

# **State of Alaska FY2011 Governor's Operating Budget**

## **Department of Transportation/Public Facilities International Airport Systems Office Component Budget Summary**

## Component: International Airport Systems Office

### Contribution to Department's Mission

Provide relevant and reliable financial information to the Alaska International Airports System (AIAS) and its stakeholders.

### Core Services

- Under Commissioner delegated authority, establish uniform rates and charges for air carriers, concessionaires, and others using the AIAS, which consists of the Ted Stevens Anchorage International Airport (ANC) and Fairbanks International Airport (FAI). Perform ongoing evaluation of those rates and charges to ensure financial goals are achieved.
- Provide for timely and informative financial reporting for use by State, Federal Aviation Administration (FAA), airport management, air carriers, rating agencies and bondholders, and other AIAS stakeholders.
- Ensure effective and appropriate accounting and financial internal controls, policies and procedures are in place for AIAS.
- Evaluate the fiscal impact of airport development and administration plans such as terminal and field expansion, parking garages, land lease rates and aircraft tie-down fees. Develop fiscal constraints to be followed by management.
- Identify auditing needs and arrange for, and oversee the annual enterprise fund external financial audit by independent Certified Public Accountants.
- Assist in the negotiation of the airport operating agreement and in the implementation and monitoring of its requirements.
- Monitor AIAS capital project funding needs, ensuring that appropriate financing methodologies are employed and alternatives are reviewed and considered as market conditions and funding requirements warrant.
- Coordinate with the Department of Revenue on AIAS revenue bond issues and assure timely fulfillment of ongoing disclosure requirements.

### Key Component Challenges

- In a continued effort to improve long-term financial planning efforts, the AIAS will work with system airports to refine Capital Improvement Programs (CIP) through 2013. To augment this goal, the AIAS anticipates completion of a system debt policy. This document, in combination with near-term updates of the airports' master plans, will provide the tools to assist in meeting infrastructure requirements through viable long-term funding plans over the next 5-10 year framework. The existence of an updated CIP allows personnel to devote more time to individual project management and minimize that spent on long-range and prototype planning. The AIAS will continue to refine this plan during FY10.
- The AIAS manages contracts for other consultants who serve the state on use and lease negotiations, revenue bond issues and day to day matters regarding airline rates and fees. The AIAS administers these contracts to help effectively and efficiently manage relations and negotiations between the air carriers using the AIAS airports and the airport administration. The goal is to ensure optimal provision of service to the state's citizens who are the ultimate AIAS end-users.
- The AIAS airports have undertaken two large terminal projects and a number of other smaller, though substantial projects scheduled for completion over the next 2 years. The AIAS is closely involved in the monitoring of these projects, especially regarding financing. This entails managing funds from revenue sources which affect airline rates, such as revenue bonds, passenger facility charges, and international airport revenue funds collected through rates and charges. The AIAS is also closely involved in ensuring airline approval and adequate legislative authority is obtained for the AIAS capital program to help ensure completing individual projects on time and within budget.

### Significant Changes in Results to be Delivered in FY2011

Some restructuring to enhance AIAS function in support of individual airports have been made and consist of the addition of three positions, System Executive Director, System Planner, and Administrative Assistant as originally structured. These positions have been moved to the International Airports RDU.

## Major Component Accomplishments in 2009

- Continued analysis of certified activity reporting process (the self reporting system under which a majority of AIAS revenues are collected) and identified significant opportunities to implement enhanced internal controls over revenue collection activities through enhanced electronic reporting methods and use of independent audit sources. Initiated a program to modify existing methodologies and implement additional internal controls.
- Entered into contract with Megadata Passur for enhanced flight tracking system data used in revenue auditing and in support of operational activities.
- Completed negotiations with AIAS signatory airlines for a new operating use and lease agreement after 3 years holdover.
- Continued Anchorage International and Fairbanks International Airports' passenger facility charge programs. These programs have proven to be highly successful in providing each airport with additional capital to fund passenger-related projects.

