

**State of Alaska  
FY2005 Governor's Operating Budget**

**Department of Transportation/Public Facilities  
International Airports  
Results Delivery Unit Budget Summary**

# Contents

<b>International Airports Results Delivery Unit</b>	<b>3</b>
End Results	3
Strategies to Achieve Results	3
RDU Financial Summary by Component	10
Summary of RDU Budget Changes by Component	11
From FY2004 Authorized to FY2005 Governor	11

## International Airports Results Delivery Unit

### Contribution to Department's Mission

The mission of the International Airports RDU is to safely, effectively, and efficiently operate and maintain the airports in a manner consistent with federal regulatory requirements, high customer service standards, sensitivity to user needs, and awareness of community goals.

### Core Services

- Provide Safe Airport through Airport Police and Fire
- Maintain the Airfield
- Insure Safe and Effective Operations
- Maintain Airport Facilities
- Provide Airport Administration (including Marketing, Environmental, Leasing, ISD, Engineering, OSHA, Planning, Noise Control and Public Relations).

End Results	Strategies to Achieve Results
<p><b>(1) Ensure safe operations on the airports</b></p> <p><u>Target:</u> Reduce the number of occupational injuries and illnesses to less than the national average. <u>Measure:</u> Incidence rate (# injuries and illnesses x 200,000/total hours worked per period)</p> <p><u>Target:</u> Reduce employee lost time to zero. <u>Measure:</u> Number of hours of employee lost time due to work-related injuries.</p> <p><u>Target:</u> Reduce property damage to zero <u>Measure:</u> Number of property damage incidences per year.</p> <p><b>(2) Encourage Economic Development</b></p> <p><u>Target:</u> 2% increase in private employment associated with operations at the airports. <u>Measure:</u> Percent change in private sector jobs associated with activity at the airports as compared to a three-year rolling average.</p> <p><u>Target:</u> 2% increase in private investment at the airports. <u>Measure:</u> Amount invested compared to a three-year rolling average.</p> <p><b>(3) Improve Customer Satisfaction</b></p> <p><u>Target:</u> 90% of customers concur that facilities are clean, well kept and stocked. <u>Measure:</u> Percent of customers rating the airports at 4 or better on a scale of 1-5 for clean, well kept and stocked facilities (5 being highest).</p>	<p><b>(1) Improve safety training and compliance with applicable safety codes.</b></p> <p><u>Target:</u> Receive zero violations related to state and federal safety codes. <u>Measure:</u> Number of safety related Notice of Violations(NOVs) per year.</p> <p><u>Target:</u> 100% of employees with scores of 95 or better on code compliance training. <u>Measure:</u> Percent of personnel with post training test scores of 95 or better.</p> <p><b>(2) Improve environmental conditions at the airports.</b></p> <p><u>Target:</u> Improve leasehold compliance with all regulations by 5% per year. <u>Measure:</u> Percent of leaseholds in compliance compared to prior year.</p> <p><b>(3) Improve marketing efforts for private sector development.</b></p> <p><u>Target:</u> Increase private sector contracts by 3% per <u>Measure:</u> Percent of change in private sector contracts per year.</p> <p><b>(4) Improve maintenance activities so facilities are clean, well kept and stocked.</b></p> <p><u>Target:</u> Respond to all requests within 3 business days. <u>Measure:</u> Average number of days taken to respond to maintenance requests.</p>

End Results	Strategies to Achieve Results
<p><b>(4) Ensure regulatory compliance at all levels</b></p> <p><u>Target:</u> Zero major discrepancies on annual Part 139 inspections.  <u>Measure:</u> Number of Part 139 inspection discrepancies.</p> <p><u>Target:</u> Zero environmental Notices of Violation (NOVs).  <u>Measure:</u> Number of environmental Notices of Violation (NOVs).</p> <p><b>(5) Optimize Revenue</b></p> <p><u>Target:</u> Increase revenue 3% per year.  <u>Measure:</u> Percent increase in revenue to the airport system per year.</p>	<p><b>(5) Improve opportunities for multiple revenue sources.</b></p> <p><u>Target:</u> Increase revenue sources by 2 new tenants per year.  <u>Measure:</u> Number of new tenants per year.</p>

