Systems Office total:	58.9	3.5	3.5
				Grand Total:	58.9	3.5	3.5