## Statutory and Regulatory Authority

FAR Part 108, 612  
AS 18 Health/Safety  
AS 37.15.430

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**International Airport Systems Office  
Component Financial Summary**

*All dollars shown in thousands*

	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	304.5	688.4	644.6
72000 Travel	10.0	45.0	45.0
73000 Services	193.9	138.8	138.8
74000 Commodities	2.8	4.1	4.1
75000 Capital Outlay	0.0	10.8	10.8
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>511.2</b>	<b>887.1</b>	<b>843.3</b>
<b>Funding Sources:</b>			
1027 International Airport Revenue Fund	511.2	887.1	843.3
<b>Funding Totals</b>	<b>511.2</b>	<b>887.1</b>	<b>843.3</b>

**Summary of Component Budget Changes  
From FY2010 Management Plan to FY2011 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2010 Management Plan</b>	<b>0.0</b>	<b>0.0</b>	<b>887.1</b>	<b>887.1</b>
<b>Adjustments which will continue current level of service:</b>				
-FY2011 Health Insurance Cost Increase Non-Covered Employees	0.0	0.0	4.2	4.2
<b>Proposed budget decreases:</b>				
-Delete Vacant PCN 25-2960 Accounting Clerk, and Funding	0.0	0.0	-48.0	-48.0
<b>FY2011 Governor</b>	<b>0.0</b>	<b>0.0</b>	<b>843.3</b>	<b>843.3</b>

International Airport Systems Office Personal Services Information				
Authorized Positions			Personal Services Costs	
	FY2010 Management Plan	FY2011 Governor		
Full-time	7	6	Annual Salaries	433,200
Part-time	0	0	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	228,285
			<i>Less 2.55% Vacancy Factor</i>	(16,885)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>7</b>	<b>6</b>	<b>Total Personal Services</b>	<b>644,600</b>

Position Classification Summary					
Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant II	1	0	0	0	1
Accountant IV	1	0	0	0	1
Admin Asst III	1	0	0	0	1
AK Intl Airport Sys Plnr	1	0	0	0	1
Asst Commissioner	1	0	0	0	1
Intl Airpts Controller	1	0	0	0	1
<b>Totals</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>

**Component Detail All Funds**  
**Department of Transportation/Public Facilities**

**Component:** International Airport Systems Office (1649)  
**RDU:** Aviation (532)

	<b>FY2009 Actuals</b>	<b>FY2010 Conference Committee</b>	<b>FY2010 Authorized</b>	<b>FY2010 Management Plan</b>	<b>FY2011 Governor</b>	<b>FY2010 Management Plan vs FY2011 Governor</b>	
71000 Personal Services	304.5	688.4	688.4	688.4	644.6	-43.8	-6.4%
72000 Travel	10.0	45.0	45.0	45.0	45.0	0.0	0.0%
73000 Services	193.9	138.8	138.8	138.8	138.8	0.0	0.0%
74000 Commodities	2.8	4.1	4.1	4.1	4.1	0.0	0.0%
75000 Capital Outlay	0.0	10.8	10.8	10.8	10.8	0.0	0.0%
77000 Grants, Benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
<b>Totals</b>	<b>511.2</b>	<b>887.1</b>	<b>887.1</b>	<b>887.1</b>	<b>843.3</b>	<b>-43.8</b>	<b>-4.9%</b>
<b>Fund Sources:</b>							
1027 Int Airprt	511.2	887.1	887.1	887.1	843.3	-43.8	-4.9%
<b>General Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Federal Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Other Funds</b>	<b>511.2</b>	<b>887.1</b>	<b>887.1</b>	<b>887.1</b>	<b>843.3</b>	<b>-43.8</b>	<b>-4.9%</b>
<b>Positions:</b>							
Permanent Full Time	5	7	7	7	6	-1	-14.3%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	0	0	0	0	0	0	0.0%

