



Alaska Department of Transportation & Public Facilities

“AIAS 101”

Updated Feb. 2015



Airports 101 Outline

- Nationwide
- Statewide
- AIAS
- ***Your Airport and You***
 - Anchorage
 - Fairbanks





Nationwide

Integrity - Enterprising - Excellence - Respect



Nationwide

Federal Aviation Administration (FAA): Safety

- 14 CFR Part 139 prescribes minimum airport safety standards
- Airport Certification Manual: how we meet them
- Airport Operating Certificate: tells us we meet them
- Airport Improvement Program (AIP): funds airport capital improvement projects (up to 93.75%)
- Grant Assurances: “contracts” airports must abide by if they receive AIP funding, i.e., not diverting revenue
- Snow and Ice Control Plan: “no worse than wet”





Nationwide

Transportation Security Administration (TSA): Security

- 49 CFR 1542 prescribes minimum airport security standards
- Airports DO NOT manage TSA personnel – they are federal
- Airport Security Coordinator: airport contact for all security issues
- Airport Security Program: how the airport complies with federal regulations
- Secure Areas v. Non-Secure Areas
- Badging and Escort Procedures





Statewide

Integrity - Enterprising - Excellence - Respect



Statewide



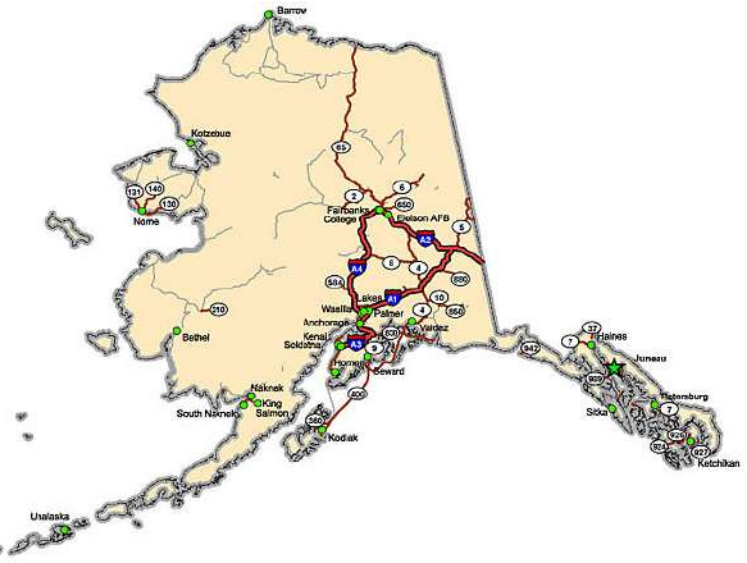
- 19,700 airports in the U.S.
- Over 700 registered airports in Alaska
- 254 are State owned



Statewide

Aviation is a necessity in Alaska!

- 82% of Alaskan communities are not connected to the road system, relying entirely on air service
- Only 2% of Alaska's land area is accessible by roads
- Only one road to Lower 48...and it's 2435 miles from ANC to SEA, the same as a flight from SEA to N.Y.

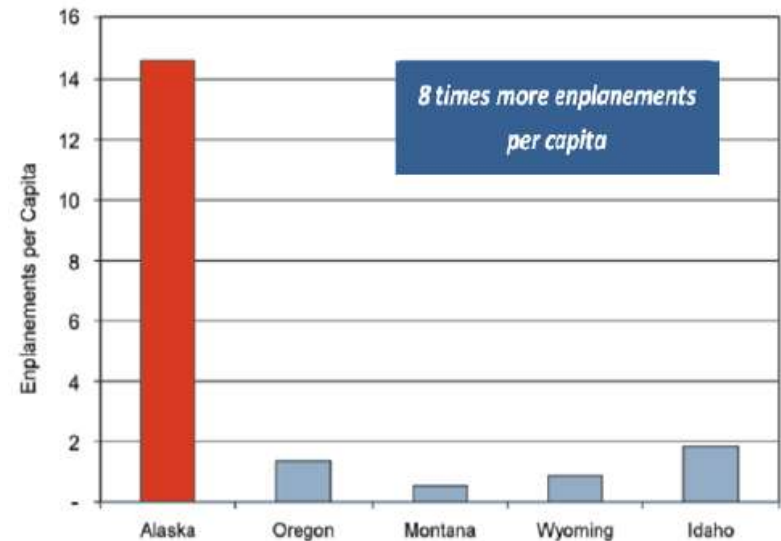




Statewide

Aviation is Business!

- 8 times more enplanements per capita than any other state
- More pilots per capita than any other state
- Aviation accounts for approximately 8% of Alaska's GDP and 10% of all jobs
- 1 in 10 jobs in Anchorage
- 1 in 20 jobs in Fairbanks



Source: Alaska Department of Transportation and Public Facilities.
2009 Statewide Aviation Annual Report.



