

**State of Alaska**  
**FY2017 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**

- 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 stakeholders.
- Ensure effective and appropriate accounting and financial internal controls, policies and procedures are in place.
- 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.
- Assist in the ongoing implementation of the AIAS Passenger Terminal Lease and Operating Agreement.
- 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.

**Major Component Accomplishments in 2015**

- Continued implementation of ten-year contract with AirIT for replacement of existing legacy mainframe-based revenue accounting and lease management system. The new system will provide a platform supporting improved revenue billing and management and significantly improved lease management functionality, supporting both terminal and land rental activities along with concession management with anticipated overall reduction in total cost.
- Continued development of Customer Self Service Portal based on 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 efficiencies and enhanced internal controls over revenue collection activities through electronic reporting methods and use of independent audit sources.
- Began planning and implementation of new banking cash receipts process designed to integrate with Customer Self Service Portal to provide better customer service and reduce costs.
- Continued work with Department of Revenue providing guidance to Goldman-Sachs for development of a debt management plan intended to reduce annual AIAS debt service in order to help hold rates and fees lower while balancing capacity requirements over the next twenty-years.
- Transferred \$4.05 million to bond redemption fund for FY2016 as part of optional redemption plan designed to reduce the percentage of the debt by approximately \$95.8 million of long-term debt in conjunction with above referenced debt management plan.

**Key Component Challenges**

- Maintaining customer confidence in AIAS through stability of rates and use terms continues to be challenging in an environment where AIAS has experienced volatility in trans-Pacific air cargo activity levels.
- Projecting activity levels to develop accurate revenue budgets and managing expenses well helps produce stable and reliable rate and fee levels which in turn helps provide airline customers, especially international cargo carriers, with confidence needed to support current and planned operations.

## Significant Changes in Results to be Delivered in FY2017

Results Based Budgeting will be used to develop performance measures that quantify outcomes (not activities) as well as determine priorities.

### Statutory and Regulatory Authority

FAR Part 108, 612  
AS 18 Health and Safety  
AS 37.15.430

Contact Information
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International Airport Systems Office Personal Services Information				
Authorized Positions			Personal Services Costs	
	<u>FY2016</u> <u>Management</u> <u>Plan</u>	<u>FY2017</u> <u>Governor</u>		
			Annual Salaries	597,448
Full-time	9	9	Premium Pay	0
Part-time	0	0	Annual Benefits	369,968
Nonpermanent	0	0	<i>Less 2.98% Vacancy Factor</i>	(28,816)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>9</b>	<b>9</b>	<b>Total Personal Services</b>	<b>938,600</b>

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
Accounting Tech I	2	0	0	0	2
Accounting Tech II	1	1	0	0	2
Accounting Tech III	1	0	0	0	1
Intl Airpts Controller	1	0	0	0	1
Trans Planner I	1	0	0	0	1
<b>Totals</b>	<b>8</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>9</b>

