

State of Alaska
FY2006 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 movement of people and goods at Fairbanks International Airport

Core Services

- Administration including airport planning, marketing, operating and capital budget development, leasing, finance, engineering, environmental and OSHA management, and information technology support.
- Building maintenance 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, state-owned heavy equipment; snow removal and ice control, vegetation and dust control.
- Airport operations duties including daily inspections and surface friction reports, Notice to Airmen (NOTAM), 24 hour central dispatch radio communications, maintenance of the Airport's FAA Certification Manual and Safety Manual, airfield safety training, and assistance to tenants and construction project staff on the airfield.
- Aircraft rescue, fire fighting, hazardous materials handling and disposal, and required federal/state airport security response capability.

End Results	Strategies to Achieve Results
<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>Measure #1:</u> FAI's occupational injury and illness incidence rate compared to the national incidence rate for airports.</p> <p><u>Target #2:</u> Reduce employee lost time to zero. <u>Measure #2:</u> Number of hours of employee lost time due to work-related injuries.</p> <p><u>Target #3:</u> Reduce public property damage and injuries to zero. <u>Measure #3:</u> Number of third party property damage and injury claims paid annually</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>Measure #1:</u> Number of Part 139 inspection discrepancies.</p> <p><u>Target #2:</u> Zero environmental Notices of Violation (NOVs) or Non-Compliance letters (NCL's). <u>Measure #2:</u> Number of NOV's/NCL's from the Environmental Protection Agency (EPA), Alaska Department of Environmental Conservation (ADEC), and Corps of Engineers (COE).</p> <p><u>Target #3:</u> Maintain adequate runway conditions for safe operations. <u>Measure #3:</u> Number of hours per year the airport is closed due to acts of nature (snow, wind, earthquake, etc) that impact aviation operations compared to a three year rolling average.</p> <p><u>Target #4:</u> Reduce the number of airfield deviations and incursions per year. <u>Measure #4:</u> Number of deviations and incursions compared to a three year rolling average.</p> <p><u>Target #5:</u> Ensure Law Enforcement Officer (LEO) response time meets or exceeds CFR 1542 guidelines. <u>Measure #5:</u> Number of occurrences LEO response time does not meet federal guidelines.</p>

	<p><u>Target #6:</u> Ensure adequate emergency medical response on the Airport. <u>Measure #6:</u> # of occurrences an Emergency Trauma Technician (ETT) is not available during operational times.</p> <p><u>Target #7:</u> Ensure fire response time meets or exceeds CFR Part 139 federal guidelines. <u>Measure #7:</u> # of occurrences fire response does not meet federal guidelines.</p>
End Results	Strategies to Achieve Results
<p>B: Decrease revenue gap</p> <p><u>Target #1:</u> Decrease gap between revenues and expenditures. <u>Measure #1:</u> Revenue/expenses gap net of depreciation.</p>	<p>B1: Increase revenue</p> <p><u>Target #1:</u> Increase concession and permit revenues by 5% per year <u>Measure #1:</u> Percent increase in concession revenue per year.</p> <p><u>Target #2:</u> Increase land lease revenues by 2% per year. <u>Measure #2:</u> Percent increase in land lease revenues per year.</p> <p><u>Target #3:</u> Increase private investment at FAI by 2% per year <u>Measure #3:</u> Amount invested at FAI per year compared to a 5-year adjusted rolling average.</p> <p>B2: Maintain or Decrease Costs</p> <p><u>Target #1:</u> Maintain or decrease operational cost per enplaned passenger per year. <u>Measure #1:</u> Operational cost per enplaned passenger per year compared to a 3 year rolling average.</p>
End Results	Strategies to Achieve Results
<p>C: Enhance customer satisfaction</p> <p><u>Target #1:</u> Zero customer complaints associated with facility cleanliness, keeping, and stocking. <u>Measure #1:</u> Number of customer complaints logged on FAI customer hotline.</p>	<p>C1: Timely response to all maintenance requests</p> <p><u>Target #1:</u> Respond to all public maintenance requests within 3 business days. <u>Measure #1:</u> Average number of days taken to respond to maintenance requests.</p> <p>C2: Ensure business friendly leasing and permit process</p> <p><u>Target #1:</u> 90% customer service satisfaction rating of potential/actual applicants seeking land leases, building permits, and supplements. <u>Measure #1:</u> Percent of potential/actual applicants who rate the leasing process 4 or higher on a scale of 1-5.</p>

FY2006 Resources Allocated to Achieve Results

Personnel:

FY2006 Resources Allocated to Achieve Results

FY2006 Results Delivery Unit Budget: \$11,584,900	Full time	100
	Part time	7
	Total	107

Performance Measure Detail

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.

