



# Alaska Department of Transportation & Public Facilities

## Alaska International Airport System House Finance Subcommittee

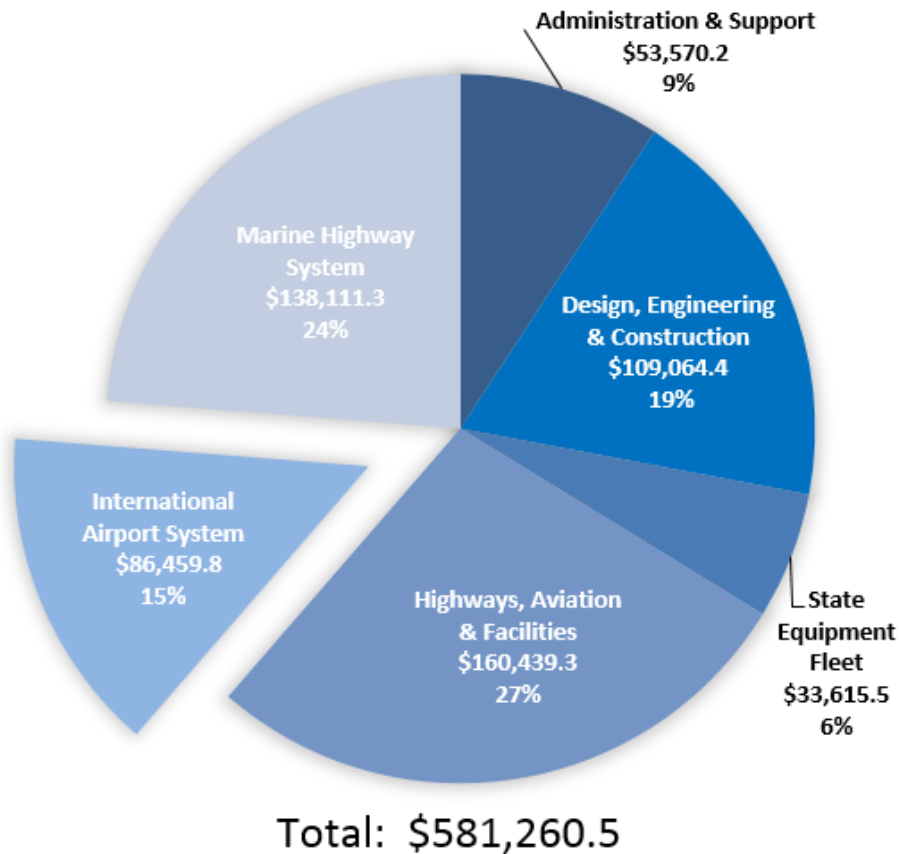
Deputy Commissioner John Binder

February 7, 2017

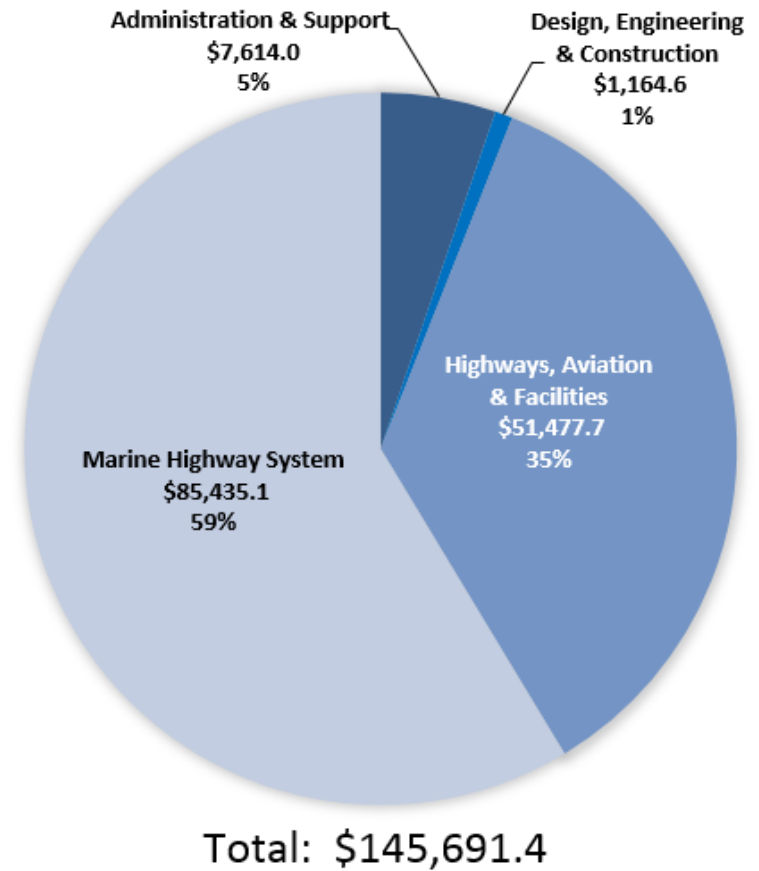
*Keep Alaska Moving* through service and infrastructure

