

# **State of Alaska FY2004 Governor's Operating Budget**

## **Department of Community & Economic Development Alaska Aerospace Development Corporation Budget Request Unit Budget Summary**

## Alaska Aerospace Development Corporation Budget Request Unit

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### BRU Mission

The mission of the Alaska Aerospace Development Corporation (AADC) is to promote aerospace-related economic growth and to develop corresponding technologies and support services.

The mission of the Alaska Aerospace Development Corporation Facilities Maintenance Component is to oversee the operation and maintenance of the Kodiak Launch Complex (KLC).

### BRU Services Provided

Provide rocket launch services to government and commercial customers, assist university, federal, and private organizations in developing aerospace technologies, provide educational opportunities within the state and promote Alaska as the ideal location for aerospace activities.

Provide for the operations, maintenance and repair costs of the Kodiak Launch Complex and to support launch customer mission requirements.

### BRU Goals and Strategies

See components.

### Key BRU Issues for FY2003 – 2004

See components.

### Major BRU Accomplishments in 2002

See components.

### Key Performance Measures for FY2004

**Measure:**

**The excess earnings (or dividend) per launch.**

Sec 28(b)(1) Ch 124 SLA 2002(HB 515)

**Alaska's Target & Progress:**

AADC projects a minimum of two launches for FY04. Should three launches be accomplished, AADC projects average earnings of \$100,000 per launch. The earnings are budgeted as capital replacement reserves for maintaining the KLC in operational status.

**Benchmark Comparisons:**

Not applicable. The KLC is the first facility of its kind - the only complete launch complex owned and operated by a state.

**Background and Strategies:**

Earnings per launch are a management and project control outcome. AADC intends to put an independent finance and accounting system in place to facilitate our business practices.

**Measure:**

**The new permanent jobs created.**

Sec 28(b)(2) Ch 124 SLA 2002(HB 515)

**Alaska's Target & Progress:**

In FY03, AADC employed 9 personnel directly on a full-time basis. AADC also contracts for technical services and labor. This consists of 6 full-time technical positions. AADC also contracts for part-time technical and labor positions. This consists of 5 part-time technical positions. For FY04, AADC projects a total of 14 full-time permanent positions and 8 full-time contractual positions.

**Benchmark Comparisons:**

There is no data available for comparison from other states.

**Background and Strategies:**

As AADC continues to grow, the opportunity to hire the temporary positions is a constant focus point. With growth comes job security and permanent positions for Alaskans.

There are private sector jobs that benefit from the KLC operation. The money that is generated from KLC expenditures benefit Kodiak directly. AADC has utilized services from ENRI in regards to environmental monitoring and weather monitoring. Additional companies that benefit from the operation of KLC are Doyon, Purcell, D & E Services, Kodiak Transfer Inc., and Rise Alaska LLC.

**Measure:**

**The number of launches per year.**

Sec 28(b)(3) Ch 124 SLA 2002(HB 515)

**Alaska's Target & Progress:**

FY01 was the first fully operational year for the Kodiak Launch Complex (KLC). There were two successful launches. Three launches occurred in FY02. For FY03, AADC is focused on supporting the Missile Defense Agency activities in Alaska.

AADC's goal for FY04 is to support three launch campaigns.

**Benchmark Comparisons:**

Not applicable.

**Background and Strategies:**

AADC will continue its marketing with a focus on defense-related launches. The commercial market is flat at this time.

**Measure:**

**The new space-related projects brought to the state.**

Sec 28(b)(4) Ch 124 SLA 2002(HB 515)

**Alaska's Target & Progress:**

AADC intends to provide support to the Missile Defense Agency infrastructure development at the KLC.

**Benchmark Comparisons:**

Not applicable.

**Background and Strategies:**

The Missile Defense Agency is planning the use of KLC for testing. AADC will endeavor to support this with the goal of securing an ongoing program.

**Measure:**

**The economic impact of launch activities expressed in dollars per launch.**

Sec 28(b)(5) Ch 124 SLA 2002(HB 515)

**Alaska's Target & Progress:**

The Institute for Social and Economic Research (ISER) study of the LMA/NASA launch revealed an economic impact of approximately \$5.0 million per commercial launch. Additionally, the U.S. Air Force study of the QRLV-2 launch estimated a \$2.0 million economic impact for the military launch. Additional studies will be conducted only if funding is available.

**Benchmark Comparisons:**

Not applicable.

**Background and Strategies:**

AADC has used the ISER to research the impact. The information proved very useful. However, funding for additional research is not currently in the AADC budget.

**Alaska Aerospace Development Corporation  
BRU Financial Summary by Component**

*All dollars in thousands*

	FY2002 Actuals				FY2003 Authorized				FY2004 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
<b><u>Formula Expenditures</u></b>												
None.												
<b><u>Non-Formula Expenditures</u></b>												
AK Aerospace Development Corp	0.0	0.0	932.6	932.6	0.0	0.0	1,348.4	1,348.4	0.0	0.0	1,648.9	1,648.9
AADC Facilities Maintenance	0.0	0.0	3,852.1	3,852.1	0.0	0.0	4,264.1	4,264.1	0.0	0.0	10,592.8	10,592.8
AADC Language	0.0	0.0	0.0	0.0	0.0	0.0	9,000.0	9,000.0	0.0	0.0	9,000.0	9,000.0
<b>Totals</b>	<b>0.0</b>	<b>0.0</b>	<b>4,784.7</b>	<b>4,784.7</b>	<b>0.0</b>	<b>0.0</b>	<b>14,612.5</b>	<b>14,612.5</b>	<b>0.0</b>	<b>0.0</b>	<b>21,241.7</b>	<b>21,241.7</b>

**Alaska Aerospace Development Corporation  
Proposed Changes in Levels of Service for FY2004**

No service changes.

**Alaska Aerospace Development Corporation  
Summary of BRU Budget Changes by Component  
From FY2003 Authorized to FY2004 Governor**

*All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2003 Authorized</b>	<b>0.0</b>	<b>0.0</b>	<b>14,612.5</b>	<b>14,612.5</b>
<b>Adjustments which will continue current level of service:</b>				
-AK Aerospace Development Corp	0.0	0.0	10.2	10.2
-AADC Facilities Maintenance	0.0	0.0	14.2	14.2
<b>Proposed budget increases:</b>				
-AK Aerospace Development Corp	0.0	0.0	290.3	290.3
-AADC Facilities Maintenance	0.0	0.0	6,314.5	6,314.5
<b>FY2004 Governor</b>	<b>0.0</b>	<b>0.0</b>	<b>21,241.7</b>	<b>21,241.7</b>