FY2005 Resources Allocated to Achieve Results							
<p><b>FY2005 Results Delivery Unit Budget: \$56,413,300</b></p>	<p><b>Personnel:</b></p> <table border="0"> <tr> <td>Full time</td> <td style="text-align: right;">447</td> </tr> <tr> <td>Part time</td> <td style="text-align: right;">17</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right; border-top: 1px solid black;"><b>464</b></td> </tr> </table>	Full time	447	Part time	17	<b>Total</b>	<b>464</b>
Full time	447						
Part time	17						
<b>Total</b>	<b>464</b>						

**Performance Measure Detail**

**(1) Result: Ensure safe operations on the airports**

**Target:** Reduce the number of occupational injuries and illnesses to less than the national average.  
**Measure:** Incidence rate (# injuries and illnesses x 200,000/total hours worked per period)

Incident rate

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Total
2002	not available	not available	not available	not available	0
2003	not available	not available	not available	not available	0

**Analysis of results and challenges:** The International Airports are a 24 hour a day 7 day a week operation. There is considerable heavy equipment use, older buildings, and an education component to keep people safe who work here and who also pass through our facilities.

**Target:** Reduce employee lost time to zero.  
**Measure:** Number of hours of employee lost time due to work-related injuries.

Employee Lost Time Due to Workplace Injury

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Total
2003	not available	not available	not available	not available	not available

**Analysis of results and challenges:** The more severe the incident the more lost time there will be associated with the incident. Airports are working to create an atmosphere where staff understands and implements correct procedures for all activities including heavy equipment, operations and maintenance, janitorial duties, etc.

**Target:** Reduce property damage to zero

**Measure:** Number of property damage incidences per year.

Property Damage Incidences

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Total
2003	not available	not available	not available	not available	not available

**Analysis of results and challenges:** The airports are concerned with property damage on the airfield and in our facilities. We constantly have people come through our facilities 24 hours a day, 7 days a week, as well as the activity of the airfield operations. These can create multiple points of potential incidents.

## (2) Result: Encourage Economic Development

**Target:** 2% increase in private employment associated with operations at the airports.

**Measure:** Percent change in private sector jobs associated with activity at the airports as compared to a three-year rolling average.

Private Sector Employees at the International Airports

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Total
2003	not available	not available	not available	not available	not available

**Analysis of results and challenges:** The International Airports need to maintain a viable operation. In order to do so we need to attract more businesses, air carriers and other tenants.

**Target:** 2% increase in private investment at the airports.

**Measure:** Amount invested compared to a three-year rolling average.

Private Investment at the International Airports

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Total
2003	not available	not available	not available	not available	not available

**Analysis of results and challenges:** Private investment and infrastructure is needed to keep a vital airport operation

## (3) Result: Improve Customer Satisfaction

**Target:** 90% of customers concur that facilities are clean, well kept and stocked.

**Measure:** Percent of customers rating the airports at 4 or better on a scale of 1-5 for clean, well kept and stocked facilities (5 being highest).

Percent of Ratings at 4 or Better

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Total
2003	not available	not available	not available	not available	not available

**Analysis of results and challenges:** Over 5 million passengers pass through airport facilities each year. They expect a good level of maintenance 24 hours a day, 7 days a week. As maintenance budgets gets tighter, the challenge is to continue to provide the level of service that is expected. The airports will develop a survey to determine customer satisfaction.

## (4) Result: Ensure regulatory compliance at all levels

**Target:** Zero major discrepancies on annual Part 139 inspections.

**Measure:** Number of Part 139 inspection discrepancies.

## Number of Part 139 Inspection Discrepancies

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Total
2003	not available	not available	not available	not available	not available

**Analysis of results and challenges:** As federally assisted airports, we must comply with all airfield requirements of FAA. We must pass an annual certification inspection. Typically, there are numerous minor discrepancies discovered during certification inspections that do not effect the passing results. However, with extraordinary efforts, the airport can keep these discrepancies to a very low level with no major discrepancies.

