

State of Alaska FY2010 Governor's Operating Budget

Department of Transportation/Public Facilities Fairbanks International Airport Results Delivery Unit Budget Summary

Fairbanks International Airport Results Delivery Unit

Contribution to Department's Mission

Provide for the safe movement of people and goods at Fairbanks International Airport (FAI).

Core Services

- Administration including airport planning, marketing, operating and capital budget development, leasing, finance, engineering, environmental and Occupational Safety and Health Administration (OSHA) management, and information technology support.
- Building maintenance, housekeeping, and repair services including the airport terminal and other state-owned or managed buildings, exterior electrical systems for airfield lighting, aircraft and vehicle parking areas.
- Maintenance and repair of paved and unpaved airside and landside surfaces, signage, security fencing/gates, and airport-owned heavy equipment; snow removal and ice control, vegetation and dust control; hazardous materials handling and disposal.
- Airport operations duties including daily inspections and surface friction reports, Notices to Airmen (NOTAM), maintenance of the airport's Federal Aviation Administration (FAA) Certification Manual and Safety Manual, airfield safety training, and assistance to aircraft, tenants and construction project staff on the airfield.
- Aircraft rescue, fire fighting, law enforcement, 24-hour central dispatch radio communications, and required federal/state airport security response capability.

End Result	Strategies to Achieve End Result
<p>A: Ensure safe operations on the airport.</p> <p><u>Target #1:</u> Reduce occupational injury and illness incidence rate to less than the national rate for airports. <u>Status #1:</u> The Fairbanks International Airport (FAI) occupational injury and illness incidence rate decreased from 15.1 in 2006 to 1.1 in 2007, which is below the national rate of 9.9.</p> <p><u>Target #2:</u> Reduce employee lost time to zero. <u>Status #2:</u> Employee lost hours due to workplace injury decreased to 896 in 2007 from 3,032 in 2006, a reduction of 70%.</p> <p><u>Target #3:</u> Reduce public property damage and injuries to zero. <u>Status #3:</u> The number of settled property and injury claims against the Fairbanks International Airport decreased from one in FY2007 to zero in FY2008.</p>	<p>A1: Maximize the safety and security of the traveling public.</p> <p><u>Target #1:</u> Zero major discrepancies on annual Part 139 inspections. <u>Status #1:</u> Fairbanks International Airport had two notices of violation in 2008 (January-October), an increase of two from 2007.</p> <p><u>Target #2:</u> Zero environmental Notices of Violation or Non-Compliance Letters. <u>Status #2:</u> The Fairbanks International Airport (FAI) had zero notices of violation or letters of non-compliance for environmental issues in 2007.</p> <p><u>Target #3:</u> Maintain adequate runway conditions for safe operations. <u>Status #3:</u> There were no closures of the Fairbanks International Airport due to acts of nature from January through October of 2008.</p> <p><u>Target #4:</u> Reduce the number of airfield deviations and incursions per year. <u>Status #4:</u> The number of airfield deviations or incursions at Fairbanks International Airport (FAI) in 2007 was six compared to the 3-year average of 3.33.</p> <p><u>Target #5:</u> Zero Airport Police and Fire officer response</p>

	<p>times that do not meet or exceed Code of Federal Regulation guidelines.</p> <p><u>Status #5:</u> Airport Police and Fire officers performed 2,676 law enforcement responses in FY2008, all within federal guidelines.</p> <p><u>Target #6:</u> Ensure adequate emergency medical response on the airport.</p> <p><u>Status #6:</u> Provided 8,760 hours of Emergency Trauma Technician coverage during which 55 medical emergencies were responded to.</p> <p><u>Target #7:</u> Ensure fire response time meets or exceeds CFR Part 139 federal guidelines.</p> <p><u>Status #7:</u> Provided 17,520 hours of coverage in 2007, during which 70 emergency fire responses were made, all meeting federal guidelines.</p>
End Result	Strategies to Achieve End Result
<p>B: Decrease revenue gap.</p> <p><u>Target #1:</u> Decrease the gap between revenues and expenditures.</p> <p><u>Status #1:</u> The gap between expenditures and revenues increased by 8.1% between FY2007 and FY2008.</p>	<p>B1: Increase revenue.</p> <p><u>Target #1:</u> Increase concession and permit revenues by 5% per year.</p> <p><u>Status #1:</u> Concession and permit revenues increased by 4.7% between FY2007 and FY2008 at the Fairbanks International Airport.</p> <p><u>Target #2:</u> Increase land lease revenues by 2% per year.</p> <p><u>Status #2:</u> Land lease revenues increased by 1.2% at Fairbanks International Airport between FY2007 and FY2008.</p> <p><u>Target #3:</u> Increase private investment by 2% per year.</p> <p><u>Status #3:</u> The amount of private investment at Fairbanks International Airport in 2008 was more than 2.5 times the 5-year average and reflected an increase of 134% over 2007.</p> <p>B2: Maintain or decrease costs.</p> <p><u>Target #1:</u> Maintain or decrease operational cost per enplaned passenger per year.</p> <p><u>Status #1:</u> The operational costs per enplaned passenger increased from 9.52 in 2007 to 9.70 in 2008 at Fairbanks International Airport as compared to the change in the 3-year average of 1.93.</p>
End Result	Strategies to Achieve End Result
<p>C: Enhance customer satisfaction.</p> <p><u>Target #1:</u> Zero customer complaints associated with facility cleanliness, keeping, and stocking.</p> <p><u>Status #1:</u> There were no customer complaints logged onto the Fairbanks International Airport customer hotline</p>	<p>C1: Timely response to all maintenance requests.</p> <p><u>Target #1:</u> Respond to all public maintenance requests within three business days.</p> <p><u>Status #1:</u> The Fairbanks International Airport (FAI) staff responded to all public maintenance requests within</p>