Measure #1: FAI's occupational injury and illness incidence rate compared to the national incidence rate for airports.

FAI annual incidence rate

Year	YTD	Nat'l Rate
2003	7.93	11.8
2004	available 1/05	

Analysis of results and challenges: Ensuring the safety of our workforce helps keep the airport running year around – and our customers traveling. FAI feels it is so important we have a full-time safety officer dedicated solely to this purpose. We "stay safe" through aggressive training and a safety conscious attitude when getting the job done. We measure how well we do every year by comparing our Incidence Rate (the number of injuries and illnesses per 100 full time equivalent (FTE) workers) to the national incidence rate for airports of similar size. We utilize a standard US Dept. of Labor formula and our OSHA 300 log to calculate the rate.

Target #2: Reduce employee lost time to zero.

Measure #2: Number of hours of employee lost time due to work-related injuries.

Employee lost hours due to workplace Injury

Year	YTD
2003	888
2004	not available

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 we're doing to prevent injuries. FAI tracks employee lost time by utilizing the OSHA 300 logs (# days away from work x 8 hrs.). We try to keep this number at a minimum by providing aggressive employee training and stressing a safety conscious attitude when getting the job done. We analyze the effectiveness of our training in part by comparing current years to past years, further, 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 FAI uses two.

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

Measure #3: Number of third party property damage and injury claims paid annually

Annual Property Damage and Injury Claims

Year	YTD
2003	2
2004	0

Analysis of results and challenges: Analysis of results and challenges: FAI felt one of the best ways to measure whether we are at fault for property damage or injury was to measure the number of settled claims against FAI per year. Claims are measured annually from fiscal year data provided by Department of

Administration, Risk Management. Reduction of claims may be possible through improved performance of airport operations and maintenance of FAI property.

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

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

Measure #1: Number of Part 139 inspection discrepancies.

Number of Part 139 inspection discrepancies

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2003	0	0	0	0	0
2004	0	0	0	0	0

Analysis of results and challenges: As a federally assisted airport, FAI must comply with all 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. However, with extraordinary efforts, the airport can keep these discrepancies to a very low level with no major discrepancies. Measured annually by calendar year.

Target #2: Zero environmental Notices of Violation (NOVs) or Non-Compliance letters (NCL's).

Measure #2: Number of NOV's/NCL's from the Environmental Protection Agency (EPA), Alaska Department of Environmental Conservation (ADEC), and Corps of Engineers (COE).

Number of NOV's/Non-compliance letters

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2003	0	0	0	0	0
2004	0	0	n/a	n/a	n/a

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. We measure how well we're doing by implementing preventative environmental programs that reduce or eliminate environmental violations. This measurement does not include actions issued to tenants or other airport users. Calendar year.

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

Measure #3: Number of hours per year the airport is closed due to acts of nature (snow, wind, earthquake, etc) that impact aviation operations compared to a three year rolling average.

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

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD	3yr Average
2003	1	0	0	1	2	1
2004	1	0	0	0	1	

Analysis of results and challenges: FAI utilizes flex staffing and preventative maintenance in accord with challenging weather conditions to ensure our airways and air surfaces remain open for business. We measure our success by tracking the amount of time the airfield is closed as recorded on Notice to Airmen (NOTAMS) issued by permitted agencies. The time "counted" for the measurement are those times in which airfield closure impacts scheduled operations. Closures normally last for 10 minutes or less. Calendar year.

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

Measure #4: Number of deviations and incursions compared to a three year rolling average.

Number of deviations and incursions

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD	3yr Average
2003	0	1	5	2	8	6.3
2004	0	2	2	0	4	

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 two or more main runways that can afford a choice to landing or departing aircraft, FAI's challenge is that we must perform maintenance on the large air carrier runway when it is also 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. This is measured by adding the number of deviations and incursions recorded by permitting agencies and reported to FAI.

Target #5: Ensure Law Enforcement Officer (LEO) response time meets or exceeds CFR 1542 guidelines.

Measure #5: Number of occurrences LEO response time does not meet federal guidelines.

of occurrences

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2003	0	0	0	0	0
2004	0	0	n/a	n/a	n/a

Analysis of results and challenges: Per federal law and in an effort to provide a safe facility, 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. We 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.

Measure #6: # of occurrences an Emergency Trauma Technician (ETT) is not available during operational times.

of occurrences

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD	3yr Average
2003	0	0	0	0	0	0
2004	0	0	n/a	n/a	n/a	n/a

Analysis of results and challenges: Federal regulation requires at least one full-time ETT be available during all operational times. To increase staff efficiency and ensure safe operations, 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. Calendar year.