**Change Record Detail - Multiple Scenarios With Descriptions**  
**Department of Transportation/Public Facilities**

**Component:** International Airport Systems Office (1649)  
**RDU:** Aviation (532)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2010 Conference Committee To FY2010 Authorized *****												
<b>FY2010 Conference Committee</b>												
ConfCom		887.1	688.4	45.0	138.8	4.1	10.8	0.0	0.0	7	0	0
1027 Int Airprt		887.1										
<b>Subtotal</b>		<b>887.1</b>	<b>688.4</b>	<b>45.0</b>	<b>138.8</b>	<b>4.1</b>	<b>10.8</b>	<b>0.0</b>	<b>0.0</b>	<b>7</b>	<b>0</b>	<b>0</b>
***** Changes From FY2010 Authorized To FY2010 Management Plan *****												
<b>Subtotal</b>		<b>887.1</b>	<b>688.4</b>	<b>45.0</b>	<b>138.8</b>	<b>4.1</b>	<b>10.8</b>	<b>0.0</b>	<b>0.0</b>	<b>7</b>	<b>0</b>	<b>0</b>
***** Changes From FY2010 Management Plan To FY2011 Governor *****												
<b>FY2011 Health Insurance Cost Increase Non-Covered Employees</b>												
SalAdj		4.2	4.2	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1027 Int Airprt		4.2										
Costs associated with Health Insurance Increases: \$4.2												
<b>Delete Vacant PCN 25-2960 Accounting Clerk, and Funding</b>												
Dec		-48.0	-48.0	0.0	0.0	0.0	0.0	0.0	0.0	-1	0	0
1027 Int Airprt		-48.0										
Delete PCN 25-2960 Accounting Clerk, PFT, Anchorage, and funding.												
The Department of Transportation and Public Facilities is deleting certain positions that were vacant for extended periods of time including many for multiple fiscal years. This RDU/Component is deleting a position(s) to accurately reflect the number of full time positions required to implement the FY11 Governor's Budget. These PCNs are available at this time; however, depending on future project activity within the department, staffing level needs may need to be revisited.												
<b>Totals</b>		<b>843.3</b>	<b>644.6</b>	<b>45.0</b>	<b>138.8</b>	<b>4.1</b>	<b>10.8</b>	<b>0.0</b>	<b>0.0</b>	<b>6</b>	<b>0</b>	<b>0</b>



**Personal Services Expenditure Detail**  
**Department of Transportation/Public Facilities**

**Scenario:** FY2011 Governor (7749)  
**Component:** International Airport Systems Office (1649)  
**RDU:** Aviation (532)

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range / Step	Comp Month	Split / Count	Annual Salaries	COLA	Premium Pay	Annual Benefits	Total Costs	GF Amount
25-2554	Asst Commissioner	FT	A	XE	Anchorage Intl Airport	AA	27D / E	12.0		106,670	0	0	51,617	158,287	0
25-2556	Intl Airpts Controller	FT	A	XE	Anchorage Intl Airport	AA	24E / F	12.0		95,940	0	0	47,738	143,678	0
25-2611	Admin Asst III	FT	A	GP	Anchorage Intl Airport	2A	15A / B	12.0		43,663	0	0	27,177	70,840	0
25-2960	Accounting Clerk	FT	A	GP	Anchorage Intl Airport	2A	10A	12.0		0	0	0	0	0	0
25-2975	Accountant II	FT	A	GP	Anchorage Intl Airport	2A	16C / D	12.0		49,951	0	0	29,450	79,401	0
25-3458	Accountant IV	FT	A	GP	Anchorage Intl Airport	2A	20F / G	12.0		70,845	0	0	37,004	107,849	0
25-3546	AK Intl Airport Sys Plnr	FT	A	GP	Anchorage Intl Airport	2A	21A / B	12.0		66,131	0	0	35,299	101,430	0

	Total Positions	New	Deleted	Total Salary Costs:	433,200
<b>Full Time Positions:</b>	6	0	1	<b>Total COLA:</b>	0
<b>Part Time Positions:</b>	0	0	0	<b>Total Premium Pay::</b>	0
<b>Non Permanent Positions:</b>	0	0	0	<b>Total Benefits:</b>	228,285
<b>Positions in Component:</b>	6	0	1	<b>Total Pre-Vacancy:</b>	661,485
				<b>Minus Vacancy Adjustment of 2.55%:</b>	(16,885)
				<b>Total Post-Vacancy:</b>	644,600
<b>Total Component Months:</b>	72.0			<b>Plus Lump Sum Premium Pay:</b>	0
				<b>Personal Services Line 100:</b>	644,600