associated with facility cleanliness or maintenance during FY2008.

three business days throughout FY2008, as they did in FY2007.

C2: Ensure business friendly leasing and permit process.

Target #1: 90% customer service satisfaction rating of potential/actual applicants seeking land leases, building permits, and supplements.

Status #1: The Fairbanks International Airport again maintained a 100% customer service satisfaction rating for assistance and processing of land leases, building permits and supplements during FY2008.

Major Activities to Advance Strategies

- Comply with FAA safety directives including snow/ice removal
- Maintain airfield lighting and signage in 100% working order
- Maintain clear and safe access around the terminal
- Aggressively promote FAI in national and international passenger and cargo carrier markets
- Collect all monthly rents and fees due to the airport and aggressively pursue any overdue payments
- Utilize state contract awards and "buy in bulk" whenever possible
- Automated work order system tracks timely response to customer requests and scheduled maintenance
- Review leasing customer satisfaction survey distributed to business partners

FY2010 Resources Allocated to Achieve Results

FY2010 Results Delivery Unit Budget: \$13,972,600

Personnel:

Full time	100
Part time	7
Total	107

Performance

A: Result - Ensure safe operations on the airport.

Target #1: Reduce occupational injury and illness incidence rate to less than the national rate for airports.

Status #1: The Fairbanks International Airport (FAI) occupational injury and illness incidence rate decreased from 15.1 in 2006 to 1.1 in 2007, which is below the national rate of 9.9.

FAI annual incidence rate

Year	YTD Total	Nat'l Rate
2007	1.1	9.9
2006	15.1	9.9
2005	6.4	9.4
2004	15.8	10.1
2003	7.93	11.8

Methodology: Measured by calendar year.

Analysis of results and challenges: Ensuring the safety of the airport's workforce helps keep it running year around - and protects the traveling public. To "stay safe", employee training is provided and a safety conscious

attitude is encouraged when getting the job done. The success of this measure is reviewed annually by comparing the FAI Incidence Rate (the number of injuries and illnesses per 100 full time equivalent workers) to the national incidence rate for airports of similar size, using a standard U.S. Department of Labor formula and the FAI injury log.

Target #2: Reduce employee lost time to zero.

Status #2: Employee lost hours due to workplace injury decreased to 896 in 2007 from 3,032 in 2006, a reduction of 70%.

Employee lost hours due to workplace injury

Year	YTD Total
2007	896 -70.45%
2006	3,032 +311.96%
2005	736 -68.17%
2004	2,312 +160.36%
2003	888

Methodology: Target is 0. Calendar year measure.

Analysis of results and challenges: Employee lost time, similar to an incidence rate, is another measurement of how safe the work environment is and how well the airport is doing to prevent injuries. FAI tracks employee lost time by utilizing the OSHA 300 logs (# days away from work x 8 hours). Efforts are made to keep this number at a minimum by providing employee training and stressing a safety conscious attitude when getting the job done. The effectiveness of the training is analyzed in part by comparing the current year to past years, focusing in on challenging areas, namely repeat incidences or incidences that result in many lost hours, i.e., a broken arm. In essence, no one tool is good enough to measure employee safety - so Fairbanks International Airport uses two.

Target #3: Reduce public property damage and injuries to zero.

Status #3: The number of settled property and injury claims against the Fairbanks International Airport decreased from one in FY2007 to zero in FY2008.