**Component Detail All Funds**  
**Department of Transportation/Public Facilities**

**Component:** International Airport Systems Office (1649)  
**RDU:** International Airports (189)

Non-Formula Component

	FY2015 Actuals	FY2016 Conference Committee	FY2016 Authorized	FY2016 Management Plan	FY2017 Governor	FY2016 Management Plan vs FY2017 Governor	
71000 Personal Services	898.3	931.6	931.6	931.6	938.6	7.0	0.8%
72000 Travel	11.0	15.9	15.9	15.9	15.9	0.0	0.0%
73000 Services	1,097.6	1,266.1	1,266.1	1,266.1	1,259.1	-7.0	-0.6%
74000 Commodities	10.5	6.6	6.6	6.6	6.6	0.0	0.0%
75000 Capital Outlay	0.0	0.0	0.0	0.0	0.0	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%
<b>Totals</b>	<b>2,017.4</b>	<b>2,220.2</b>	<b>2,220.2</b>	<b>2,220.2</b>	<b>2,220.2</b>	<b>0.0</b>	<b>0.0%</b>
<b>Fund Sources:</b>							
1027Int Airprt (Other)	2,017.4	2,220.2	2,220.2	2,220.2	2,220.2	0.0	0.0%
<b>Unrestricted General (UGF)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Designated General (DGF)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Other Funds</b>	<b>2,017.4</b>	<b>2,220.2</b>	<b>2,220.2</b>	<b>2,220.2</b>	<b>2,220.2</b>	<b>0.0</b>	<b>0.0%</b>
<b>Federal Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Positions:</b>							
Permanent Full Time	9	9	9	9	9	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:** International Airports (189)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2016 Conference Committee To FY2016 Authorized *****												
<b>FY2016 Conference Committee</b>												
ConfCom		2,220.2	931.6	15.9	1,266.1	6.6	0.0	0.0	0.0	9	0	0
1027 Int Airprt		2,220.2										
	<b>Subtotal</b>	<b>2,220.2</b>	<b>931.6</b>	<b>15.9</b>	<b>1,266.1</b>	<b>6.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>9</b>	<b>0</b>	<b>0</b>
***** Changes From FY2016 Management Plan To FY2017 Governor *****												
<b>Align Authority to Comply with Vacancy Factor Guidelines</b>												
LIT		0.0	7.0	0.0	-7.0	0.0	0.0	0.0	0.0	0	0	0
Transfer authority from the services line to the personal services line to bring personal services within vacancy factor guidelines.												
Authority is available from the services line due to conservative spending related to contractual services and reductions to service contracts.												
	<b>Totals</b>	<b>2,220.2</b>	<b>938.6</b>	<b>15.9</b>	<b>1,259.1</b>	<b>6.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>9</b>	<b>0</b>	<b>0</b>

**Personal Services Expenditure Detail**  
**Department of Transportation/Public Facilities**

**Scenario:** FY2017 Governor (12995)  
**Component:** International Airport Systems Office (1649)  
**RDU:** International Airports (189)

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	UGF Amount
25-0280	Accounting Tech III	FT	A	SS	Anchorage Intl Airport	200	16M	12.0		70,428	0	0	42,241	112,669	0
25-0862	Accounting Tech I	FT	A	GP	Anchorage Intl Airport	200	12B / C	12.0		39,673	0	0	31,406	71,079	0
25-2556	Intl Airpts Controller	FT	A	XE	Anchorage Intl Airport	N00	24L	12.0		118,324	0	0	59,713	178,037	0
25-2956	Accounting Tech II	FT	A	GP	Anchorage Intl Airport	200	14C / D	12.0		46,464	0	0	33,903	80,367	0
25-2975	Accountant II	FT	A	GP	Anchorage Intl Airport	200	16J	12.0		63,960	0	0	40,338	104,298	0
25-2986	Accounting Tech I	FT	A	GP	Anchorage Intl Airport	200	12B / C	12.0		39,618	0	0	31,385	71,003	0
25-3075	Accounting Tech II	FT	A	GP	Fairbanks	203	14E / F	12.0		53,024	0	0	36,316	89,340	0
25-3458	Accountant IV	FT	A	GP	Anchorage Intl Airport	200	20K / L	12.0		86,793	0	0	48,736	135,529	0
25-3737	Trans Planner I	FT	A	GP	Anchorage Intl Airport	200	21D / E	12.0		79,164	0	0	45,930	125,094	0

	Total Positions	New	Deleted	Total Salary Costs:	597,448
Full Time Positions:	9	0	0	Total COLA:	0
Part Time Positions:	0	0	0	Total Premium Pay::	0
Non Permanent Positions:	0	0	0	Total Benefits:	369,968
Positions in Component:	9	0	0	Total Pre-Vacancy:	967,416
				Minus Vacancy Adjustment of 2.98%:	(28,816)
				Total Post-Vacancy:	938,600
				Plus Lump Sum Premium Pay:	0
				Personal Services Line 100:	938,600