AIAS

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Alaska International Airport System

SINCE 1961



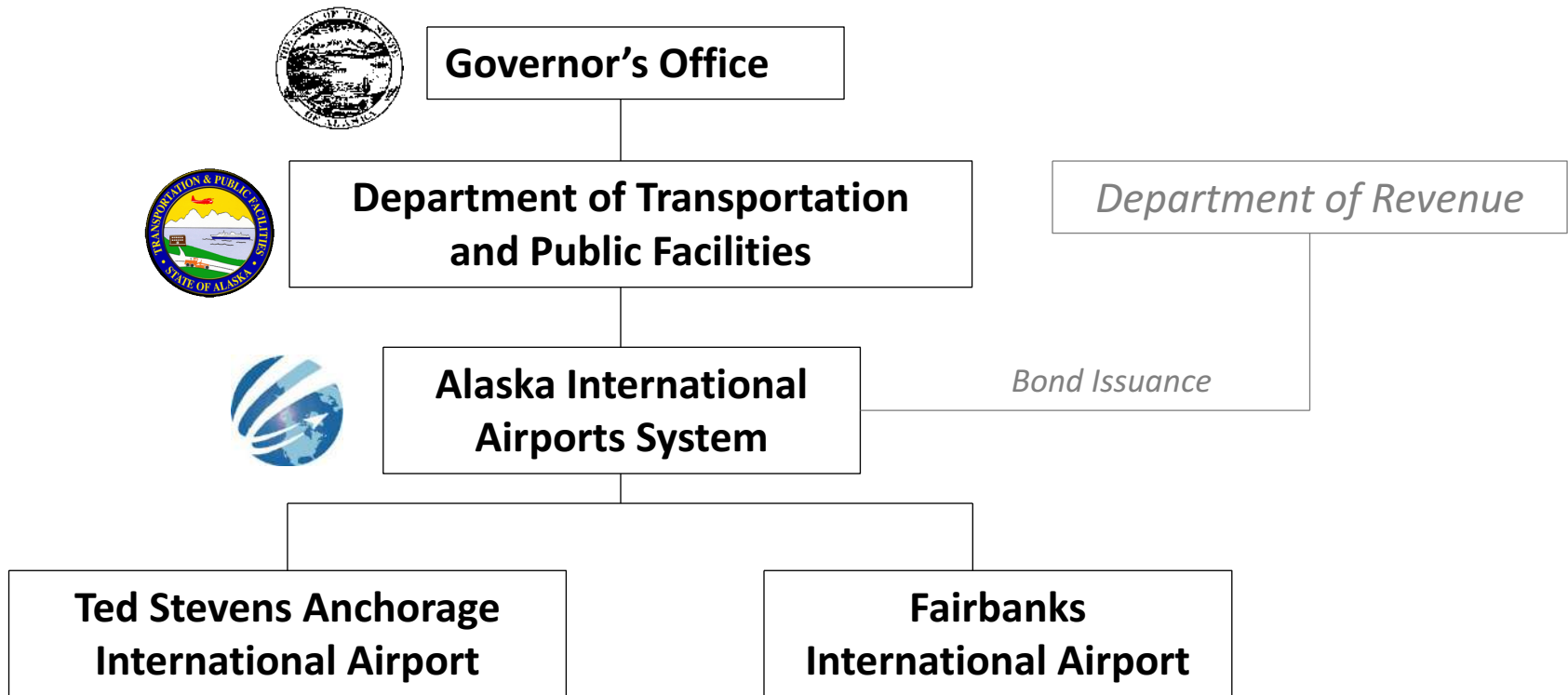
+ =



Two airports under one self-sustaining enterprise fund
To Keep Alaska Flying and Thriving