Annual Property Damage and Injury Claims

Fiscal Year	YTD Total
FY 2008	0
FY 2007	1
FY 2006	2
FY 2005	3
FY 2004	0
FY 2003	2

Methodology: Measured by fiscal year.

Analysis of results and challenges: One of the best ways to measure the level of maintenance and risk prevention at the airport is to track the number of settled property and injury claims against the Fairbanks International Airport. Claims are measured annually from data provided by Department of Administration, Risk Management.

A1: Strategy - Maximize the safety and security of the traveling public.

Target #1: Zero major discrepancies on annual Part 139 inspections.

Status #1: Fairbanks International Airport had two notices of violation in 2008 (January-October), an increase of two from 2007.

Number of Part 139 inspection discrepancies

Year	YTD Total
2008	2
2007	0
2006	4
2005	3
2004	2
2002	3

Methodology: Measured annually by calendar year.

Analysis of results and challenges: As a federally assisted airport, Fairbanks International Airport must comply with all Federal Aviation Administration (FAA) operational and airfield requirements. Compliance is awarded based on an annual certification inspection. Typically, there are numerous minor discrepancies discovered during certification inspections that do not affect the passing results. It is important to note that both violations were a result of an FAA policy change for long-standing reported items scheduled for replacement with runway reconstruction in 2009. That is, these items were not considered reportable in previous years and the FAA was well aware of them.

Target #2: Zero environmental Notices of Violation or Non-Compliance Letters.

Status #2: The Fairbanks International Airport (FAI) had zero notices of violation or letters of non-compliance for environmental issues in 2007.

Number of Notice of Violations/Non-compliance letters

Year	YTD Total
2007	0
2006	1
2005	0
2004	0
2003	0

Methodology: Measured by calendar year.

Analysis of results and challenges: Environmental stewardship is important - and like other business entities - FAI must comply with all environmental regulations related to activities, property and facilities managed by the airport. Preventative environmental programs are implemented in an effort to reduce or eliminate environmental violations. This measurement does not include actions issued to tenants or other airport users.

Target #3: Maintain adequate runway conditions for safe operations.

Status #3: There were no closures of the Fairbanks International Airport due to acts of nature from January through October of 2008.

Number of hours per year runway is closed that impact aviation operations

Year	YTD Total	3yr Average
2008	0	0
2007	0	0
2006	1	1
2005	0	1
2004	1	1
2003	2	2

Methodology: Reporting is on a calendar year basis.

Analysis of results and challenges: Fairbanks International Airport uses flex staffing and preventative maintenance in challenging weather conditions to ensure the airways and air surfaces remain open for business. Success in airfield maintenance is measured by the amount of time the airfield is closed as recorded on Notice to Airmen issued by permitted agencies. The times "counted" for the measurement are those times in which airfield closures impact scheduled operations. Closures that occur when the runway is not in use normally last for 10 minutes or less.

Target #4: Reduce the number of airfield deviations and incursions per year.

Status #4: The number of airfield deviations or incursions at Fairbanks International Airport (FAI) in 2007 was six compared to the 3-year average of 3.33.

Number of deviations and incursions

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Total	3yr Average
2008	1	2	1	0	4	
2007	0	1	5	0	6	3.33
2006	0	0	3	0	3	2.75
2005	0	1	0	0	1	2.6
2004	0	1	1	1	3	3.5
2003	0	0	2	2	4	4

Methodology: Measured by calendar year.

Analysis of results and challenges: Deviations and incursions are terms used to describe a pedestrian or vehicle entering radio-controlled surfaces at an airport without permission; i.e., not receiving clearance from the air traffic control tower to cross a taxiway or runway. Unlike airports that have multiple main runways that offer choices to landing or departing aircraft, FAI's challenge is to perform runway maintenance and still have it available for aviation operations. To accomplish this, FAI is vigilant about training all badged personnel in proper radio procedures to ensure deviations and incursions are avoided; further, if they do occur, to retrain or remove non-compliant users from the airfield. Fairbanks has been very proactive in working with users, tenants and the Federal Aviation Administration to identify and remedy situations which can lead to vehicle and pedestrian deviations. To that end, FAI established a local Runway Safety Task Force and initiated an airfield-wide controlled access improvements capital project.

This is measured by the number of deviations and incursions recorded by permitting agencies and reported to FAI.

Target #5: Zero Airport Police and Fire officer response times that do not meet or exceed Code of Federal Regulation guidelines.

Status #5: Airport Police and Fire officers performed 2,676 law enforcement responses in FY2008, all within federal guidelines.

Number of occurrences where the response was not within federal guidelines

Year	YTD Total
2007	0
2006	0
2005	0
2005	0
2004	0
2003	0

Methodology: Measured by calendar year.