# FY2018 DOT&PF Results Delivery Units (RDU)

## All Funds



## Unrestricted General Funds

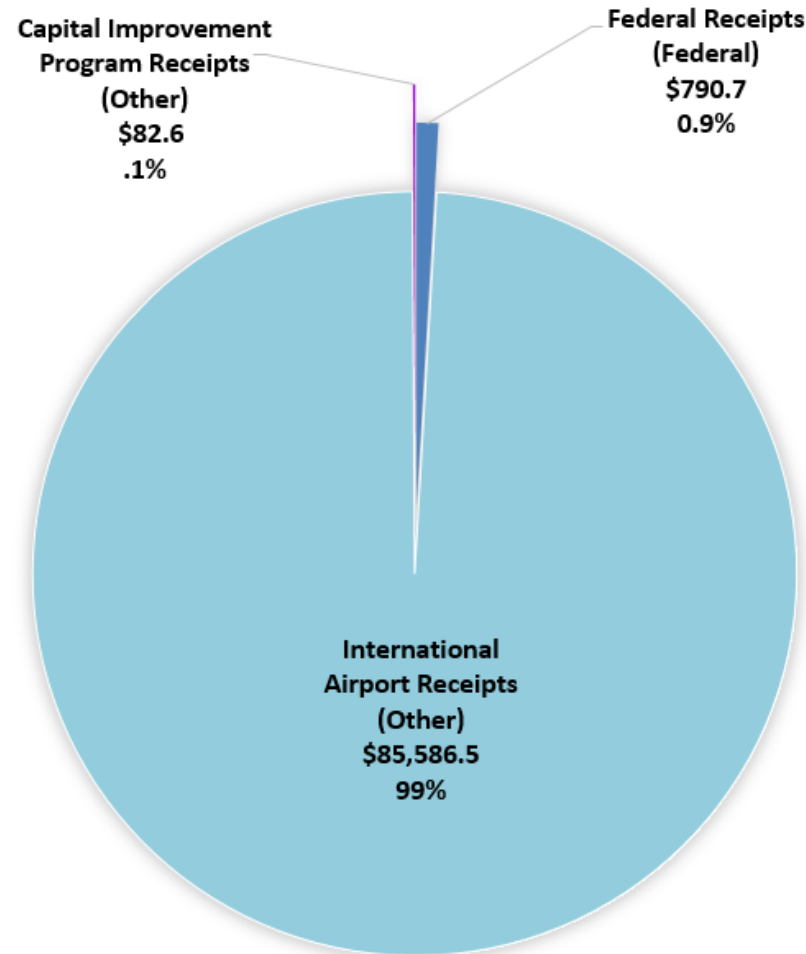


# International Airport System RDU

## FY2018 Governor's Proposed

### All Fund Sources

#### All Funds



Total: \$86,459.8

# International Airports RDU

RDU	Component	Funding (in thousands)	# of PFT/PPT/ NP Positions	# of Alaskans Served	% Cost Through Fees	Rating of Importance to Mission	Rating of Effectiveness	Constitution Requirement	Federally Required	Required by Statute
International Airports	International Airport Components	\$86,459.8: \$790.7 Fed: \$85,669.1 Other	468		99.0%	Critical	Effective	No	Yes	Yes-AS 02, 18, 37, 44