AIAS State Government Structure

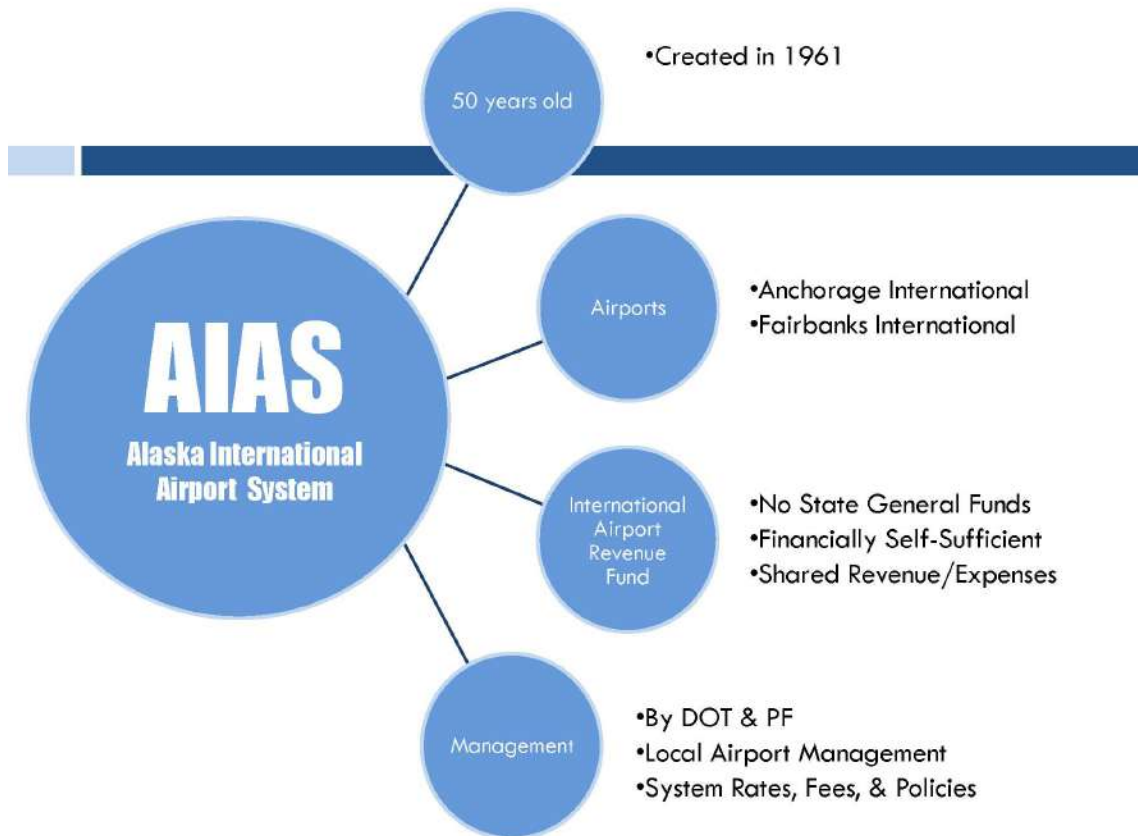


AIAS is funded and operates by authority provided in Alaska Statutes

Integrity - Enterprising - Excellence - Respect



Facts and Figures



\$85m Operating Budget

Capital Program

- “Buckets”
- Majority In Interest

481 employees

- 100 Fairbanks
- 381 Anchorage



Purpose & Values

Purpose:

To keep Alaska flying and thriving

Core Values:

Integrity: Honesty, dependability, unity, and a high ethical standard

Enterprising: Innovative, proactive, pioneering, business-centric airport system

Excellence: Commitment to improve and a passion to provide superior service and infrastructure

Respect: Professional regard for colleagues and customers



Vision

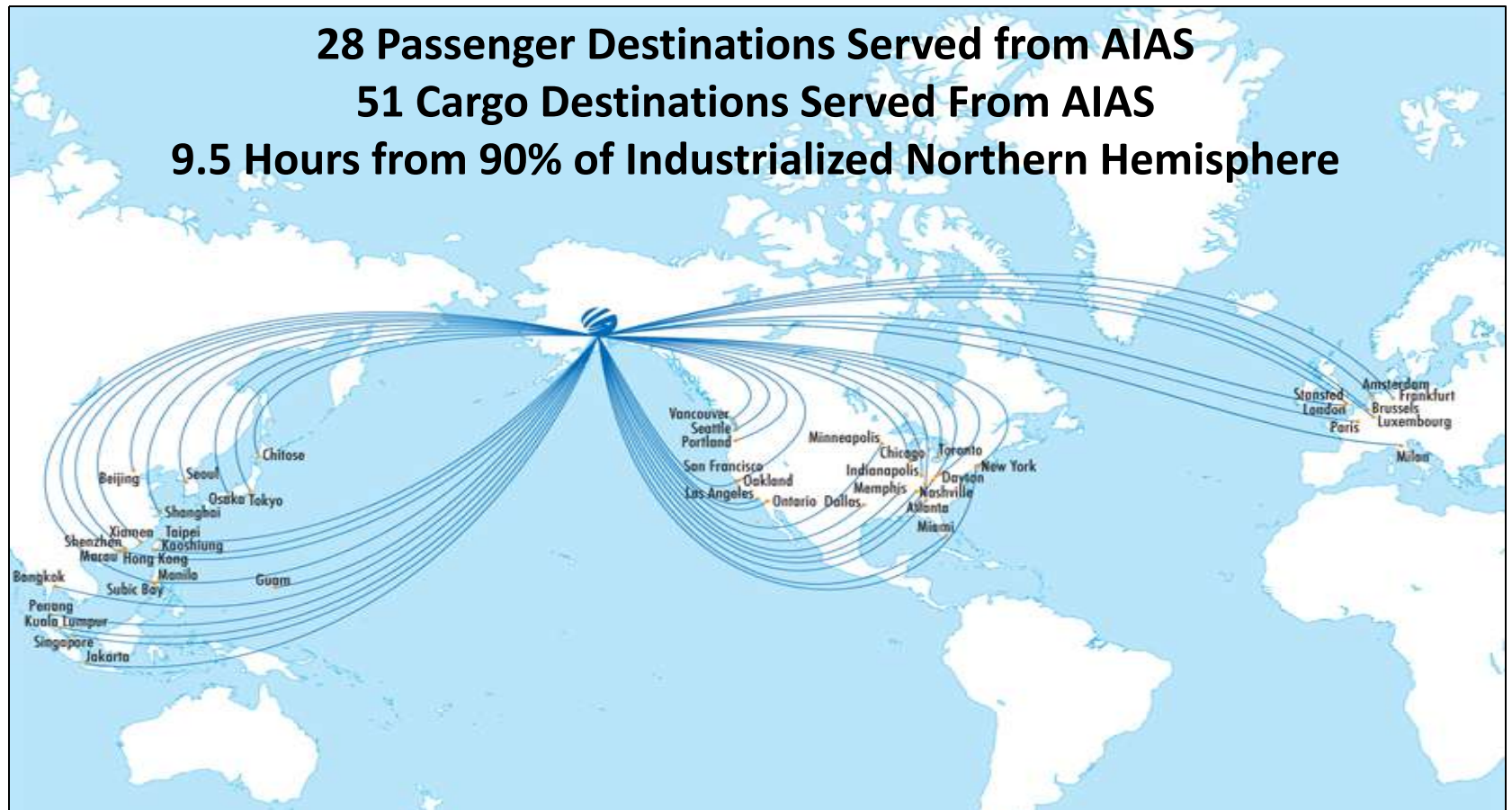
By 2030, AIAS is the global nexus for aviation-related commerce

