

# **State of Alaska FY2014 Governor's Operating Budget**

## **Department of Military and Veterans Affairs Alaska Aerospace Corporation Results Delivery Unit Budget Summary**

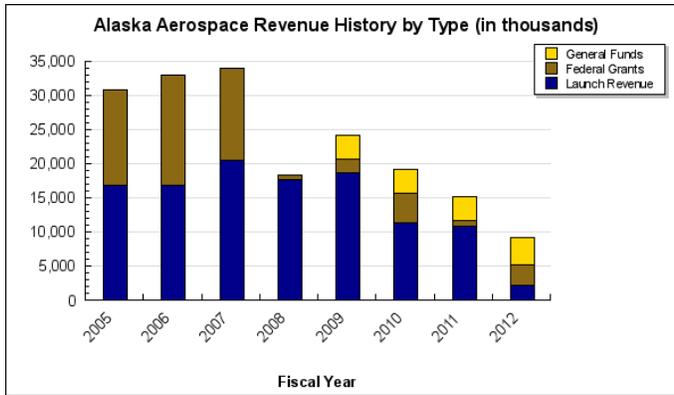
## Alaska Aerospace Corporation Results Delivery Unit

### Contribution to Department's Mission

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

### Results

(Additional performance information is available on the web at <http://omb.alaska.gov/results>.)



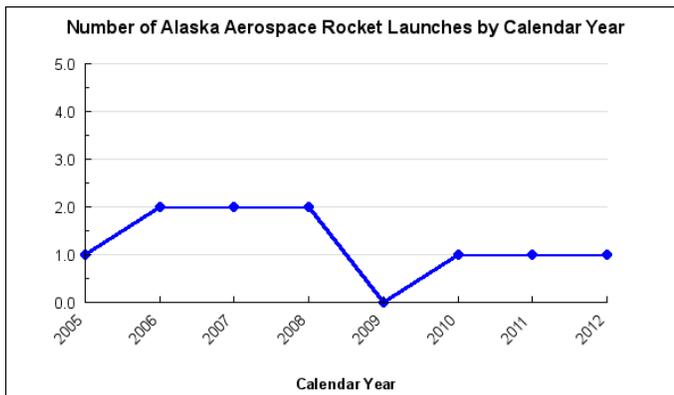
### Core Services

- Provide launch facilities and services in Alaska.

### Measures by Core Service

(Additional performance information is available on the web at <http://omb.alaska.gov/results>.)

#### 1. Provide launch facilities and services in Alaska.



### Major RDU Accomplishments in 2012

The Alaska Aerospace Corporation (AAC) successfully launched the U.S. Air Force's Tactical Communication Satellite-IV (TacSat-4) in September 2011. This created revenue to support FY2012 operations and placed AAC and the Kodiak Launch Complex at the forefront of launch facilities worldwide.

In March 2012, Lockheed Martin selected Alaska as its dedicated West Coast facility for its Athena rockets. The U.S. Army Space and Missile Defense Command (SMDC) also selected Alaska as the launch location for an advanced hypersonic test vehicle. AAC is anticipating the first launches of Athena rockets II and III as well as the SMDC

hypersonic test vehicle in FY2015.

AAC began the process of expanding Kodiak Launch Pad's space launch capabilities to support the launch of Lockheed Martin's Athena III rocket, a medium-lift, solid-fueled rocket. Preliminary work for the new medium-lift Launch Pad 3, including structural design and environmental assessments, is expected to be complete in FY2013.

In FY2012, AAC entered into a contract with Space Exploration Technologies, Inc. (SpaceX), a private space transportation company, to provide telemetry tracking of its Dragon space capsule. During the second demonstration flight in May 2012, AAC successfully relayed data and video from the orbiting capsule to mission control in California. AAC is currently on contract to support the first official commercial resupply mission to the International Space Station in early FY2013.

AAC management continues to actively work within the aerospace industry, highlighting all of the Kodiak Launch Complex's capabilities to bring additional launch customers to Alaska. Currently AAC is on two competing customer teams – Lockheed Martin Space and Missile Division and Orbital Sciences Corporation – accepted by the U.S. Air Force as qualified bidders for the Orbital/Suborbital Program 3 proposal. Both teams include the Kodiak Launch Complex as a West Coast launch location, establishing the potential for future Air Force sponsored launches in Alaska.

