Alaska Department of Transportation & Public Facilities

Aviation Overview for Alaska Legislature

Deputy Commissioner John Binder

February 3, 2015

Mission Statements

DOT&PF

"Keep Alaska moving through service and infrastructure"

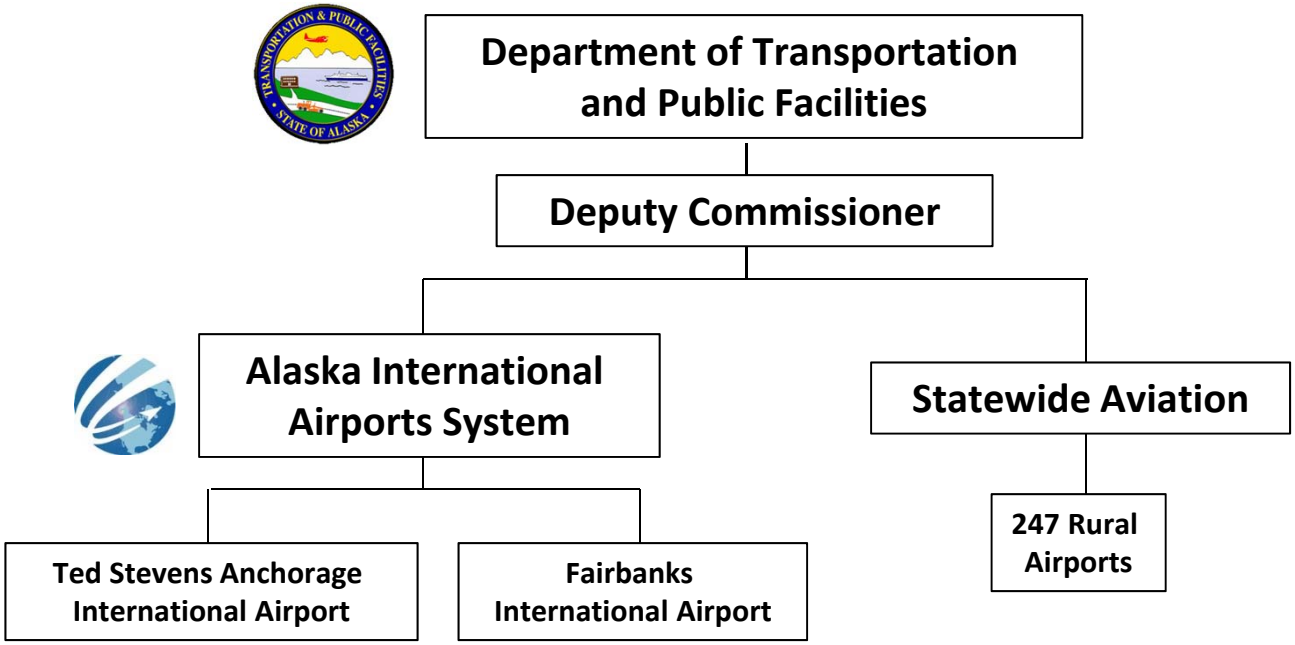
Alaska International Airports System (AIAS)

"To keep Alaska flying and thriving"

Statewide Aviation (SWA)

"To sustain and improve the quality of life throughout Alaska"