PCN Funding Sources:	Pre-Vacancy	Post-Vacancy	Percent
1027 International Airport Revenue Fund	661,485	644,600	100.00%
<b>Total PCN Funding:</b>	<b>661,485</b>	<b>644,600</b>	<b>100.00%</b>

Note: If a position is split, an asterisk (\*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (\*\*) will appear in this column. [No valid job title] appearing in the Job Class Title indicates that the PCN has an invalid class code or invalid range for the class code effective date of this scenario.

**Line Item Detail**  
**Department of Transportation/Public Facilities**  
**Travel**

**Component:** International Airport Systems Office (1649)  
**RDU:** Aviation (532)

Line Number	Line Name		FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
72000	Travel		10.0	45.0	45.0
Expenditure Account	Servicing Agency	Explanation	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
<b>72000 Travel Detail Totals</b>			<b>10.0</b>	<b>45.0</b>	<b>45.0</b>
72110	Employee Travel (Instate)	Instate Employee travel (per diem, airfare, mileage, and parking).	5.2	26.0	26.0
72400	Out Of State Travel	Out of state employee travel for airline meetings (per diem, airfare, mileage, parking).	4.8	19.0	19.0

**Line Item Detail**  
**Department of Transportation/Public Facilities**  
**Services**

**Component:** International Airport Systems Office (1649)  
**RDU:** Aviation (532)

Line Number	Line Name		FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
73000	Services		193.9	138.8	138.8
Expenditure Account			FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
<b>73000 Services Detail Totals</b>			<b>193.9</b>	<b>138.8</b>	<b>138.8</b>
73025	Education Services		26.8	1.5	1.5
73050	Financial Services		56.2	55.0	50.0
73150	Information Technlgy		52.4	1.3	0.0
73156	Telecommunication		2.5	2.0	1.5
73225	Delivery Services		0.2	0.2	0.5
73450	Advertising & Promos		4.3	4.0	3.0
73675	Equipment/Machinery		0.3	0.5	1.0
73750	Other Services (Non IA Svcs)		0.0	57.1	77.8
73805	IT-Non-Telecommnctns	Enterprise Technology Services	4.7	1.0	1.7
73806	IT-Telecommunication	Enterprise Technology Services	0.7	0.7	0.7
73809	Mail	Central Mail	0.1	0.1	0.2

**Line Item Detail**  
**Department of Transportation/Public Facilities**  
**Services**

**Component:** International Airport Systems Office (1649)

**RDU:** Aviation (532)

Expenditure Account	Servicing Agency	Explanation	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor	
<b>73000 Services Detail Totals</b>			<b>193.9</b>	<b>138.8</b>	<b>138.8</b>	
		warrants (AKPAY).				
73810	Human Resources	Personnel	Chargeback fees for human resource services such as labor relations, position classifications and payroll processing.	0.1	0.1	0.1
73812	Legal	Transportation Section	Legal services.	30.0	0.0	0.0
73815	Financial	Finance	Chargeback fees for AKSAS and AKPAY.	0.2	0.2	0.5
73816	ADA Compliance	Americans With Disabilities	Chargeback fees for the statewide coordinator of the Americans with Disabilities Act (ADA).	0.1	0.1	0.3
73818	Training (Services-IA Svcs)	Finance	Department of Administration - Finance training classes.	0.4	0.0	0.0
73979	Mgmt/Consulting (IA Svcs)	Statewide Aviation		14.9	15.0	0.0

**Line Item Detail**  
**Department of Transportation/Public Facilities**  
**Commodities**

**Component:** International Airport Systems Office (1649)  
**RDU:** Aviation (532)

Line Number	Line Name		FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
74000	Commodities		2.8	4.1	4.1
Expenditure Account	Servicing Agency	Explanation	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
<b>74000 Commodities Detail Totals</b>			<b>2.8</b>	<b>4.1</b>	<b>4.1</b>
74200	Business	Books, office supplies, subscriptions.	2.8	4.1	4.1