- We will be a model government-owned enterprise, adaptive and agile
- We will proactively address global changes and world markets
- We will operate safely while striving for efficiency
- We will be a coveted place to work
- We will optimize our contribution to Alaska's economy and quality of life
- We will involve, value, and balance the interests of stakeholders



Location

28 Passenger Destinations Served from AIAS
51 Cargo Destinations Served From AIAS
9.5 Hours from 90% of Industrialized Northern Hemisphere





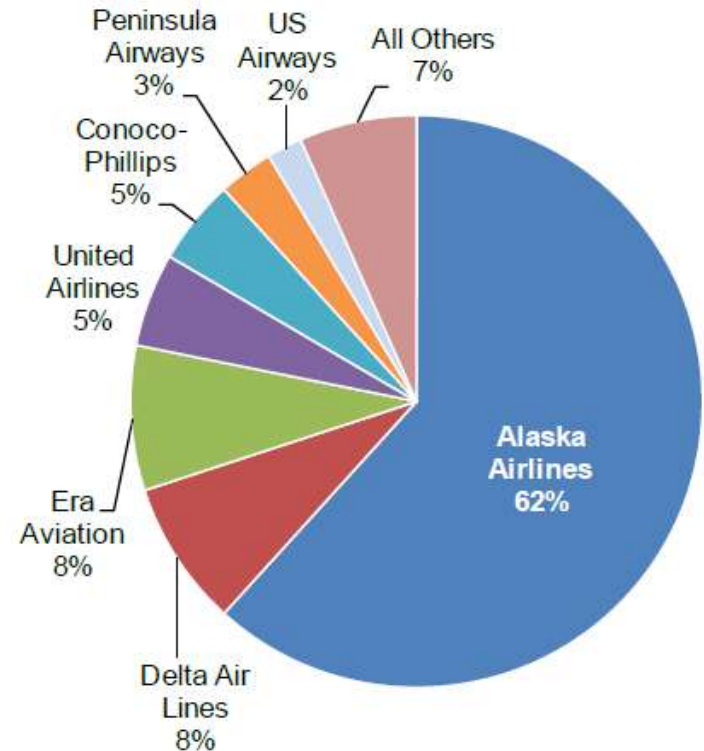
Passenger Customers

Passenger Airlines

- 40-Mile Air
- Air Canada
- Air North Charter & Training
- **Alaska Airlines**
- American Airlines
- **China Airlines**
- Condor Flugdienst¹
- Conoco/Phillips¹
- **Delta Air Lines**
- **Era Aviation**
- **Eva Airways Corporation**²
- **Frontier Airlines**
- Grant Aviation
- Guardian Flight¹
- Hageland Aviation Services
- **Japan Airlines**¹
- Jetblue Airways
- North American Airlines¹
- Omni Air International¹
- **Peninsula Airways**
- Security Aviation¹
- Sun Country Airlines
- Transnorthern, LLC¹
- **United Airlines**
- **US Airways**
- Warbelow Air Ventures
- World Airways¹
- Wright Air