Organization/Leadership



AIAS Structure

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

Ted Stevens Anchorage International Airport "AeroNexus" ®

+

Fairbanks International Airport "AeroNexus"®

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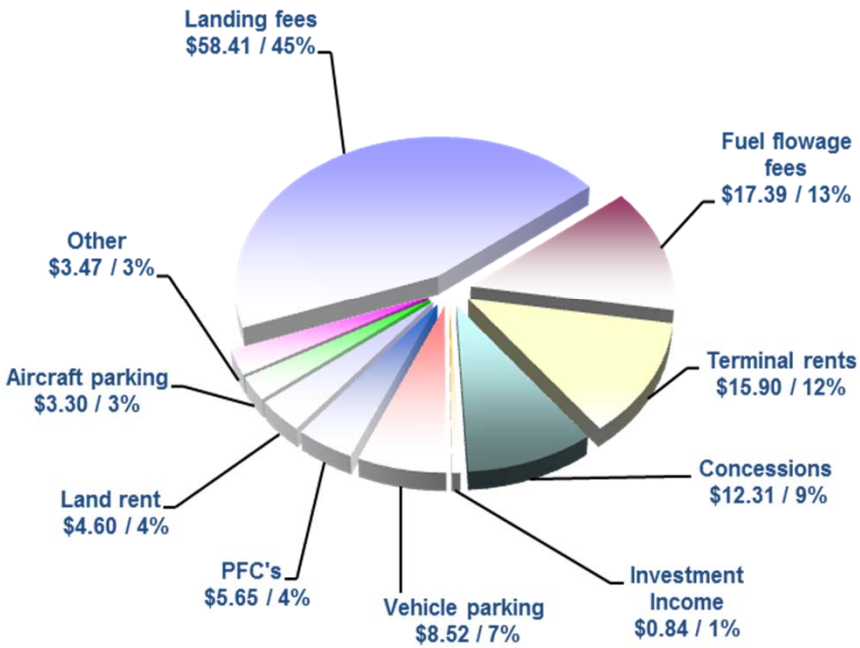
Alaska International Airport System "AeroNexus"®

Annual Revenues and Operations, Maintenance and Debt Costs

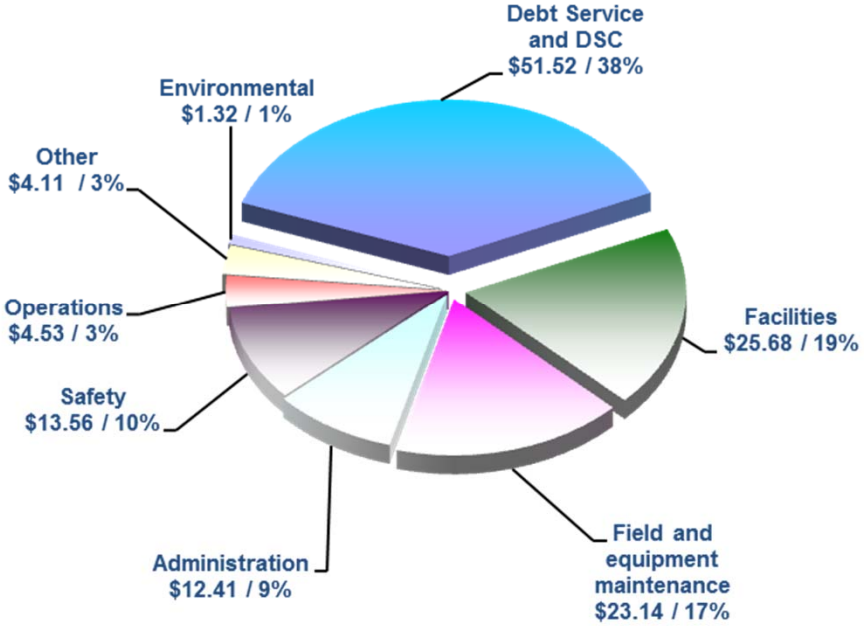
- Funded from Customer Charges -

AIAS FY2014 Revenue Sources (Millions)



