

State of Alaska FY2002 Governor's Operating Budget

Department of Transportation/Public Facilities
Fairbanks International Airport
Budget Request Unit

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BRU Mission

The mission of the Fairbanks International Airport (FIA) is to provide to Fairbanks and Interior Alaska a safe, efficient, convenient, and economical aviation facility to meet the needs of both the traveling public and the aviation industry in a manner consistent with Federal and State Regulatory requirements.

BRU Services Provided

See components

BRU Goals and Strategies

Work toward financial self-sufficiency

- Increase operational efficiency
 - Exercise prudent management practices and necessary fiscal constraints
 - Maximize the life and use of existing facilities and equipment
- Provide a safe airport environment for both air and ground operations
- Become a model facility demonstrating environmentally sound practices
 - Plan for future needs.

Key BRU Issues for FY2001 – 2002

- The Operating Agreement that establishes and defines the financial relationship between the airport and air carriers expired June 30, 2000, and is in hold over status while negotiations for a new agreement continue. The agreement sets the methodology for calculating terminal rental rates, landing, docking fees, and other charges. New agreements will be completed during FY01.
- FIA has also begun work on an update to its master plan and noise study. Master plans define goals and objectives for the airport, forecast passenger and operations growth, assess future fleet mixes, and outline alternatives to meet that future growth.
- The design phase has begun for two important projects. First, widening and lengthening the general aviation runway 1R/19L and relocating the winter ski strip should see construction completed during FY02. The new runway is expected to eliminate thousands of crossings of the main air carrier runway 1L/19R by smaller commuter aircraft, thereby eliminating a two-mile round trip taxi, increasing safety by reducing the opportunity for runway incursions, and freeing the main air carrier runway for more use by larger air carriers. Second, expanding the float pond to connect the gravel pit excavated in support of several other projects in recent years will include shaping the shoreline and tiedown areas, building access roads, taxiways, and a new floatplane ramp.
- Passenger Facility Charge collection began October 1, 2000, and should result in revenues estimated at \$850.0 annually. PFCs will help fund various qualifying capital projects.

Major BRU Accomplishments for FY2000

See individual components.

Key Performance Measures for FY2002

Measure: Whether the department maintains the pavement condition index (PCI) at 70 for runways and 60 for taxiways and aprons at every applicable airport 99 percent of the time.

(Developed jointly with Legislature in FY2001.)

Current Status:

Fairbanks International Airport expects to be on track in achieving these PCI levels. In addition to the expansion of runway 1L/19R two year ago, portions of the existing runway surfaces were regrooved. We are in the preliminary stages of conducting a pavement evaluation and management plan, which will provide an accurate measurement and analysis of pavement conditions.

Benchmark:

Pavement Condition Indexes (PCI) are outlined in FAA Advisory Circular 5380-6 entitled "Guidelines and Procedures for maintenance of Airport Pavements" and are measured on a scale of 0 to 100. The numerical rankings are as follows: 85 to 100 -Excellent; 70 to 85 - Very Good; 55 to 70 - Good; 40 to 55 - Fair; 25 to 40 - Poor; 10 to 25 - Very Poor; and < 10 - Failed.

Background and Strategies:

The requirement of Airports to develop Pavement Evaluation and Management Plans appeared a few years ago in the FAA Grant Assurances. While the above advisory provides guidance for the required plans, the FAA has not as yet established set standards to be met. The acceptable PCI for an airport can vary depending on the types of aircraft operations being conducted. Once the FIA pavement management plan is completed, the technical data will be available to support development of a repair and replacement plan to ensure the asphalt surfaces are kept within the PCI's noted above.

Measure: Whether the department maintains the 100 percent pass level of annual federal airport certification inspections for response and safety standards set out in federal aviation regulation

(Developed jointly with Legislature in FY2001.)

Current Status:

Historically, FIA receives less than three noted discrepancies during the annual airport certification inspection.

Benchmark:

There are no established standards or quantitative measures for evaluating FAA certification inspections. These inspections note deficiencies for a broad range of inspection criteria that differ each year depending on FAA focus. During the 2000 certification inspection, no actual discrepancies were noted. The Certification Inspector did recommend five areas for review including, for example, the driver's training program, updating the non-standard signage on the general aviation side of the airport, and adding beads to pavement markings. However, FIA is not obliged to add beads to that paint and will not embrace the recommendation.

Background and Strategies:

Both airports attempt to provide the safest, most efficient service to airlines and the traveling public. The International Airports are inspected at least annually by the FAA to ensure safe and standard airfield operations and compliance with its FAR 139-certification requirements. These inspections cover a broad range of areas including Airport Rescue and Fire fighting (ARFF), safety, lighting, markings, runway incursions (interference with aircraft during takeoff and landing) and other operating standards.

The Airports' goal is to continually improve compliance with FAA's FAR 139 program. This can be achieved by the proper identification of deficiencies by maintenance, operations, and safety personnel. Any instances of repeat discrepancies require special attention and it is our goal to attain 100% correction of deficient areas that do not require a CIP project.

Measure: Whether the department achieves a five percent annual increase in cargo landings at the international airports measured on a three-year rolling average

(Developed jointly with Legislature in FY2001.)

Current Status:

Cargo landings have been tracked since FY93. Over these years, Fairbanks International Airport has achieved a three-year rolling average of 5% in cargo landings growth. The last three years through FY2000 have seen a slight drop in landings as a result changing international economic conditions. However, total cargo throughput has increased over 10% in the past two years. This reflects an increase in the cargo capacity of aircraft utilizing Fairbanks International Airport.