1. Charter.
2. In-Transit Only.

FY12 AIAS Enplanements by Carrier
(2.96 million total)³

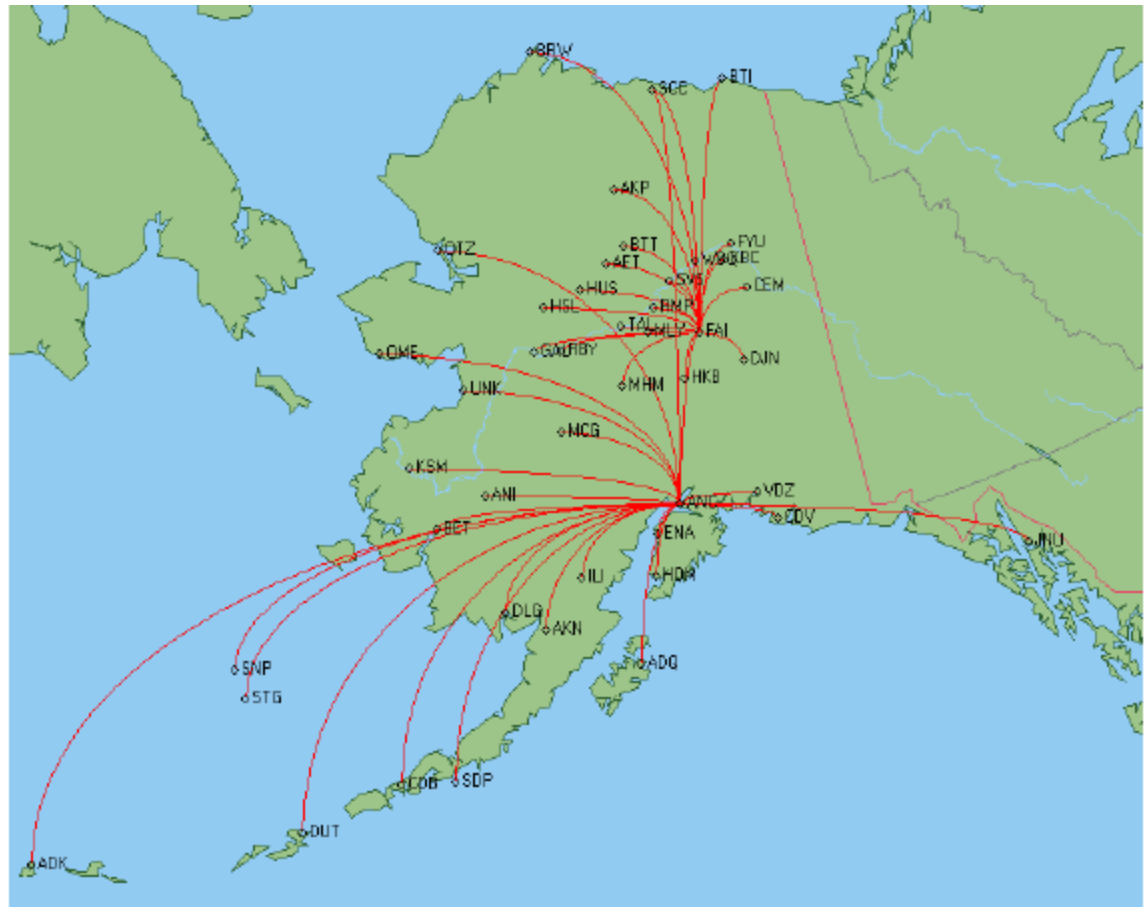




Passenger Markets

Regional Hubs

- 2.5 million ANC enplanements /year
- 500k FAI enplanements/year





Passenger Markets

Domestic and International Gateways





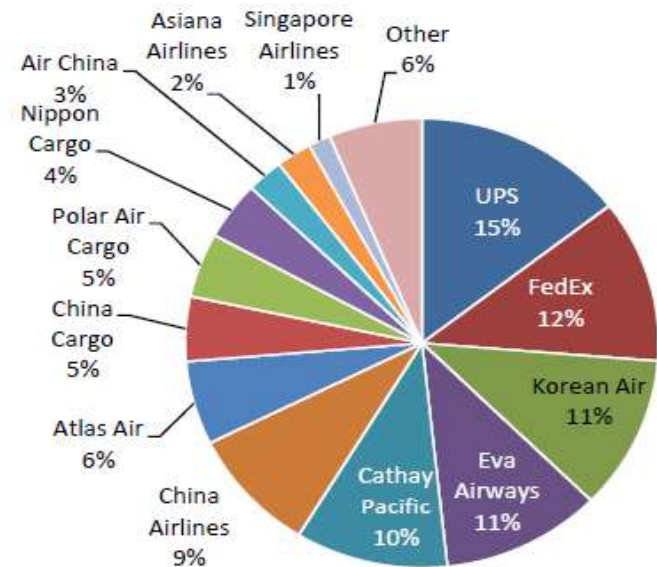
Cargo Customers

AIAS Cargo Operators

- ABX Air, Inc
- Air China Cargo Company
- Alaska Airlines
- Alaska Central Express
- All Nippon Airways Co
- Antonov Design Bureau
- Asiana Airlines
- Atlas Air
- Cathay Pacific Airways
- Cargolux Airlines International
- China Airlines
- China Cargo Airlines
- China Southern Airlines
- Desert Air
- Empire Airlines
- Era Aviation Air Cargo
- Eva Airways Corporation
- Evergreen International Airlines
- Everts Air Fuel
- Federal Express
- Frontier Flying Service
- Hageland Aviation Services
- Kalitta Air
- Korean Air
- Lynden Air Cargo
- Nippon Cargo Airlines
- Northern Air Cargo
- Omni Logistics
- Peninsula Airways
- Polar Air Cargo
- Qantas
- Singapore Cargo Airlines
- Southern Air
- Tatonduk Outfitters
- Transnorthern Aviation
- United Parcel Service
- Volga-DNEPR Cargo Airlines
- World Airways
- Wright Air Service
- Yakutia Air
- Yangtze River Express Airlines

- International cargo hub for FedEx, UPS, Korean Air, Nippon, China Airlines, Polar Air Cargo and Atlas Air
- Cargo-related revenues account for nearly two-thirds of AIAS revenues

Cargo Carrier Market Share in FY2012 by CMGTW⁽¹⁾



(1) Bureau of Transportation Statistics, T-100 Segment data through October 2012. Totals may not add due to rounding.
 Bold type indicates Signatory Airlines of the Operating Agreement.