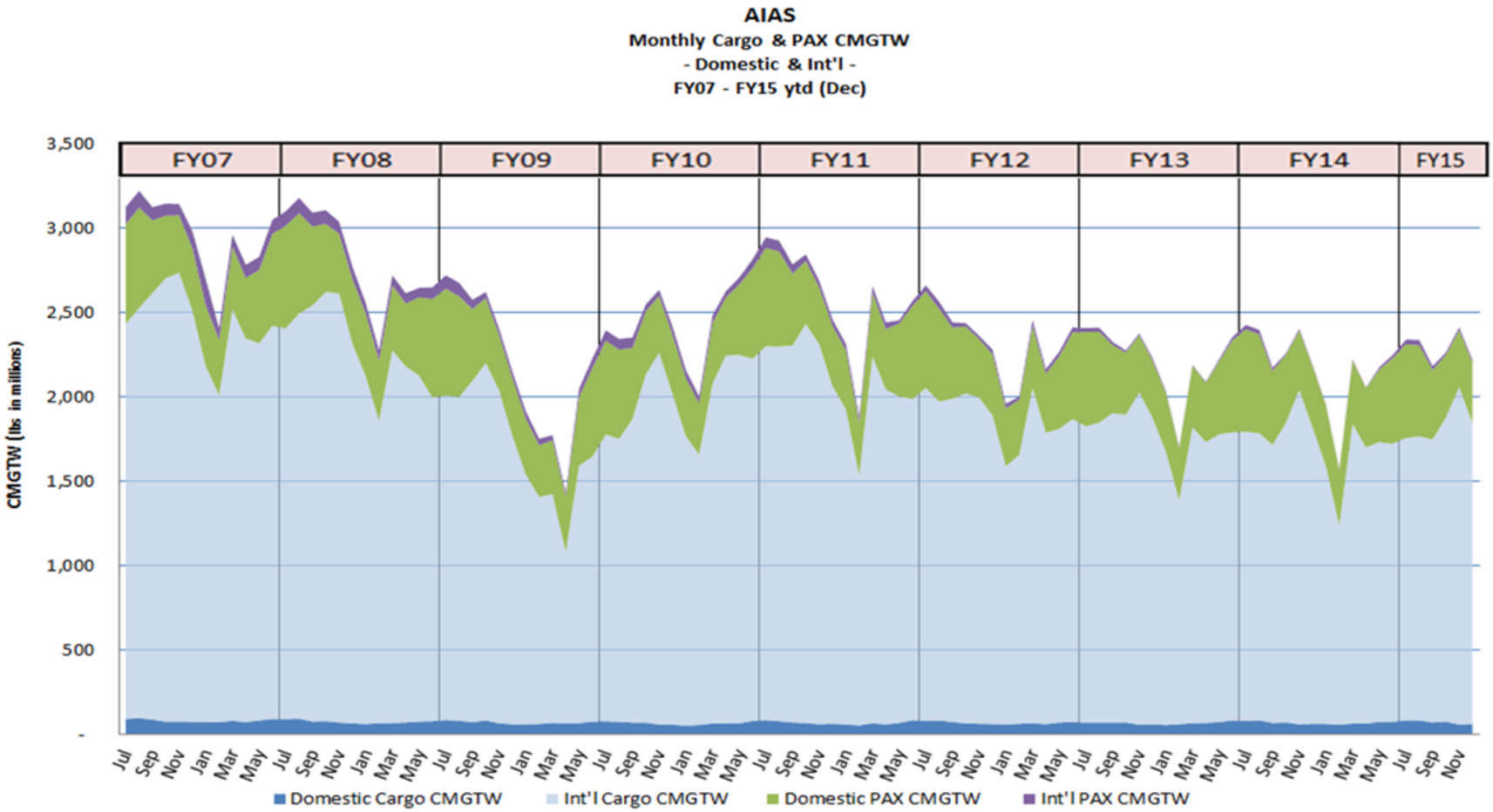
$130.4M in Operating/Other Revenues

AIAS FY2014 Annual Costs and DSC (Millions)