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

Measure #7: # of occurrences fire response does not meet federal guidelines.

of occurrences

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2003	0	0	0	0	0
2004	0	0	n/a	n/a	n/a

Analysis of results and challenges: Federal regulation requires a training response time of three minutes or less to the centerline of the runway for aircraft rescue fire fighting. FAI accomplishes this by ensuring our fire trucks are in excellent working condition and by dual training our 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. Calendar year.

B: Result - Decrease revenue gap

Target #1: Decrease gap between revenues and expenditures.

Measure #1: Revenue/expenses gap net of depreciation.

Revenue gap net of depreciation at FAI

Year	YTD
2000	\$3,614,150
2001	\$2,625,954
2002	\$3,156,988
2003	\$3,850,575
2004	\$3,811,545

Analysis of results and challenges: FAI has embarked on an aggressive program to reduce our revenue gap without sacrificing our most important result: safe operations. Our program is simple: increase revenue and maintain or decrease costs. How we intend to do this is listed in the strategies below. Measured annually from Alaska International Airport System audited financial statements. The International Airports (Anchorage and Fairbanks) are a self-sustaining facility. The Fairbanks International Airport serves as the primary alternate for Anchorage International Airport and incurs operational costs in excess of operational revenues to sustain alternate viability.

B1: Strategy - Increase revenue

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

Measure #1: Percent increase in concession revenue per year.

Percentage increase in concession and permit revenues

Year	YTD	% increase
2001	\$1,285,898	
2002	\$1,479,300	13%
2003	\$1,626,800	9%
2004	\$1,770,386	8%

Analysis of results and challenges: FAI is reviewing all of our concession contracts to ensure they are current and based on fair market value compared to airports of similar size. We're also looking at infrastructure improvements that could lead to a better business environment – and more concession sales. Measured by fiscal year from FAI concession income summary report. This includes terminal advertising, car rental, gift shop, food and beverage, smarte carte, phone, tour companies, vehicle parking, taxi cabs, and vending.

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

Measure #2: Percent increase in land lease revenues per year.

Percentage increase in land lease revenues

Year	YTD	% increase
2001	\$341,300	
2002	\$349,600	2.8%
2003	\$349,100	0%
2004	\$490,468	40%

Analysis of results and challenges: FAI is aggressively marketing their lands – from posting "For Lease" signs on vacant lots to providing top-notch customer service. The results have been encouraging. FAI leased two new lots last year, expanded others, and are negotiations for two more. Measured by fiscal year from FAI lease income summary report. This includes all FAI leased lands.

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

Measure #3: Amount invested at FAI per year compared to a 5-year adjusted rolling average.

Amount invested at FAI per year compared to a 5-year adjusted rolling average

Year	YTD	5yr ARA
2000	\$134,900	0
2001	\$538,910	0
2002	\$541,579	0
2003	\$675,640	0
2004	\$676,850	\$585,376

Analysis of results and challenges: FAI witnessed a boom in construction last summer; from three new hangers to an all-inclusive private Fixed Base Operation. Measured annually by fiscal year from the dollar amount of permanent improvements to leaseholds as requested on airport building permits.

B2: Strategy - Maintain or Decrease Costs

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

Measure #1: Operational cost per enplaned passenger per year compared to a 3 year rolling average.

Cost per enplaned passenger

Year	YTD	3yr Average
2001	8.59	0
2002	8.96	0
2003	10.07	0
2004	8.83	9.28

Analysis of results and challenges: This number is generated by the AIAS Controller's office and represents the CPE for all signatory airlines with annual passenger counts of 200 or more, including fuel costs. FAI uses this benchmark on an annual basis to see how well we're doing and what we need to do to keep costs down.

C: Result - Enhance customer satisfaction

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

Measure #1: Number of customer complaints logged on FAI customer hotline.

Customer complaints

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2003	0	0	1	0	1
2004	0	0	0	0	0

Analysis of results and challenges: Analysis of results and challenges: FAI has placed customer placards and notices in every restroom advising passengers to call a hotline should they have concern over the cleanliness, keeping, and stocking of the facility. The calls are logged to monitor nature of call and response time and measured annually by calendar year. FAI's policy is "extreme clean" – an attitude our valued employees take to work every day. In fact, last year FAI was used as a national example for how to maintain carpets – we have carpet in use that's over 25 years old!

C1: Strategy - Timely response to all maintenance requests

Target #1: Respond to all public maintenance requests within 3 business days.

Measure #1: Average number of days taken to respond to maintenance requests.