Analysis of results and challenges: In compliance with federal law and in an effort to provide a safe facility, Fairbanks International Airport (FAI) must ensure that an accredited police officer is able to respond to the passenger screening point within 10 minutes. To accomplish this, FAI has at least one accredited police officer on the premises at all times. Airport police officers respond to hundreds of requests per year and by doing so, ensure a safe traveling environment.

Target #6: Ensure adequate emergency medical response on the airport.

Status #6: Provided 8,760 hours of Emergency Trauma Technician coverage during which 55 medical emergencies were responded to.

Number of non-compliance occurrences

Year	YTD Total
2007	0
2006	0
2005	0
2004	0
2003	0

Methodology: Reporting is on a calendar year basis.

Analysis of results and challenges: Federal regulations require at least one full-time Emergency Trauma Technician (ETT) be available during all operational times. To increase staff efficiency and ensure safe operations, Fairbanks International Airport (FAI) dual trains their police and fire officers to also provide first responder medical services until an ambulance can arrive. Last year FAI responded to over 70 medical requests on the premises. This is measured by recording the number of occurrences in which a fully trained ETT is not available to respond to emergency calls for assistance on the airport.

Target #7: Ensure fire response time meets or exceeds CFR Part 139 federal guidelines.

Status #7: Provided 17,520 hours of coverage in 2007, during which 70 emergency fire responses were made, all meeting federal guidelines.

Number of non-compliance occurrences

Year	YTD Total
2007	0
2006	0
2005	0
2004	0
2003	0

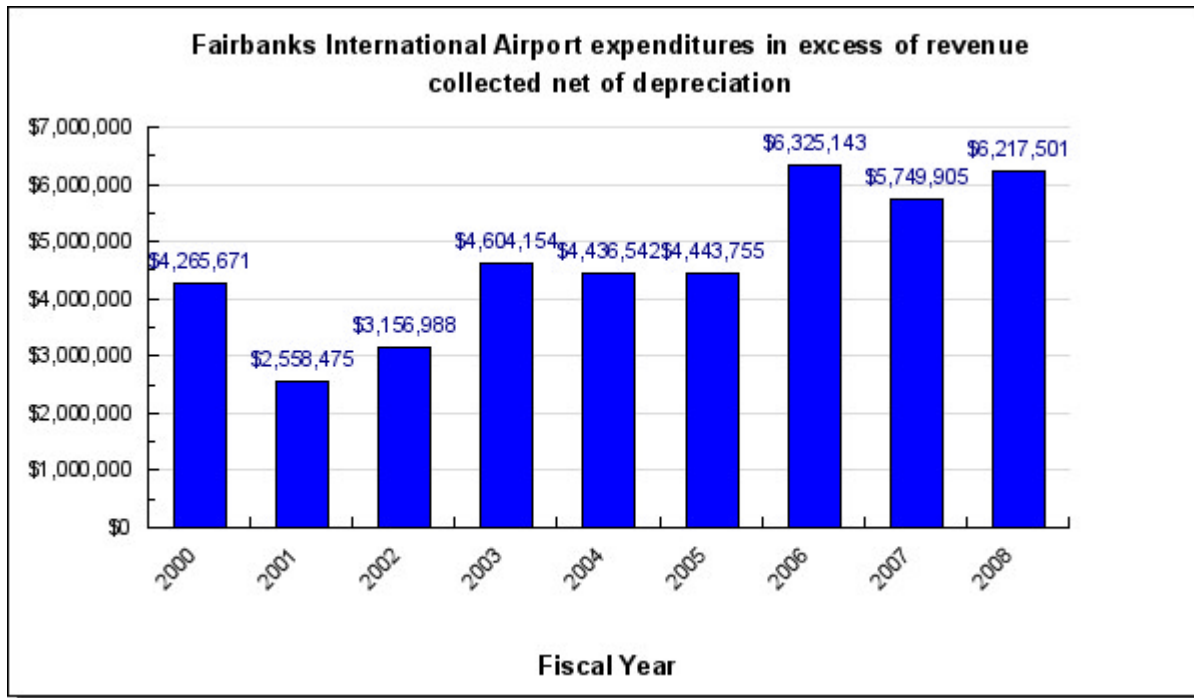
Methodology: Measured by calendar year.

Analysis of results and challenges: Federal regulations require a training response time of three minutes or less to the centerline of the runway for ARFF (aircraft rescue fire fighting). Fairbanks International Airport (FAI) accomplishes this by ensuring all fire trucks are in excellent working condition and by dual training the police and fire officers so in the event of an emergency, all officers can respond. This is measured by recording the number of occurrences in which fire response time, training or otherwise, does not meet federal regulations. Coverage was maintained despite severe staffing shortfalls through the dedication of available FAI staff and the cooperation of Anchorage International Airport staff that rotated to temporary duty in Fairbanks during exceptionally busy weeks last summer.