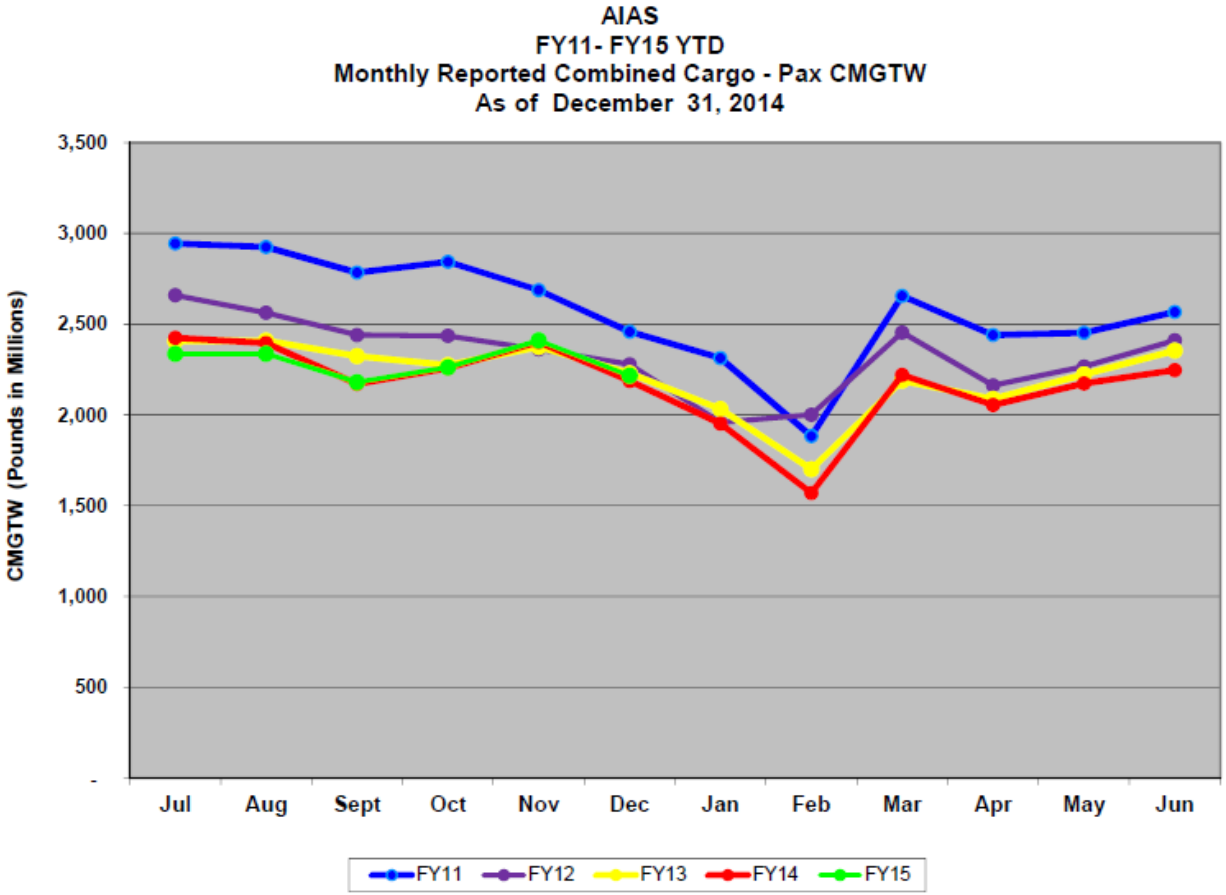


Costs are covered by adjustments to rates and fees – self sustaining system

Cargo Activity

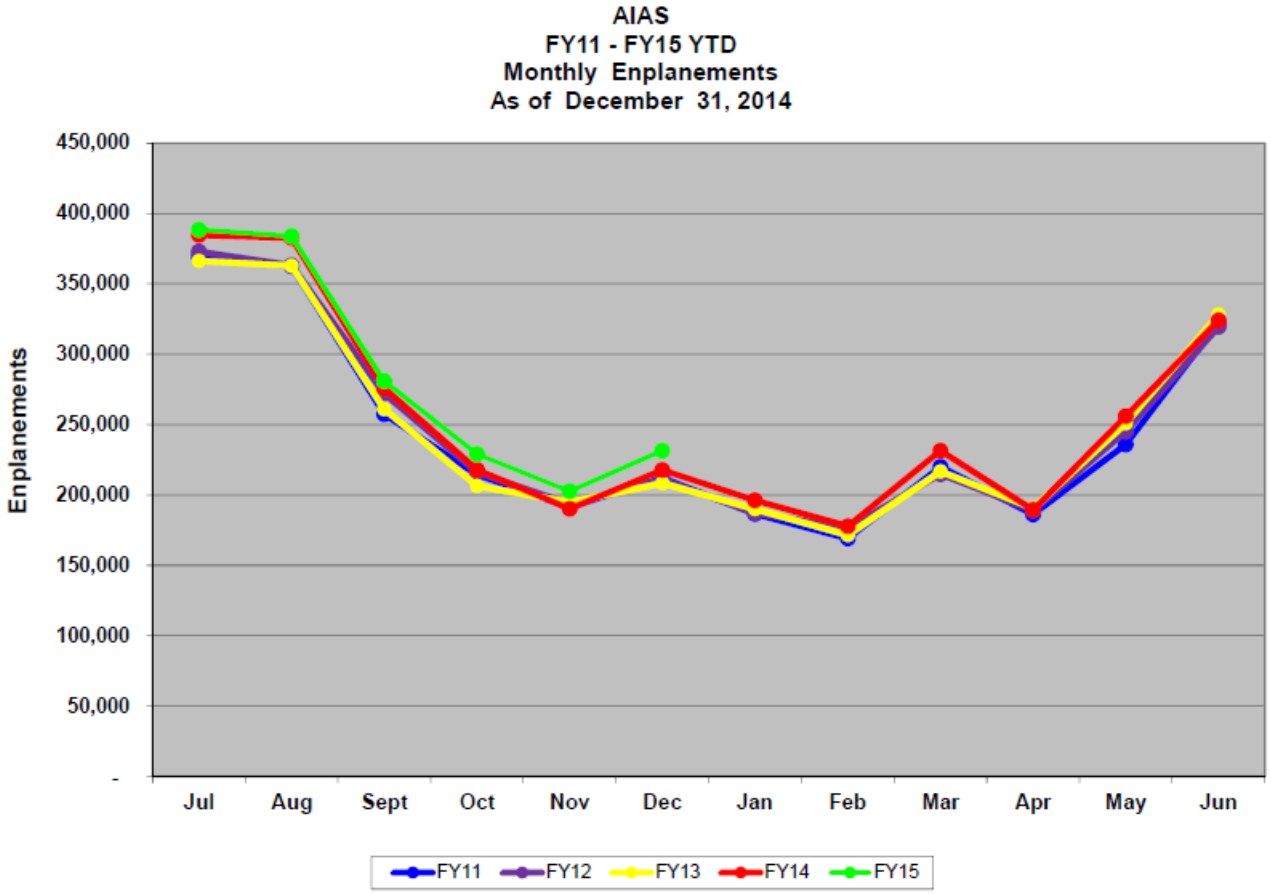


Primary Revenue Driver - Airfield Activity (CMGTW): -2% FY14 /-4% FY15 ytd



Passenger Activity

Up 3% FY14 / Up 1% FY15 ytd



Operating Agreement with Carriers

- **Ten-year Operating Agreement established July 1, 2013**
  - **30 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**

Strategic Planning & Marketing

- System planning/responses to previous management reviews
  - Strategic Plan (2015)
  - Business Plan (2014-15)
  - 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 carriers

Master Plans

- **AIAS Strategic Plan (DOWL/HNTB Team)**
  - **Completed Dec 2014; scenarios, capacity and forecasts**
  - **Report located at http://dot.alaska.gov/aias/news**
- **FAI Master Plan(RS&H Team)**
  - **Completed Dec 2014**
  - **Report located at http://pdcprojects.info/FAIMasterPlan**
- **ANC Master Plan (RS&H Team)**
  - **Completed Dec 2014**
  - **Report located at http://www.ancmasterplan.com**

Statewide Aviation

Rural System Scope and Scale

- **247 DOT&PF owned/operated airports & seaplane bases**
- **172 gravel & 47 paved airports; 27 Sea Plane Bases & 1 heliport**
- **19 Part 139 certificated airports**
- **Primary access for 82% of Alaskan communities off the contiguous road system**
- **Rural System is <u>not</u> self sustaining; primarily funded by GF, some revenue via leases**

Major Rural System AIP Construction Projects Expected to be Funded in FFY'15 & '16

Runway Safety Areas

- Adak (No AIP Funding will be Used)