**Target:** Zero environmental Notices of Violation (NOVs).

**Measure:** Number of environmental Notices of Violation (NOVs).

## Number of Notices of Violations Received

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Total
2003	not available	not available	not available	not available	not available

**Analysis of results and challenges:** The International Airports have many tenants, as well as other airport sponsored activities. All tenant and airport activities must comply with all environmental regulations.

**(5) Result: Optimize Revenue**

**Target:** Increase revenue 3% per year.

**Measure:** Percent increase in revenue to the airport system per year.

## Revenues of the International Airport System

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Total
2003	not available	not available	not available	not available	\$76,752,984

**Analysis of results and challenges:** The International Airports are a self-sustaining facility and in order to remain so, revenues need to increase by attracting new carriers, tenants, or other business activities at the airport.

Operating revenues are generated from airfield operations, concession fees, terminal rents, vehicle parking fees and land rental fees. Revenues shown in the table are from the FY2003 audited financial reports of the Airport System.

**(1) Strategy: Improve safety training and compliance with applicable safety codes.**

**Target:** Receive zero violations related to state and federal safety codes.

**Measure:** Number of safety related Notice of Violations(NOVs) per year.

## Safety Related Notices of Violations Received

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Total
2002	not available	not available	not available	not available	not available

**Analysis of results and challenges:** The International Airports must comply with FAA, EPA, COE, and other federal regulations as well as building codes, fire codes and other codes. One method to ensure compliance with codes is to conduct periodic safety audits. These are necessary as a check and balance on more routine activities.

**Target:** 100% of employees with scores of 95 or better on code compliance training.

**Measure:** Percent of personnel with post training test scores of 95 or better.

## Percent Personnel with Post Training Test Scores of 95 or Better

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Total
2003	not available	not available	not available	not available	not available

**Analysis of results and challenges:** Training airport personnel in compliance is vital in continued operations at the airport, both within the facilities and on the airfield. Personnel must be able to notice and report potential problem

situations in order to avoid violations.

### (2) Strategy: Improve environmental conditions at the airports.

**Target:** Improve leasehold compliance with all regulations by 5% per year.

**Measure:** Percent of leaseholds in compliance compared to prior year.

Percent of Leaseholds in Compliance

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Total
2003	not available	not available	not available	not available	not available

**Analysis of results and challenges:** It is important for the airports to ensure that leaseholds and tenants comply with regulations and codes. We are the underlying property and/or landowner. We will attempt to monitor leaseholds and tenant activity for intentional or accidental environmental degradation three times per year.

### (3) Strategy: Improve marketing efforts for private sector development.

**Target:** Increase private sector contracts by 3% per

**Measure:** Percent of change in private sector contracts per year.

Number of Private Sector Contracts

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Total
2003	not available	not available	not available	not available	not available

**Analysis of results and challenges:** The International Airports are a self-sustaining facility and in order to remain so, revenues need to increase by attracting new carriers, tenants, or other business activities at the airport.

### (4) Strategy: Improve maintenance activities so facilities are clean, well kept and stocked.

**Target:** Respond to all requests within 3 business days.

**Measure:** Average number of days taken to respond to maintenance requests.

Average Time Taken to Respond to Maintenance Requests

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Total
2003	not available	not available	not available	not available	not available

**Analysis of results and challenges:** We have over 5 million passengers/customers through our facilities each year that expect a good level of service. The airport is a 24-hour a day, 7 days a week operation and must be able to respond to inquiries as soon as possible.

### (5) Strategy: Improve opportunities for multiple revenue sources.

**Target:** Increase revenue sources by 2 new tenants per year.

**Measure:** Number of new tenants per year.

Number of New Tenants

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Total
2003	not available	not available	not available	not available	not available

**Analysis of results and challenges:** The International Airports are a self-sustaining facility and in order to remain so, revenues need to increase by attracting new carriers, tenants, or other business activities at the airport.

## Key RDU Challenges

The attacks experienced on September 11, 2001 have had an extraordinary impact on the operations of airports across

the nation. Federal Aviation Administration guidelines are changing on a daily basis, security demands are substantial, the public's view on air travel is changing, and airlines are attempting to cut their losses. As a result, Alaskan airports, as are all airports, are struggling to react to the operational and financial impacts of the situation.