Cargo Markets

AIAS is within 9.5 hours flight-time to 90% of the Industrialized Northern Hemisphere



| | Nautical Miles |
|---------------|----------------|
| Beijing | 3,431 |
| Seoul | 3,286 |
| Singapore | 5,792 |
| Tokyo | 2,983 |
| Frankfurt | 4,064 |
| London | 3,902 |
| Moscow | 3,778 |
| Honolulu | 2,413 |
| Los Angeles | 2,037 |
| Washington DC | 2,916 |
| Caracas | 4,646 |
| Mexico City | 3,281 |

- Air cargo shippers face a trade-off between fuel cost, time and aircraft carrying capacity
- Economics favor refueling at AIAS with heavier payload than bypassing AIAS with lighter payload
- Strategic link to Asia and the Pacific Rim
- AIAS is a major sorting and transfer hub for domestic and international carriers
- Liberal Cargo transfer rules unique to only Alaska and Hawaii
- Facility Reliability
 - +/- 10 minutes divert Trans-Pacific
 - Ability to accommodate state-of-the-art Design Group VI (VLA) 747-800 / A380F aircraft
 - No simultaneous closures
 - Open 24-7-365
 - 95% Visual Meteorological Conditions

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Payload vs. Range

PVG-ORD Direct

Distance: 7,050 miles
 Payload: 170,000 lbs
 77,273 kg

PVG-ANC-ORD

Distance: 7,150 miles
 Payload: 295,000 lbs
 134,090 kg



At \$1.00 per lb:
 PVG-ANC-ORD = \$295,000
 PVG-ORD = \$170,000
ANC Stop = \$125,000

For 747-8F:
 Increased Revenue with ANC stop is \$125,000

$\$125,000 \times 5 \text{ days/week} \times 52 \text{ weeks} = \$32,500,000$



US/Global Air Cargo Airport Rankings

| Rank | City |
|------|------------------|
| 1 | Memphis |
| 2 | Anchorage |
| 3 | Louisville |
| 4 | Miami |
| 5 | Los Angeles |
| 6 | Chicago |
| 7 | New York |
| 8 | Indianapolis |
| 9 | Newark |
| 10 | Atlanta |

| Rank | City |
|------|------------------|
| 1 | Hong Kong |
| 2 | Memphis |
| 3 | Shanghai |
| 4 | Incheon |
| 5 | Dubai |
| 6 | Anchorage |
| 7 | Louisville |
| 8 | Frankfurt |
| 9 | Paris |
| 10 | Tokyo |

Data from Airports Council International for CY2013 metric tons cargo



Cargo Transfer

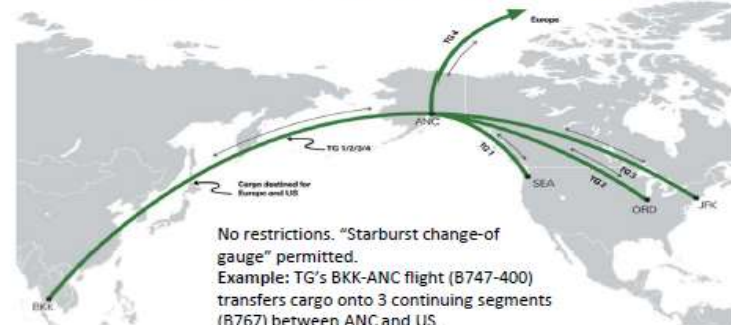
Liberal cargo transfer rules expand markets

Sample Global Approaches to Using AIAS Location and DOT Exemptions

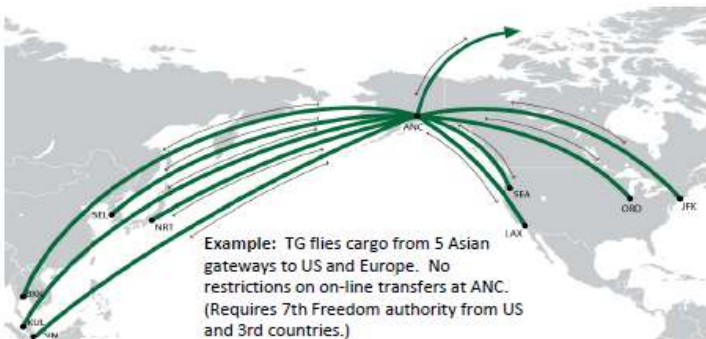
Technical Stops in ANC Can Be Completed in 1-2 Hours



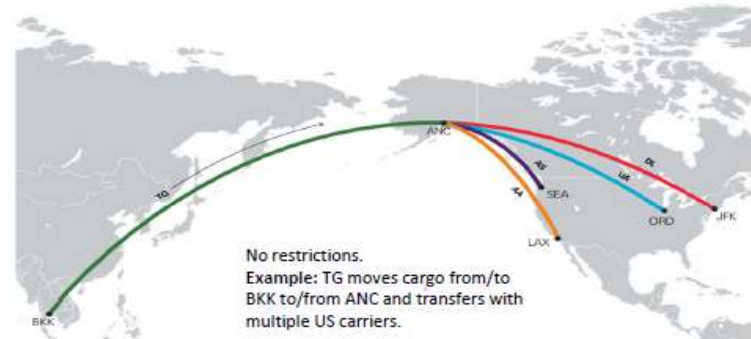
On-line Transfers: Starburst / Change of Gauge



