

# **State of Alaska FY2018 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**

- 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, bondholders, and other stakeholders.
- Ensure effective and appropriate accounting and financial internal controls, policies and procedures are in place.
- 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.
- Assist in the ongoing implementation of the AIAS Passenger Terminal Lease and Operating Agreement.
- 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.

**Major Component Accomplishments in 2016**

- Continued implementation of ten-year contract with AirIT for replacement of existing legacy mainframe-based revenue accounting and lease management system. The new system will provide a platform supporting improved revenue billing and management and significantly improved lease management functionality, supporting both terminal and land rental activities along with concession management with anticipated overall reduction in total cost.
- Continued development of Customer Self Service Portal based on 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 efficiencies and enhanced internal controls over revenue collection activities through electronic reporting methods and use of independent audit sources. Issued \$73.6 million par general airport revenue bonds for current refunding of \$86.4 million bonds payable and achieved approximately \$10 million net present value savings as part of ongoing AIAS debt management plan.
- Successfully transitioned to the state's new finance and procurement system, Integrated Resource Information System (IRIS).

**Key Component Challenges**

- Continue debt management plan designed to provide significant long-term reduction in AIAS rates and fees in order to retain and grow trans-Pacific cargo freighter airline market share.
- Maintaining customer confidence in AIAS through stability of rates and use terms continues to be challenging in an environment where AIAS has experienced volatility in trans-Pacific air cargo activity levels.
- Projecting activity levels to develop accurate revenue budgets and managing expenses well helps produce stable and reliable rate and fee levels which in turn helps provide airline customers, especially international cargo carriers, with confidence needed to support current and planned operations.
- Increasing employee proficiency and their ability to function efficiently while fully leveraging the new statewide accounting and procurement system, IRIS.

### Significant Changes in Results to be Delivered in FY2018

- Results Based Alignment will be used to fine tune performance measures that quantify outcomes (not activities), drive decision making, and determine program and service priorities.
- Continuing to learn and use the finance, procurement, and human resource modules in IRIS.
- Participate in department-wide organizational review and implement organizational changes.

### Statutory and Regulatory Authority

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

Contact Information
<p><b>Contact:</b> John Binder, Deputy Commissioner <b>Phone:</b> (907) 269-0730 <b>Fax:</b> (907) 269-0489 <b>E-mail:</b> john.binder@alaska.gov</p>

International Airport Systems Office Personal Services Information					
Authorized Positions			Personal Services Costs		
	<u>FY2017</u> <u>Management</u> <u>Plan</u>	<u>FY2018</u> <u>Governor</u>			
			Annual Salaries		588,470
Full-time	9	9	Premium Pay		0
Part-time	0	0	Annual Benefits		374,153
Nonpermanent	0	0	<i>Less 1.86% Vacancy Factor</i>		(17,923)
			Lump Sum Premium Pay		0
<b>Totals</b>	<b>9</b>	<b>9</b>	<b>Total Personal Services</b>		<b>944,700</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
Accounting Tech I	2	0	0	0	2
Accounting Tech II	1	1	0	0	2
Accounting Tech III	1	0	0	0	1
Intl Airpts Controller	1	0	0	0	1
Trans Planner I	1	0	0	0	1
<b>Totals</b>	<b>8</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>9</b>