# Our People

## Alaskans Serving Alaskans

### Rebecca Rauf

- System Planner, DOT&PF Statewide Aviation
  - Bachelor Degree in Urban Planning from the University of Cincinnati, soccer player, youth soccer coach, and airplane enthusiast. Grew up exploring Alaska in the family's Cessna 170.
  - Worked in DOT&PF since October 2011.
- 
- Manages the Alaska Aviation System Plan, the FAA's Continuous Aviation System Planning grant, the 5010 Airport Master Record contract, and Alaska's Statewide Safety Management Systems (SMS) contract.
- 
- Rebecca has a very good grasp of the Department's mission and has adopted many new productive ways to apply effective measures to her duties that have exceeded the potential of the AASP. I believe this program will be the cornerstone in developing effectiveness and efficiencies for years to come. Her dedication and diligence will help this legacy last in perpetuity.



Update



# Mission Statements

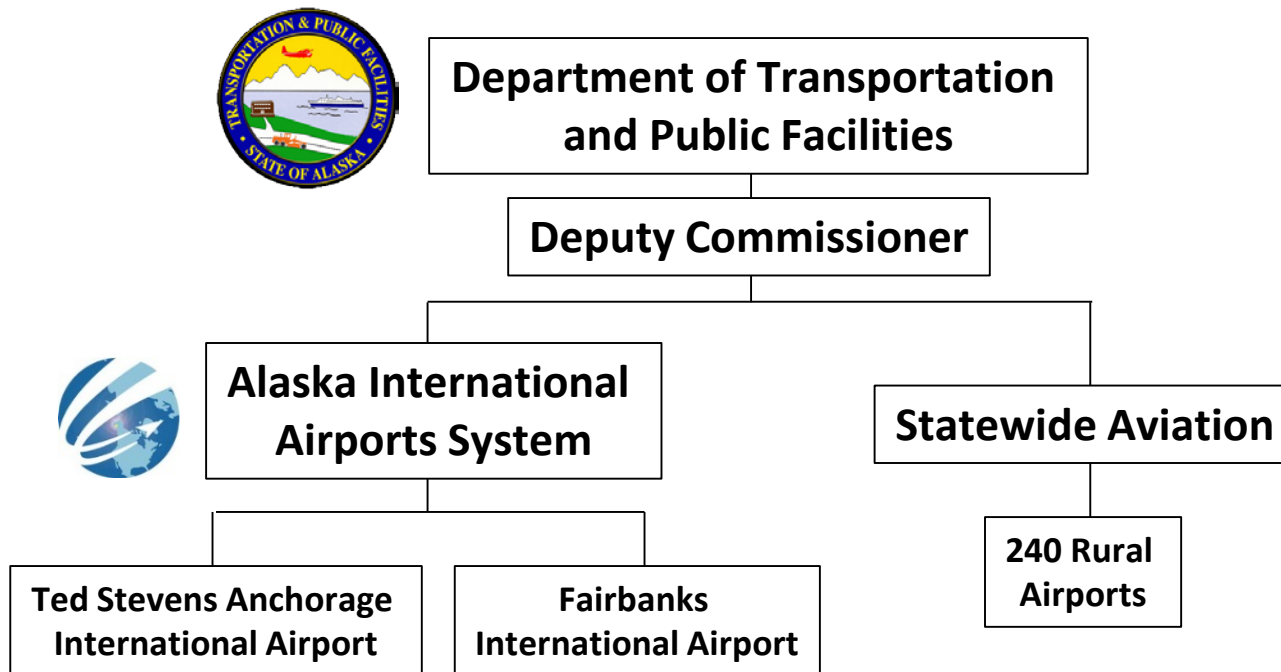
## DOT&PF

***“Keep Alaska moving through service and infrastructure”***

## Alaska International Airports System (AIAS)

***“To keep Alaska flying and thriving”***

# Organization/Leadership



# AIAS Structure

Created over 50 years ago by Ch88 SLA 1961 -  
(AS 37.15.410-550)