**Line Item Detail**  
**Department of Transportation/Public Facilities**  
**Capital Outlay**

**Component:** International Airport Systems Office (1649)  
**RDU:** Aviation (532)

Line Number	Line Name		FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
75000	Capital Outlay		0.0	10.8	10.8
Expenditure Account	Servicing Agency	Explanation	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
<b>75000 Capital Outlay Detail Totals</b>			<b>0.0</b>	<b>10.8</b>	<b>10.8</b>
75400	Materials & Supplies	Miscellaneous office equipment purchases above \$5,000.	0.0	10.8	10.8

**Inter-Agency Services**  
**Department of Transportation/Public Facilities**

**Component:** International Airport Systems Office (1649)  
**RDU:** Aviation (532)

Expenditure Account	Service Description	Service Type	Servicing Agency	FY2010			
				FY2009 Actuals	Management Plan	FY2011 Governor	
73805	IT-Non-Telecommnctns	Computer services provided by the Department of Administration, Enterprise Technology Services, such as central server, data storage, printing, network services, open connect, and task order system.	Inter-dept	Enterprise Technology Services	4.7	1.0	1.7
<b>73805 IT-Non-Telecommnctns subtotal:</b>					<b>4.7</b>	<b>1.0</b>	<b>1.7</b>
73806	IT-Telecommunication	Telecommunications services provided by the Department of Administration, Enterprise Technology Services, such as basic telephone services, equipment and features, dedicated voice/data line service, statewide paging, two-way radio, and video conferencing.	Inter-dept	Enterprise Technology Services	0.7	0.7	0.7
<b>73806 IT-Telecommunication subtotal:</b>					<b>0.7</b>	<b>0.7</b>	<b>0.7</b>
73809	Mail	Chargeback fees for central mail services such as mailing vendor payments (AKSAS) and payroll warrants (AKPAY).	Inter-dept	Central Mail	0.1	0.1	0.2
<b>73809 Mail subtotal:</b>					<b>0.1</b>	<b>0.1</b>	<b>0.2</b>
73810	Human Resources	Chargeback fees for human resource services such as labor relations, position classifications and payroll processing.	Inter-dept	Personnel	0.1	0.1	0.1
<b>73810 Human Resources subtotal:</b>					<b>0.1</b>	<b>0.1</b>	<b>0.1</b>
73812	Legal	Legal services.	Inter-dept	Transportation Section	30.0	0.0	0.0
<b>73812 Legal subtotal:</b>					<b>30.0</b>	<b>0.0</b>	<b>0.0</b>
73815	Financial	Chargeback fees for AKSAS and AKPAY.	Inter-dept	Finance	0.2	0.2	0.5
<b>73815 Financial subtotal:</b>					<b>0.2</b>	<b>0.2</b>	<b>0.5</b>
73816	ADA Compliance	Chargeback fees for the statewide coordinator of the Americans with Disabilities Act (ADA).	Inter-dept	Americans With Disabilities	0.1	0.1	0.3
<b>73816 ADA Compliance subtotal:</b>					<b>0.1</b>	<b>0.1</b>	<b>0.3</b>
73818	Training (Services-IA Svcs)	Department of Administration - Finance training classes.	Inter-dept	Finance	0.4	0.0	0.0
<b>73818 Training (Services-IA Svcs) subtotal:</b>					<b>0.4</b>	<b>0.0</b>	<b>0.0</b>
73979	Mgmt/Consulting (IA Svcs)		Intra-dept	Statewide Aviation	14.9	15.0	0.0
<b>73979 Mgmt/Consulting (IA Svcs) subtotal:</b>					<b>14.9</b>	<b>15.0</b>	<b>0.0</b>
<b>International Airport Systems Office total:</b>					<b>51.2</b>	<b>17.2</b>	<b>3.5</b>
<b>Grand Total:</b>					<b>51.2</b>	<b>17.2</b>	<b>3.5</b>