B: Result - Decrease revenue gap.

Target #1: Decrease the gap between revenues and expenditures.

Status #1: The gap between expenditures and revenues increased by 8.1% between FY2007 and FY2008.



Methodology: Measured each fiscal year from Alaska International Airport System audited financial statements (FAI expenditures plus expenditures for the Alaska International Airport System office in Anchorage as adjusted, less revenue collected, net of depreciation).

Fairbanks International Airport expenditures in excess of revenue collected net of depreciation

Fiscal Year	YTD Total	% Change
FY 2008	\$6,217,501	+8.10%
FY 2007	\$5,749,905	-9.10%
FY 2006	\$6,325,143	+14%
FY 2005	\$4,443,755	0%
FY 2004	\$4,436,542	-4%
FY 2003	\$4,604,154	+46%
FY 2002	\$3,156,988	+23%
FY 2001	\$2,558,475	-40%
FY 2000	\$4,265,671	

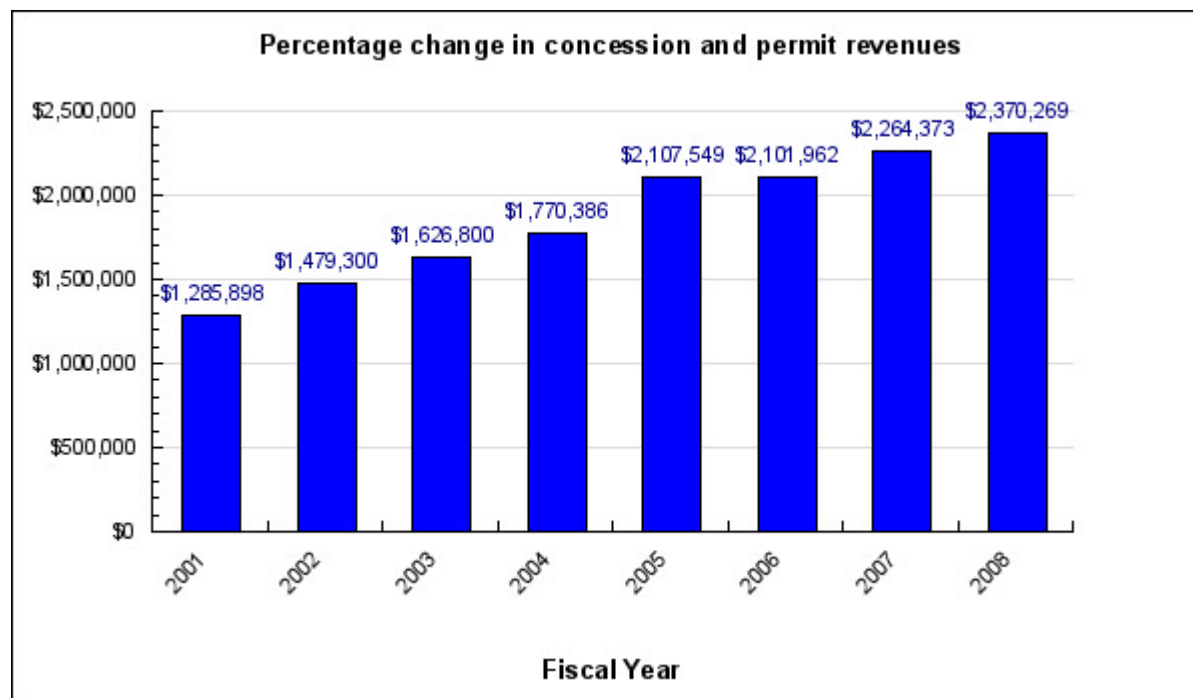
Analysis of results and challenges: Fairbanks International Airport (FAI) has embarked on an aggressive program to reduce the airport's gap between revenues and expenditures without sacrificing the most important result: safe operations. The approach is simple: increase revenue and maintain or decrease costs. The Alaska International Airport System (AIAS) is a self-sustaining entity. The Fairbanks International Airport serves as the primary alternate for Anchorage International Airport and incurs operational costs in excess of revenues to sustain alternate viability.

Revenue earned increased \$769.3 from FY2007 to FY2008, while FAI/AIAS expenditures increased \$1,263.9. Expenditures increased primarily due to increased personal services costs for new employee contracts and increased fuel costs.

B1: Strategy - Increase revenue.

Target #1: Increase concession and permit revenues by 5% per year.