ANC is currently constructing a new terminal core/"C" concourse as part of their Terminal Redevelopment Project. The new concourse is scheduled to open on June 1 2004, and will more than double the airport's terminal square footage. Operations of the passenger terminals during remodel and construction and adaptation to security changes continue to be a primary issue in FY05. ANC is assessing the number of new maintenance and support staff needed to support the additional 440,000 square feet of terminal space that will come on-line in 2004.

In an effort to improve the delivery of services, Fairbanks International Airport (FAI) management will evaluate potential change in policy and direction including organizational restructuring, airport land development, and capital development.

Completion of the Airport Master Plan will affect current and future lease negotiations as the Leasing Office encourages existing and new tenants to locate their businesses in conformance with airport land use goals. International Airport staff are working with Statewide Aviation in a review and comparison of international airport regulations (17 AAC 42) to rural airport regulations (17 AAC 45) and to update either or both chapters as appropriate.

Airport Leasing will be working with tiedown permittees who will be affected by the proposed expansion of electrical tiedown spaces: handling temporary positioning during construction, assigning displaced non-electrical permittees a new space, and assigning newly created electrical spaces to those on the wait list for electrical space.

## Significant Changes in Results to be Delivered in FY2005

The newly constructed Concourse C will open June 2004 at ANC. By that time ANC will have put numerous contracts in place to provide needed maintenance and operation services. The contracted services will be used to address existing and expanded responsibilities of managing a 30% increase in square footage due to additional airport buildings and facilities growth. The projected cost of the outsourcing of the needed maintenance and operation services is \$6,450,000.

A \$500.0 reduction at FAI will impact the number of safety officers on staff and will require realignment of shift staffing minimums to continue to comply with federal regulations.

## Major RDU Accomplishments in 2003

- Modified passenger and baggage screening system to meet all federal deadlines after the September 11, 2001 attacks.
- 16.2 billion pounds (all cargo landed weight) transited or transferred through ANC with current cargo landings 16.5% higher than the prior calendar period.
- Key findings from the updated ANC's Economic Significance Report include:
  - 9,119 jobs at the Airport
  - \$400 million in annual payroll (roughly one in ten jobs in Anchorage)
- Received reinstatement of progressive clearance programs by US Customs and INS.
- Concession Program for new spaces created by Terminal Redevelopment Project.
- Residential Sound Insulation Program & Land Acquisition is proceeding.
- Received FAA Letter of Intent for \$74M in FAA discretionary funds.
- Construction proceeding on new North/South Taxiway and reconstruction of runway 14/32, on budget on time.
- ANC cargo landed weight increased 16% over FY2002.
- Completed construction of Quick Turnaround Facility (QTF) which has the capacity to store an average year's required sand, urea, and deicing fluid. It also increases the efficiency as well as security for the storage of these materials.
- Approval and funding to construct a new field maintenance facility at ANC. This new facility will greatly increase safety, security and efficiency. The facility will have 56,000 sq. ft. of warm storage for crucial snow removal equipment.
- Built one new taxiway on the east ramp to access newly developed leased areas at FAI.



- FAI Leasing Office worked closely with operations and maintenance staff to manage the relocation of many tie-down permittees and aircraft to new parking sites following the relocation and extension of the General Aviation runway and gravel ski strip.
- FAI Leasing Office worked with airport manager, engineer, safety, operations and members of the general aviation public to address float pond fuel tank standards, appropriate regulatory code compliance requirements, known non-compliance issues, and development of a transition plan to bring all tank installations into compliance.
- Successful negotiation and lease of Block 103, Lot 3A & 3B for proposed development of a new hangar and FBO facility for Arctic Air Alaska, and Block 103, Lot 2D for proposed development of a new hangar for private aircraft parking and aircraft maintenance at FAI.