PCN Funding Sources:	Pre-Vacancy	Post-Vacancy	Percent
1027 International Airport Revenue Fund	967,416	938,600	100.00%
<b>Total PCN Funding:</b>	<b>967,416</b>	<b>938,600</b>	<b>100.00%</b>

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:** International Airports (189)

Line Number	Line Name		FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
72000	Travel		11.0	15.9	15.9
Expenditure Account	Servicing Agency	Explanation	FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
<b>72000 Travel Detail Totals</b>			<b>11.0</b>	<b>15.9</b>	<b>15.9</b>
72100	Instate Travel	Instate employee travel (per diem, airfare, mileage, and parking).	1.7	8.4	8.4
72400	Out Of State Travel	Out of state employee travel for airline meetings (per diem, airfare, mileage, parking).	9.3	7.5	7.5

**Line Item Detail**  
**Department of Transportation/Public Facilities**  
**Services**

**Component:** International Airport Systems Office (1649)  
**RDU:** International Airports (189)

Line Number	Line Name		FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
73000	Services		1,097.6	1,266.1	1,259.1
Expenditure Account	Servicing Agency	Explanation	FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
<b>73000 Services Detail Totals</b>			<b>1,097.6</b>	<b>1,266.1</b>	<b>1,259.1</b>
73025	Education Services	Conference registration, memberships and employee tuition (excluding information technology).	53.2	60.0	60.0
73050	Financial Services	Contract for financial audit for international airports.	54.0	50.6	50.6
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. Common Use Passenger Processing System (CUPPS) maintenance costs, Revenue accounting system replacement project (Airlt Propworks) and Airport operations database (Airlt AODB).	459.4	443.4	443.4
73225	Delivery Services	Freight, courier and postage.	0.2	0.3	0.3
73450	Advertising & Promos	Advertising (rates and fees public notices)	2.4	1.0	1.0
73525	Utilities	Confidential document shredding	0.5	0.0	0.0
73668	Room/Space	Room/space rental	0.6	0.0	0.0
73675	Equipment/Machinery	Equipment/machinery repair/maintenance.	0.2	0.3	0.3
73750	Other Services (Non IA Svcs)	Alaska International Airport System business and economic development projects, Airport Technical Representative (ATR) contract and other services including PASSUR contract (radar based aircraft activities recording system).	267.5	451.6	444.6
73805	IT-Non-Telecommunication	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.	7.3	3.4	3.4
		FY2016 transfer of \$3.7 to Statewide Admin Services for consolidation of EPR lump sum funding.			

**Line Item Detail**  
**Department of Transportation/Public Facilities**  
**Services**

**Component:** International Airport Systems Office (1649)

**RDU:** International Airports (189)

Expenditure Account	Servicing Agency	Explanation	FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
<b>73000 Services Detail Totals</b>			<b>1,097.6</b>	<b>1,266.1</b>	<b>1,259.1</b>
73806	IT-Telecommunication	Enterprise Technology Services 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.	1.6	1.7	1.7
73809	Mail	Central Mail Chargeback fees for central mail services such as mailing vendor payments from the state accounting system (AKSAS) and payroll warrants from the state payroll system (AKPAY).	0.1	0.1	0.1
73810	Human Resources	Personnel Chargeback fees for human resource services such as labor relations, position classifications and payroll processing.	0.0	0.5	0.5
73812	Legal	Transportation Section Legal services provided by the Department of Law. FY2015 increased by \$250.0 for legal services. This item funds legal services across both international airports providing efficiencies and better information flow to decision makers.	250.0	250.0	250.0
73815	Financial	Finance Chargeback fees for the state accounting system (AKSAS) and the state payroll system (AKPAY).	0.4	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	0.2	0.2
73818	Training (Services-IA Svcs)	Finance Department of Administration, Division of Finance training classes.	0.0	2.0	2.0
73819	Commission Sales (IA Svcs)	State Travel Office Processing fees charged by the State Travel Office.	0.1	0.5	0.5