Status #1: Concession and permit revenues increased by 4.7% between FY2007 and FY2008 at the Fairbanks International Airport.



Methodology: Measured by fiscal year from FAI concession and vehicle parking income as reflected in the Alaska International Airport Systems audited financial statements.

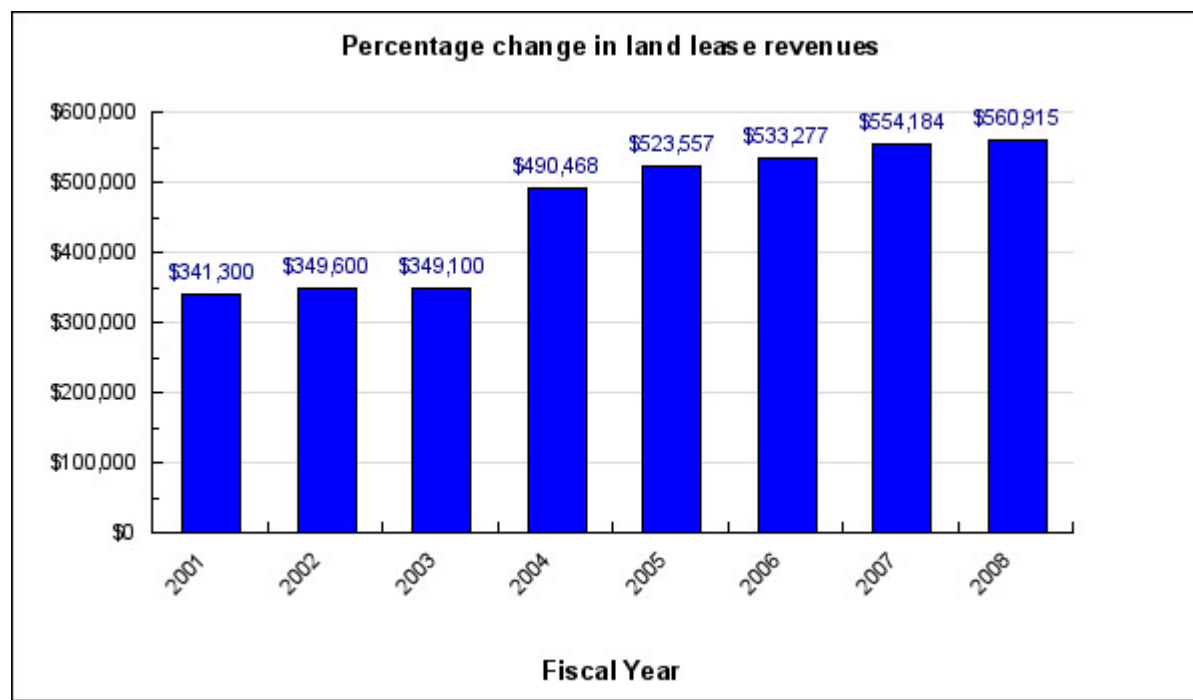
Percentage change in concession and permit revenues

Fiscal Year	YTD Total	% increase
FY 2008	\$2,370,269	4.7%
FY 2007	\$2,264,373	7.7%
FY 2006	\$2,101,962	-0.3%
FY 2005	\$2,107,549	19%
FY 2004	\$1,770,386	8.8%
FY 2003	\$1,626,800	10%
FY 2002	\$1,479,300	15%
FY 2001	\$1,285,898	

Analysis of results and challenges: Fairbanks International Airport is reviewing all concession contracts to ensure they are current and based on competitive terms comparable to airports of similar size. Infrastructure improvements are being investigated to determine if they could lead to a better business environment - and more concession sales.

Target #2: Increase land lease revenues by 2% per year.

Status #2: Land lease revenues increased by 1.2% at Fairbanks International Airport between FY2007 and FY2008.



Methodology: Revenues include land rent as shown in fiscal year-end Alaska International Airport System audited financial statements.

Percentage change in land lease revenues

Fiscal Year	YTD Total	% change
FY 2008	\$560,915	+1.2%
FY 2007	\$554,184	+3.9%
FY 2006	\$533,277	+2%
FY 2005	\$523,557	+7%
FY 2004	\$490,468	+40%
FY 2003	\$349,100	-0%
FY 2002	\$349,600	+2%
FY 2001	\$341,300	

Analysis of results and challenges: Fairbanks International Airport continues to aggressively market vacant land and provide top-notch customer service. Rental rates at both international airports were increased in FY2004 to better reflect competitive land values.

Target #3: Increase private investment by 2% per year.

Status #3: The amount of private investment at Fairbanks International Airport in 2008 was more than 2.5 times the 5-year average and reflected an increase of 134% over 2007.