Contact Information
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**International Airports  
RDU Financial Summary by Component**

*All dollars shown in thousands*

	FY2003 Actuals				FY2004 Authorized				FY2005 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>Formula Expenditures</b>												
None.												
<b>Non-Formula Expenditures</b>												
International Airport Systems	0.0	0.0	276.6	276.6	0.0	0.0	395.3	395.3	0.0	0.0	557.3	557.3
AIA Administration	0.0	0.0	5,700.4	5,700.4	0.0	0.0	6,688.3	6,688.3	0.0	0.0	7,113.4	7,113.4
AIA Facilities	0.0	0.0	10,472.3	10,472.3	0.0	240.0	10,423.2	10,663.2	0.0	0.0	16,076.8	16,076.8
AIA Field & Equipment Maint	0.0	0.0	9,213.7	9,213.7	0.0	0.0	9,350.8	9,350.8	0.0	0.0	9,588.2	9,588.2
AIA Operations	0.0	0.0	2,219.9	2,219.9	0.0	0.0	2,270.4	2,270.4	0.0	0.0	2,427.5	2,427.5
AIA Safety	0.0	73.6	6,624.7	6,698.3	0.0	2,100.0	6,696.6	8,796.6	0.0	2,341.2	6,722.6	9,063.8
FIA Administration	0.0	0.0	1,396.7	1,396.7	0.0	0.0	1,653.0	1,653.0	0.0	0.0	1,594.7	1,594.7
FIA Facilities	0.0	0.0	2,379.1	2,379.1	0.0	0.0	2,411.0	2,411.0	0.0	0.0	2,570.6	2,570.6
FIA Field & Equipment Maint	0.0	0.0	3,148.4	3,148.4	0.0	0.0	3,094.1	3,094.1	0.0	0.0	3,041.6	3,041.6
FIA Operations	0.0	0.0	1,448.9	1,448.9	0.0	0.0	1,514.9	1,514.9	0.0	0.0	1,564.0	1,564.0
FIA Safety	0.0	0.0	2,901.2	2,901.2	0.0	295.5	2,979.1	3,274.6	0.0	20.0	2,795.4	2,815.4
<b>Totals</b>	<b>0.0</b>	<b>73.6</b>	<b>45,781.9</b>	<b>45,855.5</b>	<b>0.0</b>	<b>2,635.5</b>	<b>47,476.7</b>	<b>50,112.2</b>	<b>0.0</b>	<b>2,361.2</b>	<b>54,052.1</b>	<b>56,413.3</b>

**International Airports**  
**Summary of RDU Budget Changes by Component**  
**From FY2004 Authorized to FY2005 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2004 Authorized</b>	<b>0.0</b>	<b>2,635.5</b>	<b>47,476.7</b>	<b>50,112.2</b>
<b>Adjustments which will continue current level of service:</b>				
-International Airport Systems	0.0	0.0	12.0	12.0
-AIA Administration	0.0	0.0	65.7	65.7
-AIA Facilities	0.0	-240.0	653.6	413.6
-AIA Field & Equipment Maint	0.0	0.0	237.4	237.4
-AIA Operations	0.0	0.0	157.1	157.1
-AIA Safety	0.0	241.2	26.0	267.2
-FIA Administration	0.0	0.0	16.2	16.2
-FIA Facilities	0.0	0.0	159.6	159.6
-FIA Field & Equipment Maint	0.0	0.0	33.6	33.6
-FIA Operations	0.0	0.0	70.5	70.5
-FIA Safety	0.0	11.2	134.3	145.5
<b>Proposed budget decreases:</b>				
-FIA Administration	0.0	0.0	-74.5	-74.5
-FIA Field & Equipment Maint	0.0	0.0	-86.1	-86.1
-FIA Operations	0.0	0.0	-21.4	-21.4
-FIA Safety	0.0	-286.7	-318.0	-604.7
<b>Proposed budget increases:</b>				
-International Airport Systems	0.0	0.0	150.0	150.0
-AIA Administration	0.0	0.0	359.4	359.4
-AIA Facilities	0.0	0.0	5,000.0	5,000.0
<b>FY2005 Governor</b>	<b>0.0</b>	<b>2,361.2</b>	<b>54,052.1</b>	<b>56,413.3</b>