

**State of Alaska**  
**FY2015 Governor's Operating Budget**

**Department of Transportation/Public Facilities**  
**International Airports**  
**Results Delivery Unit Budget Summary**

**International Airports Results Delivery Unit**

**Contribution to Department's Mission**

The mission of the International Airports RDU is to “keep Alaska flying and thriving” by the safe, effective and efficient operation and maintenance of Ted Stevens Anchorage International Airport (ANC) and Fairbanks International Airport (FAI) in a manner consistent with good business practices, federal regulatory requirements, high customer service standards, sensitivity to user needs, and awareness of community goals.

**Core Services**

- Plan, design, and construct airport infrastructure.
- Plan, organize, direct and control airport functions.
- Develop and implement strategic management plans and airport operating and capital budgets.
- Ensure effective and appropriate internal controls, policies and procedures are in place for Alaska International Airport System (AIAS).
- Promote and support all levels of airport training and education.
- Maintain compliance with federal and state regulations.
- Negotiate and administer airline operating agreements, leases and other agreements.
- Manage airport lands, facilities, and buildings.
- Provide uniform rate and fee structures for airport facilities and services as required under federal grant assurances.
- Promote AIAS in domestic and international markets.
- Provide information to state, Federal Aviation Administration (FAA), airport management, air carriers, rating agencies, bondholders, other AIAS stakeholders and the general public.
- Facilitate advancements in aviation safety.

**Major RDU Accomplishments in 2013**

- Signed ten-year Operating Agreement and Terminal Lease with 30 Signatory Airlines.
- Completed the AIAS Planning Study and Forecast Report which is the basis for Master Plan projects at both airports.
- Identified metrics to measure improvements to operational effectiveness in the areas of cost, revenue, operations, communications, and employee development.
- Completed information technology upgrades including better access to Wi-Fi and new ability to share data and applications between airports.
- Expanded the use of the Common Use Passenger Processing Systems (CUPPS) which allows gates to be used by any airline.
- Implemented new operating budget and spending plans; provided additional budget tools to managers, standardized component processes and improved visibility into budget activity.
- Encouraged AIAS business development; updated marketing plans with new database of customer information.
- Maintained 24-hour availability of both airports with no interruption to service.
- Completed runway and taxiway safety area improvements at both airports.
- Improved airport access for largest category of aircraft (design group VI).
- Ted Stevens Anchorage International Airport (ANC) Master Plan commenced along with ANC involvement in the West Anchorage District Plan.

**Key RDU Challenges**

- Contribute to thriving state and local communities and increased quality of life by leveraging the economic strength of AIAS as an AeroNexus of global aviation activity.
- Cargo aircraft traffic continues on a slow decline resulting in increases in landing fees – long term this could constrain activity levels causing a pattern of decreased revenues.
- Re-development and leasing of Kulis property to provide a source of revenue to offset property maintenance.
- Maintenance and utility costs continue to rise.

- Improving communication on information technology components of non-airport owned projects for smoother transition from development to production.
- Upgrading network infrastructure to keep pace with advances in aircraft wireless, tenant and airline business needs and while maintaining continuity between businesses and AIAS.
- Ensuring oversight and transparency in the capital planning and budgeting process.
- Using a new more expensive pavement de-icing chemical as required by the Environmental Protection Agency (EPA).
- Upgrading airport infrastructure to accommodate increased number of large aircraft, such as B747-8.
- Participating in the development and deployment of a state-wide badging system.
- Recruiting and retaining skilled labor force, especially in heating, ventilation, and air conditioning, equipment maintenance, and police and fire.
- Supporting continually expanding training requirements levied by federal agencies, especially Transportation Security Administration (TSA) and FAA under Part 139.
- Ted Stevens Anchorage International Airport (ANC) North Terminal costs are greater than revenue generated causing a negative balance that will need to be addressed.

### **Significant Changes in Results to be Delivered in FY2015**

No significant changes are anticipated.

