

# **State of Alaska FY2010 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 and 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.

### FY2010 Resources Allocated to Achieve Results

**FY2010 Component Budget: \$887,100**

**Personnel:**

Full time	7
Part time	0
<b>Total</b>	<b>7</b>

### 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 undertaken two large terminal projects and 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 FY2010

Some restructuring to enhance AIAS function in support of individual airports is anticipated and will likely consist of the addition of three positions, System Director, System Planner, and Administrative Assistant. These positions previously resided in the International Airports RDU.

### Major Component Accomplishments in 2008

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.

Entered into contract with Megadata Passur for enhanced flight tracking system data used in revenue auditing and in support of operational activities.

Continued negotiations with AIAS signatory airlines for a new operating use and lease agreement, with an anticipated conclusion of negotiations and implementation sometime in early FY09.

Continued Anchorage International and Fairbanks International Airports' passenger facility charge programs. These programs have proven to be highly successful in providing each airport with additional capital to fund passenger-related projects.

### Statutory and Regulatory Authority

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

#### Contact Information

**Contact:** Keith Day, Controller  
**Phone:** (907) 266-2404  
**Fax:** (907) 266-2100  
**E-mail:** Keith.Day@alaska.gov

**International Airport Systems Office  
Component Financial Summary**

*All dollars shown in thousands*

	<b>FY2008 Actuals</b>	<b>FY2009 Management Plan</b>	<b>FY2010 Governor</b>
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	279.6	349.8	688.4
72000 Travel	6.3	23.0	45.0
73000 Services	502.3	655.0	138.8
74000 Commodities	2.8	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
<b>Expenditure Totals</b>	<b>791.0</b>	<b>1,042.7</b>	<b>887.1</b>
<b>Funding Sources:</b>			
1027 International Airport Revenue Fund	791.0	1,042.7	887.1
<b>Funding Totals</b>	<b>791.0</b>	<b>1,042.7</b>	<b>887.1</b>

**Summary of Component Budget Changes  
From FY2009 Management Plan to FY2010 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2009 Management Plan</b>	<b>0.0</b>	<b>0.0</b>	<b>1,042.7</b>	<b>1,042.7</b>
<b>Adjustments which will continue current level of service:</b>				
-Transfer PCN 25-2554 and Funding from Anchorage Airport Administration	0.0	0.0	177.4	177.4
-Transfer PCN 25-3546 and Funding from Anchorage Airport Administration - Engineering Section	0.0	0.0	103.4	103.4
-Transfer PCN 25-2611 and Funding from Anchorage Airport Field and Equipment Maintenance	0.0	0.0	49.2	49.2
-FY2010 Wage and Health Insurance Increases for Bargaining Units with Existing Agreements	0.0	0.0	9.6	9.6
<b>Proposed budget decreases:</b>				
-Reduce Operating Budget in Response to Airline Carrier Economic Operating Environment	0.0	0.0	-16.2	-16.2
-Cancellation of Airline Technical Representative Services Contract	0.0	0.0	-479.0	-479.0
<b>FY2010 Governor</b>	<b>0.0</b>	<b>0.0</b>	<b>887.1</b>	<b>887.1</b>

**International Airport Systems Office  
Personal Services Information**

<b>Authorized Positions</b>			<b>Personal Services Costs</b>	
	<b>FY2009 Management Plan</b>	<b>FY2010 Governor</b>		
Full-time	4	7	Annual Salaries	443,763
Part-time	0	0	COLA	18,190
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	241,400
			<i>Less 2.13% Vacancy Factor</i>	(14,953)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>4</b>	<b>7</b>	<b>Total Personal Services</b>	<b>688,400</b>

**Position Classification Summary**

<b>Job Class Title</b>	<b>Anchorage</b>	<b>Fairbanks</b>	<b>Juneau</b>	<b>Others</b>	<b>Total</b>
Accountant II	1	0	0	0	1
Accountant IV	1	0	0	0	1
Accounting Clerk	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
<b>Totals</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>