**Line Item Detail**  
**Department of Transportation/Public Facilities**  
**Commodities**

**Component:** International Airport Systems Office (1649)  
**RDU:** International Airports (189)

Line Number	Line Name		FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
74000	Commodities		10.5	6.6	6.6
Expenditure Account	Servicing Agency	Explanation	FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
<b>74000 Commodities Detail Totals</b>			<b>10.5</b>	<b>6.6</b>	<b>6.6</b>
74200	Business	Books, office supplies, subscriptions.	6.1	6.6	6.6
74480	Household & Instit.	Food and non-food supplies for meetings hosted by the International Airport Systems Office.	4.4	0.0	0.0

**Interagency Services**  
**Department of Transportation/Public Facilities**

**Component:** International Airport Systems Office (1649)  
**RDU:** International Airports (189)

Expenditure Account	Service Description	Service Type	Servicing Agency	FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
73805	IT-Non-Telecommunication 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.  FY2016 transfer of \$3.7 to Statewide Admin Services for consolidation of EPR lump sum funding.	Inter-dept	Enterprise Technology Services	7.3	3.4	3.4
<b>73805 IT-Non-Telecommunication subtotal:</b>				<b>7.3</b>	<b>3.4</b>	<b>3.4</b>
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	1.6	1.7	1.7
<b>73806 IT-Telecommunication subtotal:</b>				<b>1.6</b>	<b>1.7</b>	<b>1.7</b>
73809	Mail Chargeback fees for central mail services such as mailing vendor payments from the state accounting system (AKSAS) and payroll warrants from the state payroll system (AKPAY).	Inter-dept	Central Mail	0.1	0.1	0.1
<b>73809 Mail subtotal:</b>				<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
73810	Human Resources Chargeback fees for human resource services such as labor relations, position classifications and payroll processing.	Inter-dept	Personnel	0.0	0.5	0.5
<b>73810 Human Resources subtotal:</b>				<b>0.0</b>	<b>0.5</b>	<b>0.5</b>
73812	Legal Legal services provided by the Department of Law. FY2015 increased by \$250.0 for legal services. This item funds legal services across both international airports providing efficiencies and better information flow to decision makers.	Inter-dept	Transportation Section	250.0	250.0	250.0
<b>73812 Legal subtotal:</b>				<b>250.0</b>	<b>250.0</b>	<b>250.0</b>
73815	Financial Chargeback fees for the state accounting system (AKSAS) and the state payroll system (AKPAY).	Inter-dept	Finance	0.4	0.5	0.5
<b>73815 Financial subtotal:</b>				<b>0.4</b>	<b>0.5</b>	<b>0.5</b>
73816	ADA Compliance Chargeback fees for the statewide coordinator of the Americans with Disabilities Act (ADA).	Inter-dept	Americans With Disabilities	0.1	0.2	0.2
<b>73816 ADA Compliance subtotal:</b>				<b>0.1</b>	<b>0.2</b>	<b>0.2</b>
73818	Training (Services-IA Svcs) Department of Administration, Division of Finance training classes.	Inter-dept	Finance	0.0	2.0	2.0
<b>73818 Training (Services-IA Svcs) subtotal:</b>				<b>0.0</b>	<b>2.0</b>	<b>2.0</b>
73819	Commission Sales (IA Svcs) Processing fees charged by the State Travel Office.	Inter-dept	State Travel Office	0.1	0.5	0.5

**Interagency Services**  
**Department of Transportation/Public Facilities**

**Component:** International Airport Systems Office (1649)  
**RDU:** International Airports (189)

Expenditure Account	Service Description	Service Type	Servicing Agency	FY2015 Actuals	FY2016 Management Plan	FY2017 Governor
				73819 Commission Sales (IA Svcs) subtotal:	0.1	0.5
				International Airport Systems Office total:	259.6	258.9
				Grand Total:	259.6	258.9