Average time in days taken to respond to maintenance requests

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2004	not available	not available	not available	not available	not available

Analysis of results and challenges: Measured quarterly and based on initial response time, i.e., call back, to customer queries and requests. 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 maintenance 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 3 business days.

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.

Measure #1: Percent of potential/actual applicants who rate the leasing process 4 or higher on a scale of 1-5.

Percentage of satisfied applicants

Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD
2004	not available	not available	not available	not available	not available

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 being developed for implementation by the end of calendar year 2004. This survey will contain 5 to 10 questions with a rating scale of 1 to 5 to provide feedback to management regarding how well we serve our customers and possible areas of improvement. This measure is shown on a calendar year basis.

Key RDU Challenges

- Creation and/or enhancement of revenue opportunities while maintaining existing revenues to support airport functions.
- Completion of a blast analysis of the airport terminal intended to address federal Transportation Security Administration bomb requirements.
- Absorbing the budgetary impact of continuing high oil prices on the cost of heating oil, vehicle fuel, and other maintenance supplies.
- Absorbing the impact of FY05 operating budget reductions to support for snow removal, maintenance of an aging infrastructure, and maintenance of new or expanded systems such as new deicing pads and the widening of Taxiway Alpha currently nearing completion.
- Development of an acceptable float pond fuel tank standard.
- Development and implementation of a leasing and tie-down customer service questionnaire.

Significant Changes in Results to be Delivered in FY2006

Continuation of existing service levels may be adversely affected if the price of oil remains high and continues to influence costs for heating fuel, electricity and other maintenance supplies through FY05 and into FY06.

Major RDU Accomplishments in 2004

- Leased new float pond and electrical tiedown spaces and eliminated waiting lists.
- Installed tie-downs and signage required in support of almost fifty leased and transient slips in the newly expanded seaplane parking area.
- Increased private investment by 550%, lease revenues by 29%, and concession revenues by 8%.
- Successfully implemented a rate increase for all general aviation aircraft tie-down rates including transient parking and the Air Camping Park.
- Successfully negotiated several airport land leases for proposed development of three new hangars, and initiated a brokerage agreement to market airport lands consistent with the airport master plan.
- Installed drainage network to enhance the marketability of newly developed general aviation leased areas.
- Worked with Flint Hills Resources to develop and implement a test of the abandoned underground fuel hydrant system.
- Constructed new deicing aprons and relocated a portion of the primary parallel Taxiway Alpha to meet FAA requirements.

- Worked with DOT/PF northern region and FAA to plan and design runway reconstruction and relocation of the heavy aircraft refueling arpon.
- Re-roofed the newest section of the terminal and remodeled a portion of the interior to facilitate the transfer of baggage from the airline ticket agents to the TSA.
- Executed a new advertising concession agreement for the airport that has resulted in additional advertising revenues and enhanced public satisfaction with the appearance of the airport terminal.
- Responded to over 33 hazardous substance spills and ensured proper cleanup.
- Handled major military diversion of 32 jet fighter aircraft during Cope Thunder due to smoke with no impact to regular airport operations.
- Rewrote the Airport Certification Manual that incorporates new Part 139 regulations.
- Passed annual FAA airport certification inspection with no major deficiencies Responded to 2,783 security, fire, and/or medical assistance requests.

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

All dollars shown in thousands

	FY2004 Actuals				FY2005 Management Plan				FY2006 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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,540.1	1,540.1
Administration												
FIA Facilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2,653.3	2,653.3
FIA Field & Equipment Maint	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3,187.0	3,187.0
FIA Operations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,561.0	1,561.0
FIA Safety	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.0	2,623.5	2,643.5
Totals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.0	11,564.9	11,584.9

**Fairbanks International Airport
Summary of RDU Budget Changes by Component
From FY2005 Management Plan to FY2006 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2005 Management Plan	0.0	0.0	0.0	0.0
Adjustments which will continue current level of service:				
-FIA Administration	0.0	0.0	-3.8	-3.8
-FIA Facilities	0.0	0.0	77.4	77.4
-FIA Field & Equipment Maint	0.0	0.0	133.1	133.1
-FIA Operations	0.0	0.0	30.6	30.6
-FIA Safety	0.0	0.0	-17.9	-17.9
Proposed budget decreases:				
-FIA Administration	0.0	0.0	-143.8	-143.8
-FIA Facilities	0.0	0.0	-5.0	-5.0
-FIA Operations	0.0	0.0	-37.3	-37.3
-FIA Safety	0.0	0.0	-63.9	-63.9
FY2006 Governor	0.0	20.0	11,564.9	11,584.9