Amount invested per year compared to a 5-year adjusted rolling average (ARA)

Year	YTD Total	5 year ARA	Variance
2008	\$3,388,790	\$1,317,485	+157.22%
2007	\$1,448,556	\$774,855	+86.94%
2006	\$523,650	\$620,514	+15.61%
2005	\$549,580	\$596,512	-7.87%
2004	\$676,850	\$513,576	+31.80%
2003	\$675,640		0 0%
2002	\$541,579		0 0%
2001	\$538,910		0 0%
2000	\$134,900		0

Methodology: Target is 2% increase from 5 year ARA.

Measured by fiscal year from the dollar amount of permanent leasehold improvements as requested on airport building permits.

Analysis of results and challenges: The majority of this exceptional increase in activity reflects investment in infrastructure in the new terminal building. New contracts required significant dollar commitment to installing attractive, state-of-the-art facilities for air carriers, food and beverage, rental car and retail concessionaires.

B2: Strategy - Maintain or decrease costs.

Target #1: Maintain or decrease operational cost per enplaned passenger per year.

Status #1: The operational costs per enplaned passenger increased from 9.52 in 2007 to 9.70 in 2008 at Fairbanks International Airport as compared to the change in the 3-year average of 1.93.

Cost per enplaned passenger

Fiscal Year	YTD Total	Chg 3 year average
FY 2008	9.70	1.93%
FY 2007	9.52	6.97%
FY 2006	8.90	6.46%
FY 2005	8.36	8.43%
FY 2004	7.71	0.39%
FY 2003	7.68	3.86%

Analysis of results and challenges: This number is generated by the Alaska International Airport System (AIAS) Controller's Office and represents the average cost per enplanement (CPE) for all airlines serving the Ted Stevens Anchorage and Fairbanks International Airports. The airports and airlines use the CPE benchmark to evaluate annual operating costs by passenger, a widely-used measurement in the aviation sector. The AIAS methodology is based on that used by its bond issue feasibility consultants. AIAS passenger airline operating revenues are divided by total enplanements for the period to arrive at CPE.

Fairbanks International Airport uses this benchmark to determine success and identify when costs need to be kept down. Prior period values have been restated to properly correlate with the measure.

C: Result - Enhance customer satisfaction.

Target #1: Zero customer complaints associated with facility cleanliness, keeping, and stocking.

Status #1: There were no customer complaints logged onto the Fairbanks International Airport customer hotline associated with facility cleanliness or maintenance during FY2008.

Customer complaints

Fiscal Year	YTD Total
FY 2008	0
FY 2007	0
FY 2006	0
FY 2005	0
FY 2004	0
FY 2003	0

Analysis of results and challenges: Fairbanks International Airport (FAI) has placed customer placards and notices in every restroom advising passengers to call a hotline should they have concern over the cleanliness, housekeeping, and stocking of the facility. The calls are logged to monitor the nature of the call and response time. FAI's policy is "extreme clean" - an attitude that employees take to work every day. In May 2008, FAI opened the new passenger terminal A in addition to maintaining operations in the oldest portion of the existing terminal B. There have been many comments from the public to the local newspaper and FAI, both positive and negative, relating to layout, baggage handling, concessionaire services, and so on. However, there have been no complaints regarding housekeeping issues for either building.

C1: Strategy - Timely response to all maintenance requests.

Target #1: Respond to all public maintenance requests within three business days.

Status #1: The Fairbanks International Airport (FAI) staff responded to all public maintenance requests within three business days throughout FY2008, as they did in FY2007.

Average time in days taken to respond to maintenance requests

Fiscal Year	YTD Total
FY 2008	0
FY 2007	0
FY 2006	0
FY 2005	0
FY 2004	0

Analysis of results and challenges: Measured quarterly and based on initial response time, i.e., call back to customer inquiries and requests. There is always an immediate response from staff. Fairbanks International Airport (FAI) categorizes maintenance requests in order of priority starting with public safety, operational impact not safety related, and long-term predictable maintenance. The category of request will dictate the response time, ranging from immediate to long-term. However, each request will be logged and responded to at least verbally within three business days. Building Maintenance has also been impacted by opening the new terminal. The project is not complete and will not be turned over to FAI until sometime in 2009. Building staff have performed work on new systems such as baggage handlers, even though these are still under warranty, because the manufacturer and support staff are located out of state.

C2: Strategy - Ensure business friendly leasing and permit process.

Target #1: 90% customer service satisfaction rating of potential/actual applicants seeking land leases, building permits, and supplements.

Status #1: The Fairbanks International Airport again maintained a 100% customer service satisfaction rating for assistance and processing of land leases, building permits and supplements during FY2008.