Benchmark:

There are limited established or quantitative measures for evaluating cargo growth against other airports. Boeing World Air Cargo Forecast estimates overall growth in the air cargo industry to average 6.4% over the next 10 years.

Background and Strategies:

The international airports have some strategic advantages as an international cargo stop over based simply on geographic location. However, air carriers make decisions on such stops based on a number of reasons, some of which are within the airport's control, and others which are not. The high level of international cargo activity at both the Anchorage and Fairbanks international airports results in a fairly low landing fee by industry standards. However a reliable source of reasonably priced fuel is an equally important factor. Fortunately, that condition also exists at both Anchorage and Fairbanks and has resulted in continuing to attract and retain international cargo activity.

The Fairbanks business community continues to vigorously support FIA in its efforts to attract and keep cargo carriers because these operations have a considerable positive economic impact on the community. For example, over the last ten years Lufthansa has bought 157,952 million gallons of fuel and over 20,000 crew lodging nights in Fairbanks. FIA has the capacity to handle more international traffic.

Status of FY2001 Performance Measures

| | <i>Achieved</i> | <i>On track</i> | <i>Too soon to tell</i> | <i>Not likely to achieve</i> | <i>Needs modification</i> |
|--|-----------------|-----------------|-------------------------|------------------------------|---------------------------|
| <ul style="list-style-type: none"> Whether the department maintains the pavement condition index (PCI) at 70 for runways and 60 for taxiways and aprons at every applicable airport 99 percent of the time. | | X | | | |
| <ul style="list-style-type: none"> Whether the department maintains the 100 percent pass level of annual federal airport certification inspections for response and safety standards set out in federal aviation regulation | | X | | | |
| <ul style="list-style-type: none"> Whether the department achieves a five percent annual increase in cargo landings at the international airports measured on a three-year rolling average | | X | | | |

Fairbanks International Airport
BRU Financial Summary by Component

All dollars in thousands

| | FY2000 Actuals | | | | FY2001 Authorized | | | | FY2002 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 | 1,298.8 | 1,298.8 | 0.0 | 0.0 | 1,374.3 | 1,374.3 | 0.0 | 0.0 | 1,561.2 | 1,561.2 |
| Administration | | | | | | | | | | | | |
| FIA Facilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 2,216.1 | 2,216.1 | 0.0 | 0.0 | 2,287.2 | 2,287.2 |
| FIA Building | 0.0 | 0.0 | 1,401.9 | 1,401.9 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Maintenance | | | | | | | | | | | | |
| FIA Custodial | 0.0 | 0.0 | 748.5 | 748.5 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| FIA Field & Equipment | 0.0 | 0.0 | 2,477.5 | 2,477.5 | 0.0 | 0.0 | 2,528.7 | 2,528.7 | 0.0 | 0.0 | 2,822.3 | 2,822.3 |
| Maint | | | | | | | | | | | | |
| FIA Operations | 0.0 | 0.0 | 934.8 | 934.8 | 0.0 | 0.0 | 1,077.6 | 1,077.6 | 0.0 | 0.0 | 1,145.4 | 1,145.4 |
| FIA Safety | 0.0 | 0.0 | 2,331.3 | 2,331.3 | 0.0 | 0.0 | 2,385.2 | 2,385.2 | 0.0 | 0.0 | 2,386.7 | 2,386.7 |
| Totals | 0.0 | 0.0 | 9,192.8 | 9,192.8 | 0.0 | 0.0 | 9,581.9 | 9,581.9 | 0.0 | 0.0 | 10,202.8 | 10,202.8 |

Fairbanks International Airport
Proposed Changes in Levels of Service for FY2002

See components

Fairbanks International Airport
Summary of BRU Budget Changes by Component
From FY2001 Authorized to FY2002 Governor

All dollars in thousands

| | <u>General Funds</u> | <u>Federal Funds</u> | <u>Other Funds</u> | <u>Total Funds</u> |
|--|----------------------|----------------------|--------------------|--------------------|
| FY2001 Authorized | 0.0 | 0.0 | 9,581.9 | 9,581.9 |
| Adjustments which get you to start of year: | | | | |
| -FIA Administration | 0.0 | 0.0 | 29.7 | 29.7 |
| Adjustments which will continue current level of service: | | | | |
| -FIA Administration | 0.0 | 0.0 | 64.0 | 64.0 |
| -FIA Facilities | 0.0 | 0.0 | -72.3 | -72.3 |
| -FIA Field & Equipment Maint | 0.0 | 0.0 | -9.6 | -9.6 |
| -FIA Operations | 0.0 | 0.0 | -23.7 | -23.7 |
| -FIA Safety | 0.0 | 0.0 | 1.5 | 1.5 |
| Proposed budget increases: | | | | |
| -FIA Administration | 0.0 | 0.0 | 93.2 | 93.2 |
| -FIA Facilities | 0.0 | 0.0 | 143.4 | 143.4 |
| -FIA Field & Equipment Maint | 0.0 | 0.0 | 303.2 | 303.2 |
| -FIA Operations | 0.0 | 0.0 | 91.5 | 91.5 |
| FY2002 Governor | 0.0 | 0.0 | 10,202.8 | 10,202.8 |