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

**Component:** International Airport Systems Office (1649)  
**RDU:** International Airports (189)

Non-Formula Component

	FY2016 Actuals	FY2017 Conference Committee	FY2017 Authorized	FY2017 Management Plan	FY2018 Governor	FY2017 Management Plan vs FY2018 Governor	
71000 Personal Services	894.9	936.4	936.4	936.4	944.7	8.3	0.9%
72000 Travel	8.9	15.9	15.9	15.9	15.9	0.0	0.0%
73000 Services	1,215.3	1,259.1	1,259.1	1,259.1	1,259.1	0.0	0.0%
74000 Commodities	4.8	6.6	6.6	6.6	6.6	0.0	0.0%
75000 Capital Outlay	0.0	0.0	0.0	0.0	0.0	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>2,123.9</b>	<b>2,218.0</b>	<b>2,218.0</b>	<b>2,218.0</b>	<b>2,226.3</b>	<b>8.3</b>	<b>0.4%</b>
<b>Fund Sources:</b>							
1027Int Airprt (Other)	2,123.9	2,218.0	2,218.0	2,218.0	2,226.3	8.3	0.4%
<b>Unrestricted General (UGF)</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>Designated General (DGF)</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>2,123.9</b>	<b>2,218.0</b>	<b>2,218.0</b>	<b>2,218.0</b>	<b>2,226.3</b>	<b>8.3</b>	<b>0.4%</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>Positions:</b>							
Permanent Full Time	9	9	9	9	9	0	0.0%
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:** International Airports (189)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2017 Conference Committee To FY2017 Authorized *****												
<b>FY2017 Conference Committee</b>	ConfCom	2,218.0	936.4	15.9	1,259.1	6.6	0.0	0.0	0.0	9	0	0
1027 Int Airprt		2,218.0										
<b>Subtotal</b>		<b>2,218.0</b>	<b>936.4</b>	<b>15.9</b>	<b>1,259.1</b>	<b>6.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>9</b>	<b>0</b>	<b>0</b>
***** Changes From FY2017 Management Plan To FY2018 Governor *****												
<b>FY2018 Salary and Health Insurance Increases</b>	SalAdj	3.5	3.5	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1027 Int Airprt		3.5										
Includes: ACOA COLA, 2.25% per contract ending 6/30/2018; GGU HI increase from \$1346 to \$1389; LTC HI increase from \$1363 to \$1432.: \$3.5												
FY2018 PS Health Ins.: \$3.5												
<b>Supervisory Unit 15 Hour Furlough Contract Terms</b>	SalAdj	-0.2	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1027 Int Airprt		-0.2										
Alaska Public Employees Association, supervisory unit, 15 hours of furlough required for each permanent full-time employee in each year from July 1, 2016 to June 30, 2018.												
<b>FY2018 Alaska Care &amp; PSEA Health Insurance Increase</b>	SalAdj	5.0	5.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1027 Int Airprt		5.0										
Alaska Care rate increase from \$1346 to \$1555 per month for APEA members. \$2.5												
Alaska Care rate increase from \$1346 to \$1555 per month for exempt and partially exempt employees. \$2.5												
<b>Totals</b>		<b>2,226.3</b>	<b>944.7</b>	<b>15.9</b>	<b>1,259.1</b>	<b>6.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>9</b>	<b>0</b>	<b>0</b>

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

**Scenario:** FY2018 Governor (13956)  
**Component:** International Airport Systems Office (1649)  
**RDU:** International Airports (189)

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range / Step	Comp Months	Split / Count	Annual Salaries	COLA	Premium Pay	Annual Benefits	Total Costs	UGF Amount
25-0280	Accounting Tech III	FT	A	SS	Anchorage Intl Airport	200	16M / N	12.0		72,088	0	0	45,662	117,750	0
25-0862	Accounting Tech I	FT	A	GP	Anchorage Intl Airport	200	12C / D	12.0		40,972	0	0	32,055	73,027	0
25-2556	Intl Airpts Controller	FT	A	XE	Anchorage Intl Airport	N00	24L / M	12.0		120,715	0	0	63,608	184,323	0
25-2956	Accounting Tech II	FT	A	GP	Anchorage Intl Airport	200	14B	12.0		44,808	0	0	33,482	78,290	0
25-2975	Accountant II	FT	A	GP	Anchorage Intl Airport	200	16B	12.0		51,636	0	0	36,022	87,658	0
25-2986	Accounting Tech I	FT	A	GP	Anchorage Intl Airport	200	12B / C	12.0		39,948	0	0	31,674	71,622	0
25-3075	Accounting Tech II	FT	A	GP	Fairbanks	203	14B / C	12.0		46,932	0	0	34,273	81,205	0
25-3458	Accountant IV	FT	A	GP	Anchorage Intl Airport	200	20L	12.0		89,493	0	0	50,105	139,598	0
25-3737	Trans Planner I	FT	A	GP	Anchorage Intl Airport	200	21E / F	12.0		81,878	0	0	47,272	129,150	0

	Total Positions	New	Deleted	Total Salary Costs:	588,470
Full Time Positions:	9	0	0	Total COLA:	0
Part Time Positions:	0	0	0	Total Premium Pay::	0
Non Permanent Positions:	0	0	0	Total Benefits:	374,153
Positions in Component:	9	0	0	Total Pre-Vacancy:	962,623
				Minus Vacancy Adjustment of 1.86%:	(17,923)
				Total Post-Vacancy:	944,700
				Plus Lump Sum Premium Pay:	0
				Personal Services Line 100:	944,700

PCN Funding Sources:	Pre-Vacancy	Post-Vacancy	Percent
1027 International Airport Revenue Fund	962,623	944,700	100.00%
<b>Total PCN Funding:</b>	<b>962,623</b>	<b>944,700</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 (1676)**  
**Department of Transportation/Public Facilities**  
**Travel**

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

Line Number	Line Name		FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
2000	Travel		8.9	15.9	15.9
Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
<b>2000 Travel Detail Totals</b>			<b>8.9</b>	<b>15.9</b>	<b>15.9</b>
2000	In-State Employee Travel	Instate employee travel (per diem, airfare, mileage, and parking).	6.6	8.4	8.4
2002	Out of State Employee Travel	Out of state employee travel for airline meetings (per diem, airfare, mileage, parking).	2.3	7.5	7.5