Pavement Rehab

- Bethel
- Gulkana
- Haines
- Shishmaref
- Talkeetna
- Wrangell
- Yakutat

Rural Access

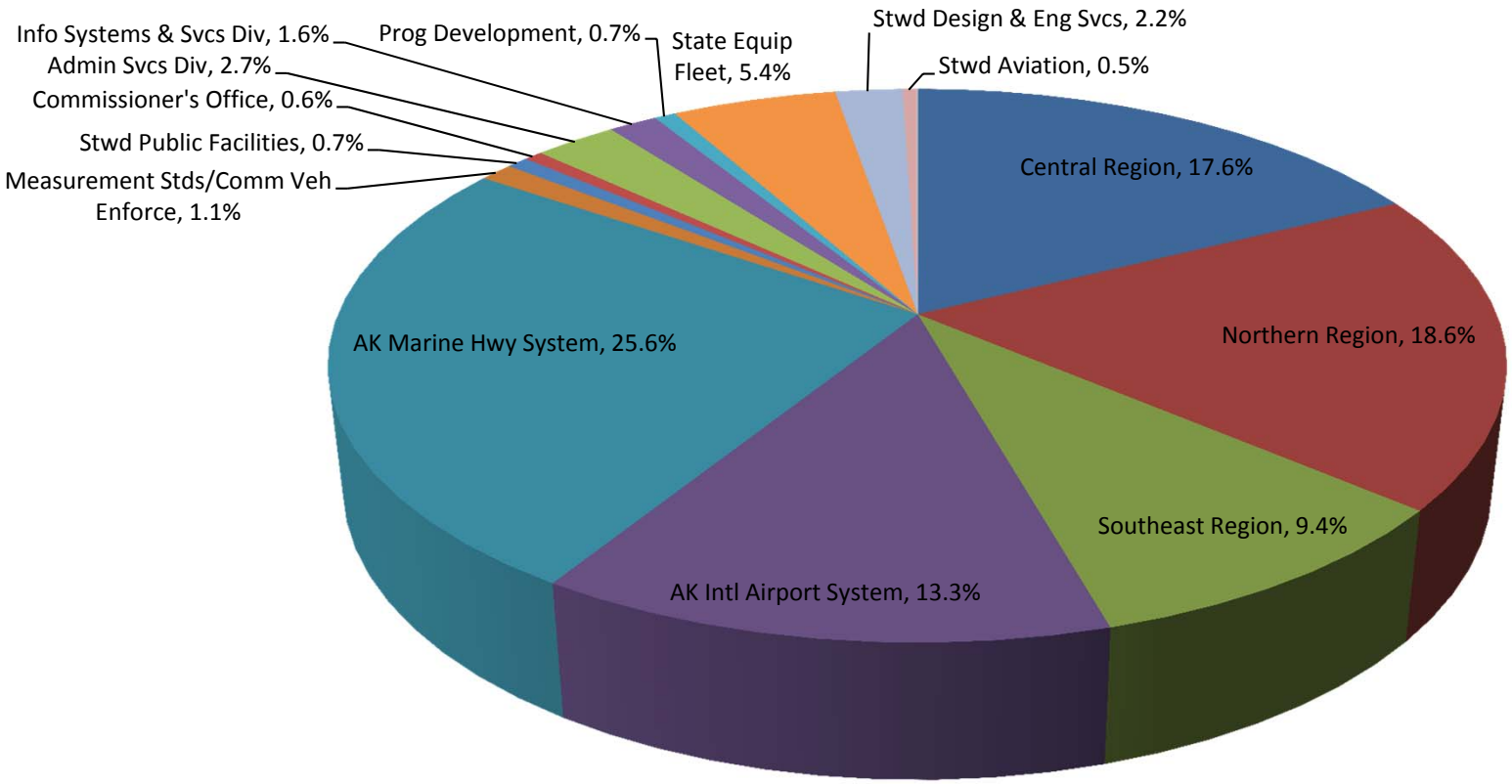
- Ambler
- Cold Bay
- Coldfoot
- Cordova
- Hooper Bay
- Kotzebue
- Kwigillingok
- Pilot Station

Buildings

- Barrow
- Bethel
- Cold Bay
- Deadhorse
- Ketchikan
- King Salmon
- Togiak
- Unalaska