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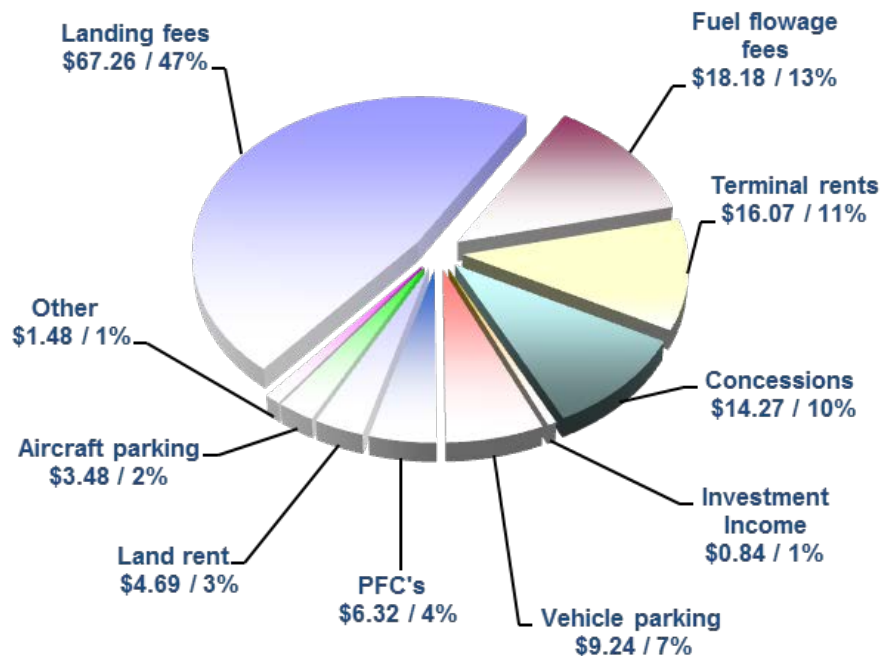
# Operating Agreement with Carriers

- **Ten-year Operating Agreement commenced July 1, 2013**
  - **29 Airlines are Signatory**
  - **Signatory Carriers**
    - **Share financial risk in exchange for capital and operating input**
    - **Discounted fees**
- **Signatory Carriers organize and engage AIAS as Airline Airport Affairs Committee (AAAC)**
  - **Co-chairs are representatives from UPS and Alaska Airlines**
- **AIAS has authority to issue revenue bonds**

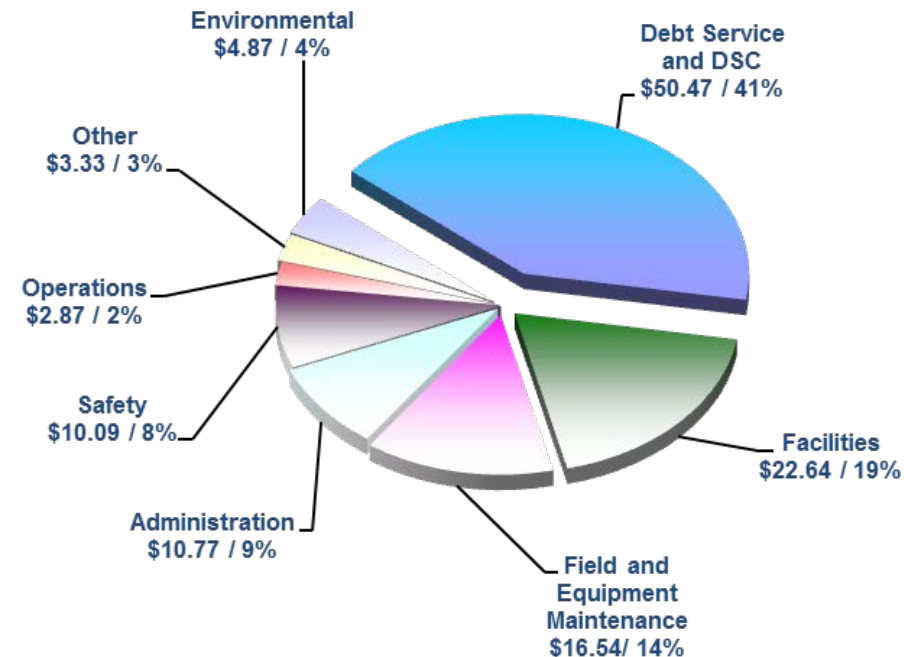
# Annual Operating Revenues and Operations, Maintenance and Debt Costs