On-Line Transfers: Multiple Origins and Destinations



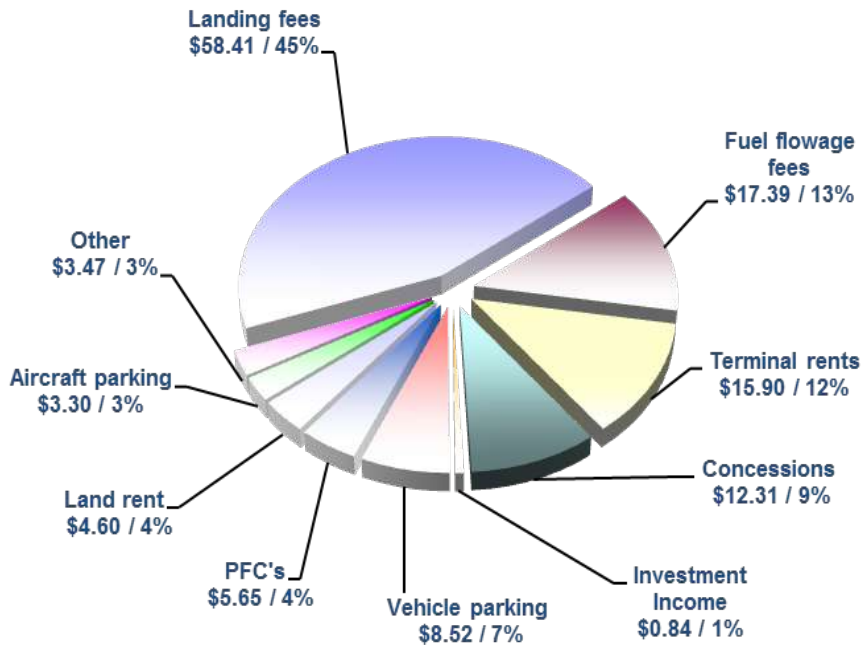
Interline to/from US: Non-US carrier to/from US carrier





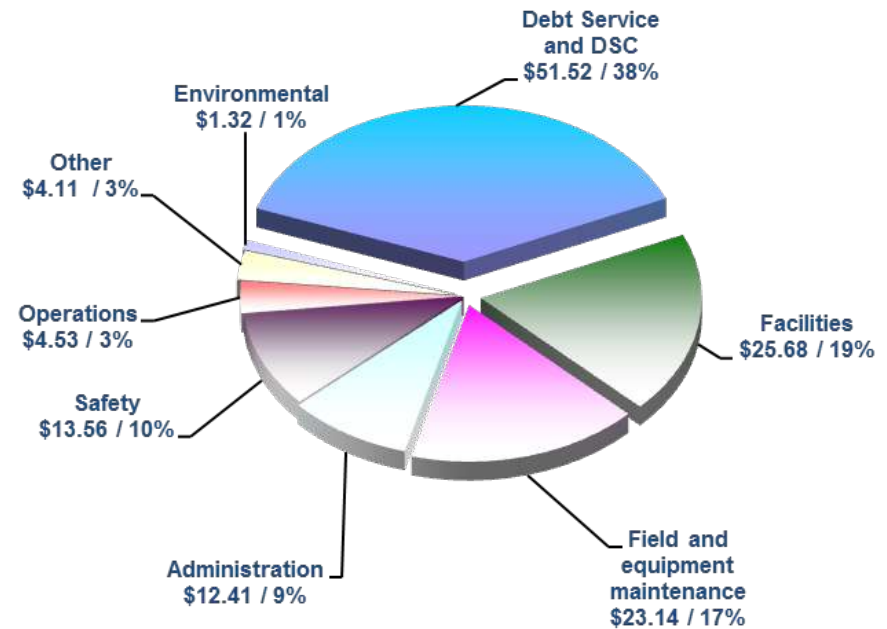
Annual Revenues / Operations, Maintenance and Debt Costs - Funded from Customer Charges -

AIAS FY2014 Revenue Sources (Millions)



\$130M in Operating/Other Revenues

AIAS FY2014 Annual Costs and DSC (Millions)