**Line Item Detail (1676)**  
**Department of Transportation/Public Facilities**  
**Services**

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

Line Number	Line Name		FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
3000	Services		1,215.3	1,259.1	1,259.1
Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
<b>3000 Services Detail Totals</b>			<b>1,215.3</b>	<b>1,259.1</b>	<b>1,259.1</b>
3000	Education Services	Conference registration, memberships and employee tuition (excluding information technology).	56.8	65.0	65.0
3001	Financial Services	Contract for financial audit for international airports.	72.9	75.0	75.0
3002	Legal and Judicial Services	Legal and judicial services for the Alaska International Airports.	83.6	55.2	55.2
3003	Information Technology	All information technology (IT) contractual costs such as software licensing, software maintenance, IT training, IT consulting, and IT equipment leases. Includes Microsoft Enterprise Agreement. Common Use Passenger Processing System (CUPPS) maintenance costs, Revenue accounting system replacement project (Airlt Propworks) and Airport operations database (Airlt AODB).	399.7	443.4	443.4
3006	Delivery Services	Postage, courier or freight charges.	0.5	0.5	0.5
3007	Advertising and Promotions	Advertising (rates and fees public notices).	1.2	2.0	2.0
3011	Other Services	Alaska International Airport System business and economic development projects, Airport Technical Representative (ATR) contract and other services including PASSUR contract (radar based aircraft	381.6	381.6	381.6

**Line Item Detail (1676)**  
**Department of Transportation/Public Facilities**  
**Services**

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

Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
<b>3000 Services Detail Totals</b>			<b>1,215.3</b>	<b>1,259.1</b>	<b>1,259.1</b>
		activities recording system).			
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide 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.	3.6	4.0	4.0
		FY2016 transfer of \$3.7 to Statewide Admin Services for consolidation of EPR lump sum funding.			
3018	Inter-Agency Information Technology Telecommunications	Admin - Department-wide 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.	1.2	1.5	1.5
3021	Inter-Agency Mail	Admin - Department-wide Chargeback fees for central mail services such as mailing vendor payments and payroll warrants.	0.1	0.1	0.1
3024	Inter-Agency Legal	Law - Department-wide Legal services provided by the Department of Law.	213.5	230.0	230.0
		This item funds legal services across both international airports providing efficiencies and better information flow to decision makers.			
3028	Inter-Agency Americans with Disabilities Act Compliance	Admin - Department-wide Chargeback fees for the statewide coordinator for the Americans with Disabilities Act (ADA).	0.6	0.6	0.6
3029	Inter-Agency Education/Training	Admin - Department-wide Department of Administration, Division of Finance training classes.	0.0	0.2	0.2

**Line Item Detail (1676)**  
**Department of Transportation/Public Facilities**  
**Commodities**

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

Line Number	Line Name		FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
4000	Commodities		4.8	6.6	6.6
Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
<b>4000 Commodities Detail Totals</b>			<b>4.8</b>	<b>6.6</b>	<b>6.6</b>
4000	Business	Books, office supplies, subscriptions.	4.8	6.6	6.6

**Inter-Agency Services (1682)**  
**Department of Transportation/Public Facilities**

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

				FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
<b>Component Totals</b>				<b>219.0</b>	<b>236.4</b>	<b>236.4</b>
With Department of Administration				5.5	6.4	6.4
With Department of Law				213.5	230.0	230.0
<b>Object Class</b>	<b>Servicing Agency</b>	<b>Explanation</b>	<b>FY2016 Actuals</b>	<b>FY2017 Management Plan</b>	<b>FY2018 Governor</b>	
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide  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.	3.6	4.0	4.0	
		FY2016 transfer of \$3.7 to Statewide Admin Services for consolidation of EPR lump sum funding.				
3018	Inter-Agency Information Technology Telecommunications	Admin - Department-wide  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.	1.2	1.5	1.5	
3021	Inter-Agency Mail	Admin - Department-wide  Chargeback fees for central mail services such as mailing vendor payments and payroll warrants.	0.1	0.1	0.1	
3024	Inter-Agency Legal	Law - Department-wide  Legal services provided by the Department of Law.	213.5	230.0	230.0	
		This item funds legal services across both international airports providing efficiencies and better information flow to decision makers.				
3028	Inter-Agency Americans with Disabilities Act Compliance	Admin - Department-wide  Chargeback fees for the statewide coordinator for the Americans with	0.6	0.6	0.6	

**Inter-Agency Services (1682)**  
**Department of Transportation/Public Facilities**

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

<b>Object Class</b>	<b>Servicing Agency</b>	<b>Explanation</b>	<b>FY2016 Actuals</b>	<b>FY2017 Management Plan</b>	<b>FY2018 Governor</b>
3029	Inter-Agency Education/Training	Admin - Department-wide			
		Disabilities Act (ADA). Department of Administration, Division of Finance training classes.	0.0	0.2	0.2