- Funded from Customer Charges -

**AIAS FY2016 Revenue Sources\***  
(\$141.9 Million)



**AIAS FY2016 Annual Operating Costs and DSC\*\***  
(\$121.6 Million)

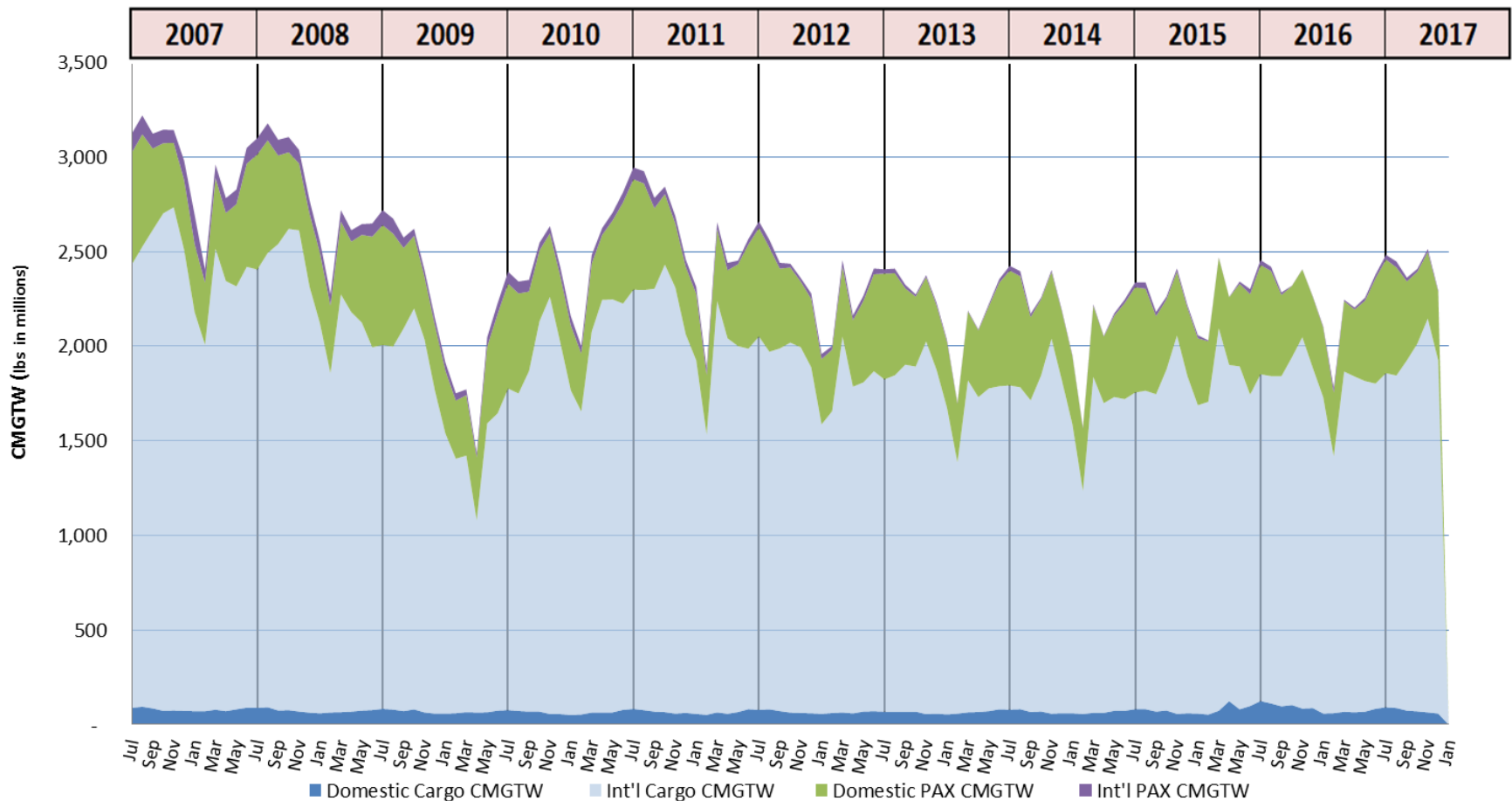


\* Revenues from Airline & Tenant Customers