Other Rates and Fees

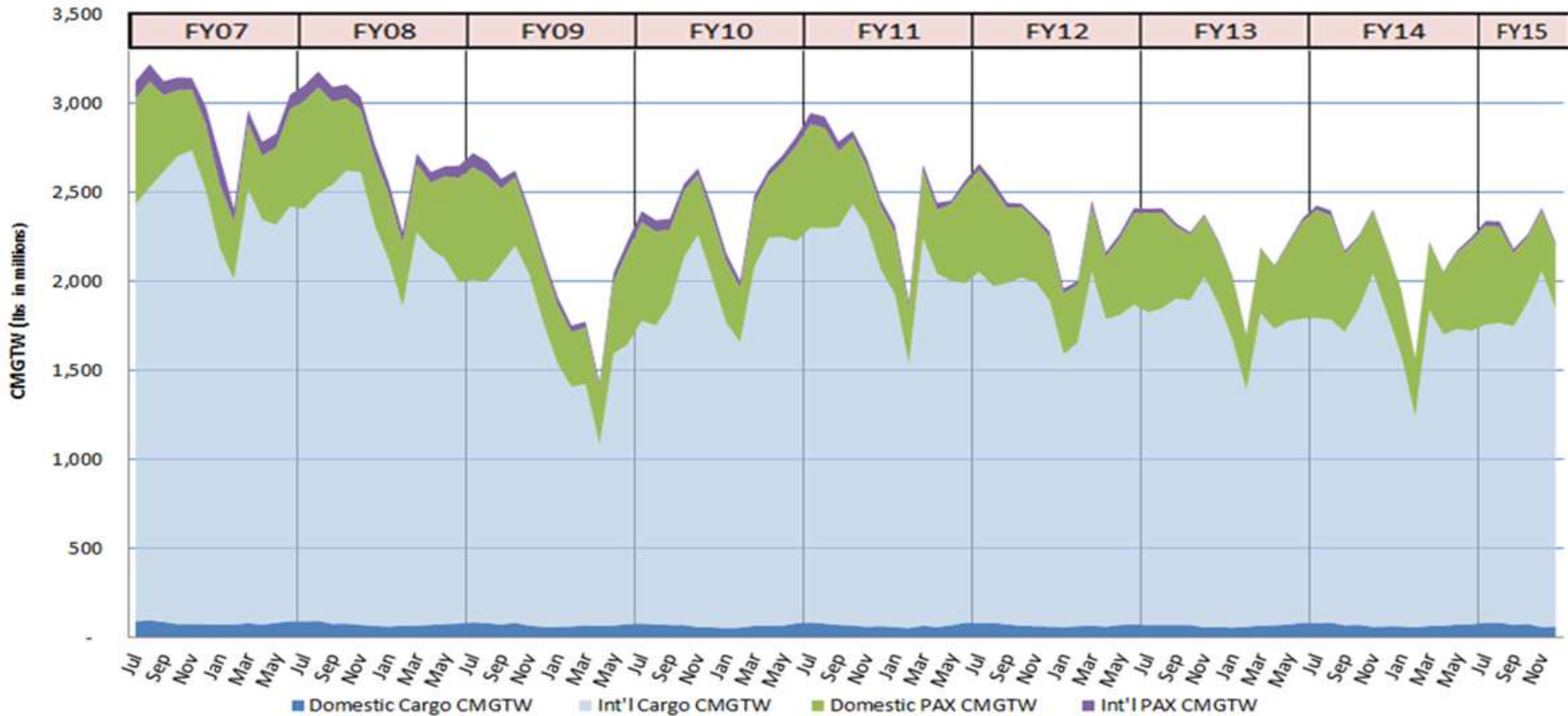
Examples:

- **Commercial vehicles, badging, parking, GA tiedowns, land rents**
- **Always refer to the current Rates and Fees Schedule before quoting**
- **Most rates and fees are consistent between ANC and FAI**



CMGTW Trend

AIAS
Monthly Cargo & PAX CMGTW
 - Domestic & Int'l -
 FY07 - FY15 ytd (Dec)





Alaska International Airports System Operating Agreement and Passenger Terminal Lease

30 Signatories

- Air Canada
- Air China Cargo
- Alaska Airlines
- Alaska Central Express
- Asiana Airlines
- Atlas Air
- Cargolux Airlines
- Cathay Pacific Airways
- China Airlines
- China Cargo Airlines
- China Southern Airlines
- Condor
- Corvus Airlines
- Delta Airlines
- Empire Airlines
- Eva Airways
- Federal Express
- Frontier Airlines
- Kalitta Air
- Korean Airlines
- Lynden Air Cargo
- Nippon Cargo Airlines
- Northern Air Cargo
- Peninsula Airways
- Polar Air Cargo
- Singapore Airlines Cargo
- Tatonduk Outfitters, Everts Air
- United Airlines
- United Parcel Service
- US Airways

**10-Year Agreement
effective July 1, 2013
through June 30, 2023**

As of Jan 15, 2015



Incentive Programs

Incentive programs exist for:

- **New or Expanded Regional, Domestic, and International Passenger Service**
- **New or Rescheduled Cargo Service**
- **Refer to Business Development**

CATEGORY 1 - Passenger Service

New, direct, non-stop, scheduled passenger service between an AIAS airport and a city that has not been directly served as either an origin or destination city by any airline during the thirteen months prior to initiation of service.

New service must be for at least 3 months with a minimum of 1 flight per week.

For Category 1 flights, all Landing Fees will be waived for a 12 month period if an approved application is for new service for at least 12 months.

For Category 1 flights, Landing Fees will be waived for the first 13 eligible flights for any approved application of less than 12 months.

CATEGORY 2 - Passenger Service

Expanded, direct, non-stop, scheduled passenger service between September 16 and May 14 from an AIAS airport and a city that has not been directly served as either an origin or destination city by any airline between September 16 and May 14 during the thirteen months prior to initiation of service. This applies to expansion of existing service which occurred only between May 15 and September 15.

Expanded service must be for at least 8 months with a minimum of 1 flight per week.

For approved applications for Category 2 flights, Landing Fees will be waived for the 8 month period of expanded service (September 16 – May 14).



Insert airport specific information