Percentage of satisfied applicants

Fiscal Year	YTD Total
FY 2008	100%
FY 2007	100%
FY 2006	100%
FY 2005	100%
FY 2004	100%

Methodology: Measured on a fiscal year basis.

Analysis of results and challenges: Customer satisfaction can assist the airport in achieving its revenue generating targets. It is important that potential and actual applicants seeking land leases, building permits and supplements find the leasing and permit process open to competition, customer friendly, responsive, and oriented to problem solving. An exit survey is used that contains five to ten questions. It has a rating scale of one to five that provides feedback to management regarding how well customers are served and possible areas of improvement.

Key RDU Challenges

- Construction continues on the last phase of the \$92 million, multi-year replacement of the existing terminal. Commuter airlines and airport staff will move out of the old terminal in spring 2009 when additional space comes online in the new terminal. The old building will be demolished and be replaced with a paved ramp.
- In response to air carrier demands three permanent positions have been deleted and a fourth position reduced from full-time to part-time to help contain costs. The Fairbanks International Airport (FAI) is committed to maintaining current service levels.
- One of FAI's greatest challenges is generating more revenue opportunities and maintaining existing revenues to support airport functions. This is difficult in light of the severe economic downturn and continued bankruptcies and consolidations in the air carrier industry.
- Surging crude oil prices continue to have a major impact on operating expenses. Heating and vehicle fuel costs remain high and commodities costs in general continue to rise. Utility costs are expected to abate once the new, energy efficient terminal is fully online and the old terminal building has been demolished.
- Geopolitical developments in worldwide cargo transport directly affect revenues. Global air transport opportunities will continue to change as economic and political conditions change throughout Europe and Asia.

Significant Changes in Results to be Delivered in FY2010

Continuation of existing service levels may be adversely affected if the price of oil remains high and continues to influence costs for heating and vehicle fuels, natural gas, electricity, and supplies.

Major RDU Accomplishments in 2008

- The major accomplishment for FAI was opening the new passenger terminal building on time and under budget on May 7, 2008 with no disruption to scheduled air service. This involved moving overnight from the old terminal to the new since tenant contracts required them to be open for business with no break in service while relocating. This was possible only through the combined efforts of state airport employees, contractors, air carriers, concessionaires, fixed base operators, the federal government, and the traveling public.
- Opened the new cargo apron/parking area that replaces the cargo apron/parking area displaced by new terminal construction.
- Attracted additional international tourist flights from Japan and Germany.
- Hired 12 new Airport Police and Fire Officers who are now in training.
- Signed a five year Transportation Security Administration Cooperative Agreement worth \$1,122.6.

Contact Information
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**Fairbanks International Airport
RDU Financial Summary by Component**

All dollars shown in thousands

	FY2008 Actuals				FY2009 Management Plan				FY2010 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
Formula Expenditures None.												
Non-Formula Expenditures												
FIA	0.0	0.0	1,669.4	1,669.4	0.0	0.0	1,764.4	1,764.4	0.0	0.0	1,793.7	1,793.7
Administration												
FIA Facilities	0.0	0.0	3,431.9	3,431.9	0.0	0.0	3,115.2	3,115.2	0.0	0.0	3,115.2	3,115.2
FIA Field & Equipment Maint	0.0	0.0	3,438.1	3,438.1	0.0	0.0	3,699.4	3,699.4	0.0	0.0	3,542.0	3,542.0
FIA Operations	0.0	0.0	1,441.9	1,441.9	0.0	0.0	1,325.8	1,325.8	0.0	0.0	1,240.7	1,240.7
FIA Safety	0.0	168.5	2,778.0	2,946.5	0.0	320.0	3,900.9	4,220.9	0.0	320.0	3,961.0	4,281.0
Totals	0.0	168.5	12,759.3	12,927.8	0.0	320.0	13,805.7	14,125.7	0.0	320.0	13,652.6	13,972.6

Fairbanks International Airport
Summary of RDU Budget Changes by Component
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>
FY2009 Management Plan	0.0	320.0	13,805.7	14,125.7
Adjustments which will continue current level of service:				
-FIA Administration	0.0	0.0	29.3	29.3
-FIA Operations	0.0	0.0	31.9	31.9
-FIA Safety	0.0	0.0	107.4	107.4
Proposed budget decreases:				
-FIA Field & Equipment Maint	0.0	0.0	-157.4	-157.4
-FIA Operations	0.0	0.0	-117.0	-117.0
-FIA Safety	0.0	0.0	-47.3	-47.3
FY2010 Governor	0.0	320.0	13,652.6	13,972.6