\*\* Expense does not include rates & fees funded capital costs  
Unaudited

# Cargo/Pax Activity

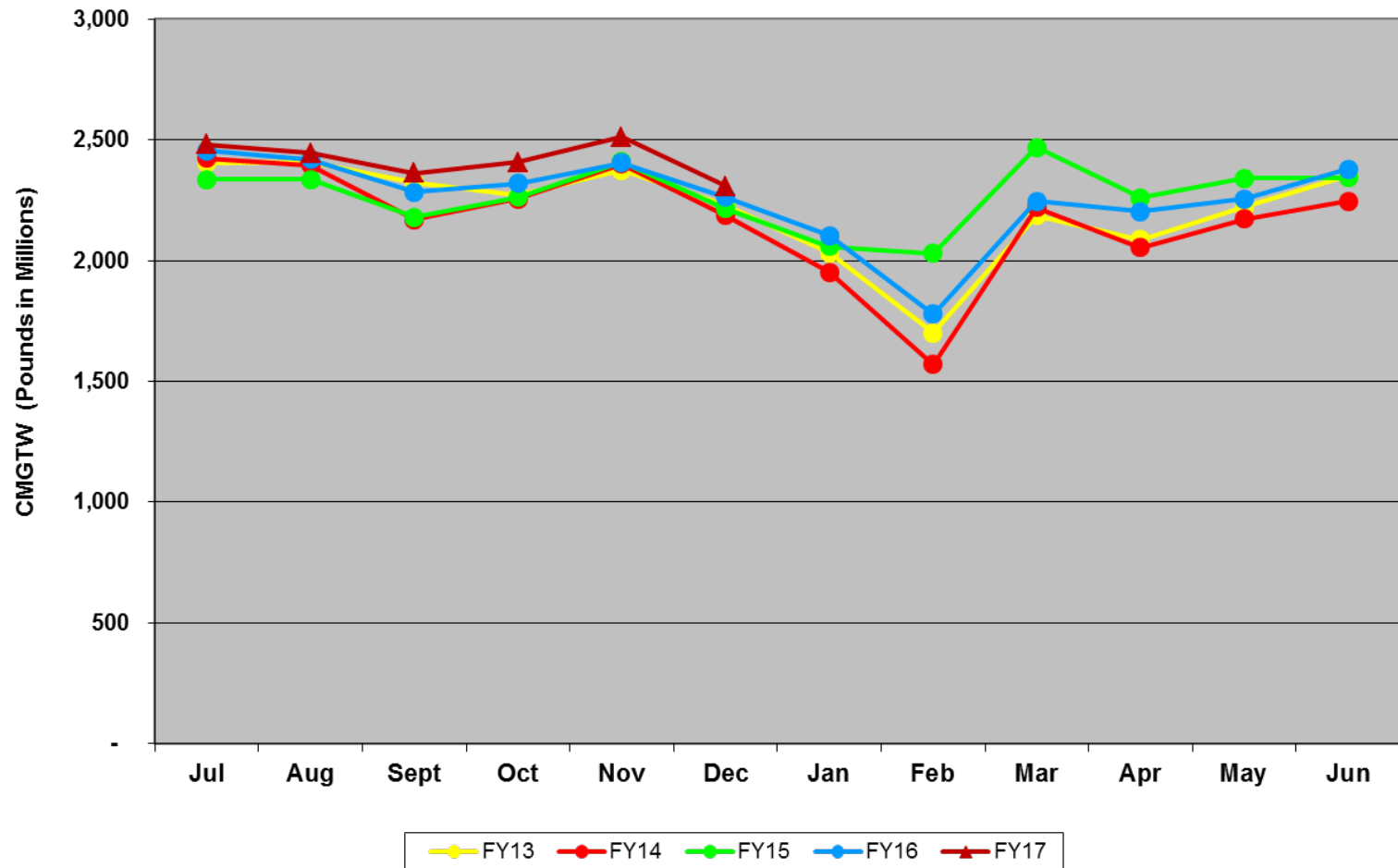
**AIAS**  
Monthly Cargo & PAX CMGTW  
- Domestic & Int'l -  
FY07 - FY17 ytd (Dec 16)