<b>Contact Information</b>
<p><b>Contact:</b> Steven Hatter, Deputy Commissioner of Aviation <b>Phone:</b> (907) 269-0724 <b>Fax:</b> (907) 269-0489 <b>E-mail:</b> <a href="mailto:steve.hatter@alaska.gov">steve.hatter@alaska.gov</a></p>

**International Airports  
RDU Financial Summary by Component**

*All dollars shown in thousands*

	FY2013 Actuals				FY2014 Management Plan				FY2015 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>												
International	0.0	745.9	0.0	745.9	0.0	1,326.3	0.0	1,326.3	0.0	2,162.8	0.0	2,162.8
Airport Systems												
AIA Administration	0.0	7,686.6	0.0	7,686.6	0.0	8,102.8	0.0	8,102.8	0.0	7,996.9	0.0	7,996.9
AIA Facilities	0.0	20,380.7	0.0	20,380.7	0.0	21,898.3	0.0	21,898.3	0.0	21,963.8	0.0	21,963.8
AIA Field & Equipment Maint	0.0	14,716.8	0.0	14,716.8	0.0	17,703.3	0.0	17,703.3	0.0	17,739.6	0.0	17,739.6
AIA Operations	0.0	4,691.3	0.0	4,691.3	0.0	5,687.0	0.0	5,687.0	0.0	5,681.6	0.0	5,681.6
AIA Safety	0.0	9,075.5	554.4	9,629.9	0.0	9,706.3	2,268.7	11,975.0	0.0	9,688.4	1,267.7	10,956.1
FIA Administration	0.0	1,893.3	0.0	1,893.3	0.0	2,361.3	0.0	2,361.3	0.0	2,364.4	0.0	2,364.4
FIA Facilities	0.0	3,947.1	0.0	3,947.1	0.0	4,209.5	0.0	4,209.5	0.0	4,220.5	0.0	4,220.5
FIA Field & Equipment Maint	0.0	3,760.3	0.0	3,760.3	0.0	4,161.6	0.0	4,161.6	0.0	4,179.0	0.0	4,179.0
FIA Operations	0.0	783.2	0.0	783.2	0.0	968.9	0.0	968.9	0.0	968.9	0.0	968.9
FIA Safety	0.0	4,007.0	160.7	4,167.7	0.0	4,040.1	324.2	4,364.3	0.0	4,030.4	323.6	4,354.0
<b>Totals</b>	<b>0.0</b>	<b>71,687.7</b>	<b>715.1</b>	<b>72,402.8</b>	<b>0.0</b>	<b>80,165.4</b>	<b>2,592.9</b>	<b>82,758.3</b>	<b>0.0</b>	<b>80,996.3</b>	<b>1,591.3</b>	<b>82,587.6</b>

**International Airports**  
**Summary of RDU Budget Changes by Component**  
**From FY2014 Management Plan to FY2015 Governor**

*All dollars shown in thousands*

	<u>Unrestricted</u> <u>Gen (UGF)</u>	<u>Designated</u> <u>Gen (DGF)</u>	<u>Other Funds</u>	<u>Federal</u> <u>Funds</u>	<u>Total Funds</u>
<b>FY2014 Management Plan</b>	<b>0.0</b>	<b>0.0</b>	<b>80,165.4</b>	<b>2,592.9</b>	<b>82,758.3</b>
<b>Adjustments which will continue current level of service:</b>					
-International Airport Systems	0.0	0.0	836.5	0.0	836.5
-AIA Administration	0.0	0.0	-1.4	0.0	-1.4
-AIA Facilities	0.0	0.0	65.5	0.0	65.5
-AIA Field & Equipment Maint	0.0	0.0	53.6	0.0	53.6
-AIA Operations	0.0	0.0	-5.4	0.0	-5.4
-AIA Safety	0.0	0.0	-17.9	-1,001.0	-1,018.9
-FIA Administration	0.0	0.0	3.1	0.0	3.1
-FIA Facilities	0.0	0.0	11.0	0.0	11.0
-FIA Field & Equipment Maint	0.0	0.0	17.4	0.0	17.4
-FIA Safety	0.0	0.0	-9.7	-0.6	-10.3
<b>Proposed budget decreases:</b>					
-AIA Administration	0.0	0.0	-104.5	0.0	-104.5
-AIA Field & Equipment Maint	0.0	0.0	-17.3	0.0	-17.3
<b>FY2015 Governor</b>	<b>0.0</b>	<b>0.0</b>	<b>80,996.3</b>	<b>1,591.3</b>	<b>82,587.6</b>