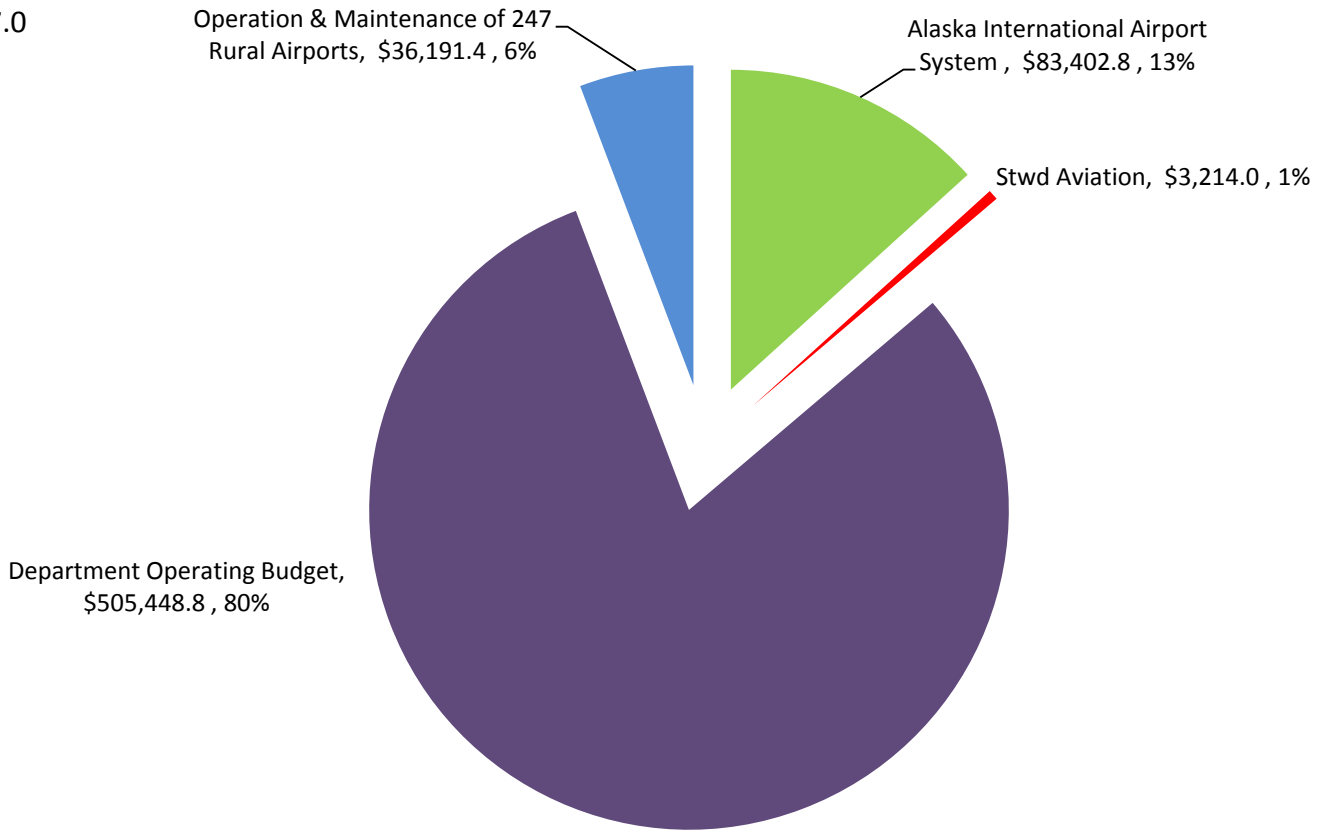
- **Alaska Airport Needs Directory published**
  http://dot.alaska.gov/airport-portal-newsres.shtml

FY2016 Governor's Endorsed Budget Functional Breakdown



FY2016 Governor's Endorsed Budget Department Breakout

Total: $628,257.0



Airport Improvement Program (AIP)

FAA airport capital improvement project funding program (~$176.2M)

- **Cargo Entitlement ($15.1M)**
  - **Earned by airports with more than 100 million pounds landed weight**
- **Primary Passenger Entitlement ($31.2M)**
  - **Earned by airports with more than 10,000 passengers (enplanements)**
- **Non-Primary Passenger Entitlement ($7.6M)**
  - **Earned by airports with less than 10,000 passengers annually**
- **State Apportionment ($20.5M)**
  - **An area/pop. formula used after cargo/passenger entitlements calculated**
- **Alaska Supplemental ($21.3M total less Muni Sponsors = $16.7M)**
  - **Legislative amount based on 1980 amounts**
- **Discretionary ($85.1)**
  - **What remains – divided among 50 states**

AIP Funding FFY'12 to '14 ($M)

Funding Type	FFY'12	FFY'13	FFY'14
Total AIP $ -- (AIAS + Rural)	**$201.8**	**$ 187.3**	**$ 180.7**
AIAS Total Passenger & Cargo Entitlements	$ 23.5	$ 22.3	$ 22.3
Rural Total State Apportionment & AK Supplemental (includes funding allocated to Local Sponsors)	$ 41.5	$ 42.2	$ 41.8
Rural Primary Passenger Entitlement	$ 25.9	$ 28.0	$ 23.9
Rural Non-Primary Entitlements	$ 17.1	$ 7.5	$ 7.6
Discretionary Funding (AIAS + Rural)	$ 93.8	$ 87.3	$ 85.1

Airport Project Evaluation Board (APEB)

Board Members

- **Deputy Commissioner, Regional Directors, Maintenance & Operations Chief, Director of Program Development**

Project Evaluation Boarding Process

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

Spending Plan Development

Aviation Challenges--Future

- **Evolving federal agency relationships**
  - **Increasing regulatory pressure (FAA, TSA, EPA)**
  - **Lessening awareness of, and appreciation for, Alaska realities not present in lower 48**
  - **FAA AIP funding uncertainty**
- **Increasing cost of winter maintenance chemicals**
  - **Federal ban on a common chemical used at large airports**
  - **Approved chemical almost twice as expensive**

Thank you!

Questions?