# Primary Revenue Driver - Airfield Activity (CMGTW): Down 0.5% FY16 / Up 2.6% FY17 ytd



**AIAS**  
**FY13- FY17 YTD**  
**Monthly Reported Combined Cargo - Pax CMGTW**  
**As of December 31, 2016**



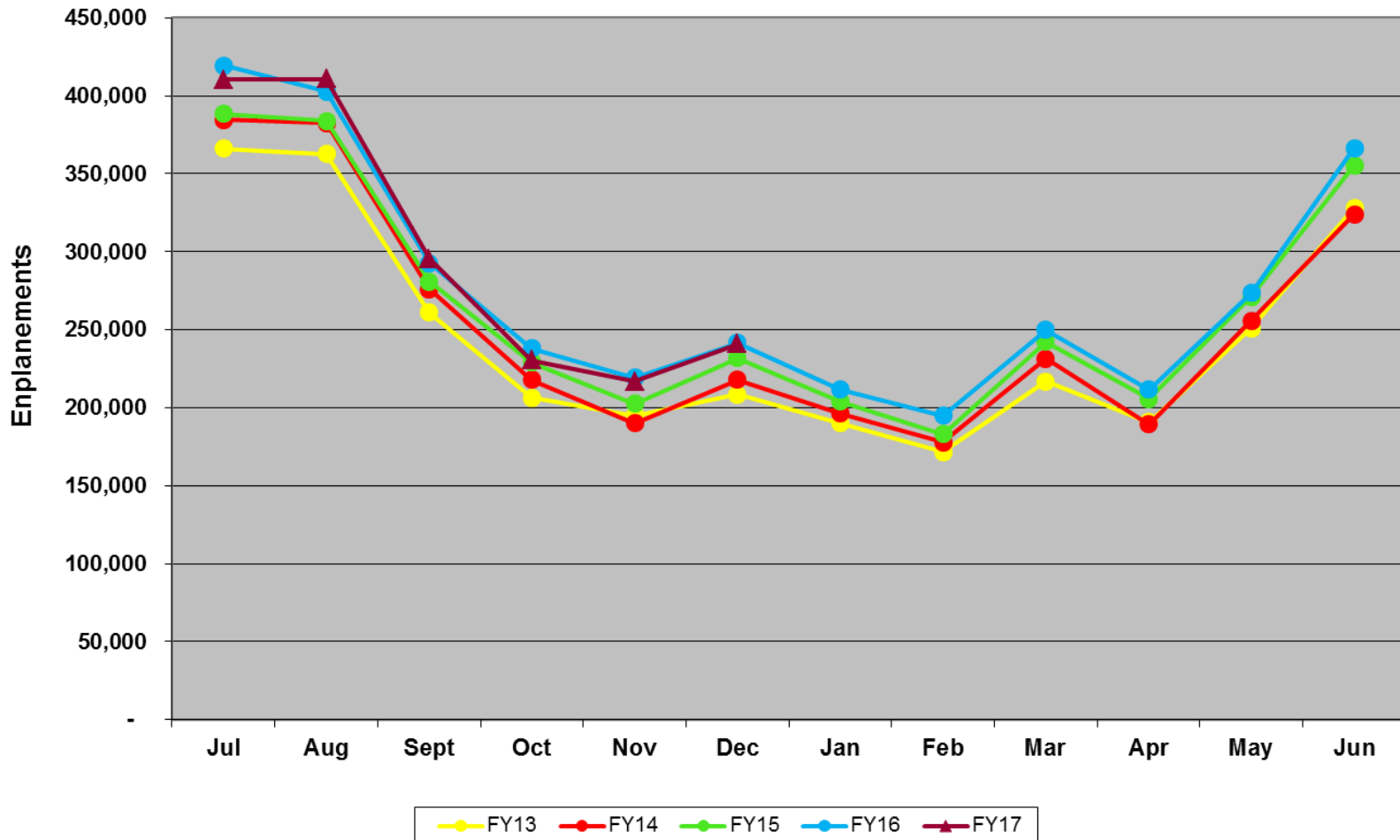


# Passenger Activity

Up 4.5% FY16 / Down 0.5% FY17 ytd



AIAS  
FY13 - FY17 YTD  
Monthly Enplanements  
As of December 31, 2016





# Capital Funding

## Airport Improvement Program (AIP)

### FFY2016

	<u>Discretionary</u>	<u>Entitlements</u>	<u>Total</u>
ANC	\$11.7M	\$15.7M	\$27.4M
FAI	\$0.0	\$4.1M	\$4.1M

### Anticipated FFY2017

	<u>Discretionary</u>	<u>Entitlements</u>	<u>Total</u>
ANC	\$24.5M	\$18.2M	\$42.7M
FAI	\$4.5M	\$3.0M	\$7.5M



# Strategic Planning / Engagement

- **System planning/responses to previous Management reviews**
  - Strategic Plan (2017)
  - Business Plan (2016-17)
  - Marketing Plans / System Branding (Ongoing)
- **Proactive communications**
  - Work with sister State agencies; Convention and Visitors Bureaus and Economic Development Corporations to strategize opportunities
  - Attend passenger and cargo conferences to promote AIAS
  - Pursue Asian market & air carriers



# Master Plans

- **AIAS Strategic Plan (AIAS Team)**
  - Progress on Results Based Alignment, market indicators, revenue-expense and system optimization
  - Annual review scheduled for Feb 2017
  - 2016 Plan located at <http://dot.alaska.gov/aias/news>
- **Lake Hood Master Plan (DOWL Team)**
  - Public comment period for draft plan completed Jan 16, 2017
  - Final plan early spring 2017
  - Draft report located at <http://www.lhdmasterplan.com>



# Airport Improvement Program (AIP) for DOT&PF Airports in FFY'16

FAA airport capital improvement project funding program (~\$169.8M)