## **Key RDU Challenges**

AAC completed its contract with the U.S. Missile Defense Agency (MDA) in FY2011, placing it in a transitional phase throughout FY2012. During this period, the corporation embarked on several new initiatives including a partnership with Lockheed Martin to win the Ground-Based Midcourse Defense Development and Sustainment Contract. In December 2011, MDA awarded this contract to Team Boeing out of Alabama, resulting in a significant decrease in operating activity for AAC.

A near-term challenge is the standard planning cycle for a rocket launch. Projects that are currently underway have a planning cycle of two to three years. The Alaska Military Force Advocacy and Structure Team (AMFAST) recommended, and AAC is in critical need of, sustainment funding. The Governor requested and the Legislature approved \$4 million for operations and sustainment of the Kodiak Launch Complex in FY2012 and \$8 million in FY2013. This funding ensures that the Kodiak Launch Complex is a launch-ready facility staffed by trained and experienced personnel; increases the confidence in Alaska's aerospace industry by potential customers; permits the corporation to compete for additional small and medium launch business; and allows Alaska to be cost competitive with other state and federal launch facilities. AAC is also aggressively pursuing other resource options, including a cost-sharing partnership with the U.S. Air Force and federal match funding through Alaska's congressional delegation.

AAC is working on federal policy and legislative changes regarding state spaceports. First, the U.S. Commercial Space Transportation Policy does not include state spaceports as national space assets. In FY2012, AAC presented an official request to the Federal Aviation Administration to amend this policy, but to date it has not been revised. Second, AAC led an effort to amend H.R. 4310, the National Defense Authorization Act for FY2013 to contain language for federal agencies to include state spaceports in their launch decisions. Alaska Congressman Don Young successfully sponsored an amendment to H.R. 4310 that encourages the Department of Defense to consider, where operationally and economically feasible, state government aerospace facilities like the Kodiak Launch Complex for future federal small and medium lift launches. This legislation would provide clearer guidance to federal agencies that state spaceports are to be equally considered for launch operations. The U.S. House passed this bill in May 2012 and referred it to the U.S. Senate Committee in June.

## **Significant Changes in Results to be Delivered in FY2014**

FY2014 is expected to be a strong year for business sales and launch preparations. AAC will start the horizontal and vertical construction of Launch Pad 3 at the Kodiak Launch Complex. AAC will also conduct preliminary and support work for anticipated FY2015 launches from existing facilities, to include the hypersonic test vehicle for SMDC and the small-lift Athena II rocket by Lockheed Martin. AAC will continue pursuing new contract opportunities for launch services and aerospace support work and continue discussions with Orbital Sciences Corporation to select the Kodiak Launch Complex for their west coast medium-lift location.

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**Alaska Aerospace Corporation  
RDU Financial Summary by Component**

*All dollars shown in thousands*

	FY2012 Actuals				FY2013 Management Plan				FY2014 Governor			
	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds
<b>Formula Expenditures</b> None.												
<b>Non-Formula Expenditures</b>												
AK Aerospace Corp	1,398.1	1,528.7	434.9	3,361.7	3,276.3	1,296.4	0.0	4,572.7	3,292.9	1,301.2	0.0	4,594.1
AAC Facilities Maintenance	2,601.9	967.5	2,424.5	5,993.9	4,766.0	1,151.6	0.0	5,917.6	4,788.4	1,154.3	0.0	5,942.7
<b>Totals</b>	<b>4,000.0</b>	<b>2,496.2</b>	<b>2,859.4</b>	<b>9,355.6</b>	<b>8,042.3</b>	<b>2,448.0</b>	<b>0.0</b>	<b>10,490.3</b>	<b>8,081.3</b>	<b>2,455.5</b>	<b>0.0</b>	<b>10,536.8</b>

**Alaska Aerospace Corporation**  
**Summary of RDU Budget Changes by Component**  
**From FY2013 Management Plan to FY2014 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>
<b>FY2013 Management Plan</b>	8,042.3	0.0	2,448.0	0.0	10,490.3
<b>Adjustments which will continue current level of service:</b>					
-AK Aerospace Corp	-1,540.2	0.0	4.8	0.0	-1,535.4
-AAC Facilities Maintenance	-6,434.2	0.0	2.7	0.0	-6,431.5
<b>Proposed budget increases:</b>					
-AK Aerospace Corp	1,556.8	0.0	0.0	0.0	1,556.8
-AAC Facilities Maintenance	6,456.6	0.0	0.0	0.0	6,456.6
<b>FY2014 Governor</b>	<b>8,081.3</b>	<b>0.0</b>	<b>2,455.5</b>	<b>0.0</b>	<b>10,536.8</b>