- **Cargo Entitlement (\$12.7M)**
  - Earned by airports with more than 100 million pounds landed weight
- **Primary Passenger Entitlement (\$29.2M)**
  - Earned by airports with more than 10,000 passengers (enplanements) and scheduled commercial service
- **Non-Primary Passenger Entitlement (\$11.7M)**
  - Earned by airports with less than 10,000 passengers annually
- **State Apportionment (\$22.3M total less Muni Sponsors = \$17M)**
  - An area/pop. formula used after cargo/passenger entitlements calculated
- **Alaska Supplemental (\$21.3M total less Muni Sponsors = \$17.8M)**
  - Legislative amount based on 1980 amounts
- **Discretionary (\$109.2M less Muni Sponsors = \$80.7M)**
  - What remains – divided among 50 states



# Aviation Challenges – Future

- **Fleet Changes**
  - International wide-body aircraft
  - In-state changes (SAAB 2000, 737 freighter, Q-400)
- **Climate Change**
  - Increasing number of freezing rain/ice events
  - Rural runway subsurface maintenance
  - Coastal erosion
- **Ever-increasing federal compliance requirements**
  - Access controls/ID management
  - Obstruction criteria
  - Friction requirements
  - NEPA determination requirements for non-AIP development



# Thank you!

# Questions?



# Airport Project Evaluation Board (APEB)

## Board Members

- Deputy Commissioner, Regional Directors, SWA Division Manager, Director of Program Development

## Project Evaluation Board Process

- Needs list development – conducted by regional planners
- Project nominations to the board
- Project scoring – criterion for airports (16) / buildings (8)
- Regular review

## Airport Spending Plan Development

- Multi-year rolling plan