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Mission:
Keep Alaska Moving through Service and Infrastructure

From:
Statewide Aviation
Alaska Department of Transportation & Public Facilities
P.O. Box 196900
Anchorage, Alaska 99519

Alaska Airports and Aviation
2016 Annual Report

Alaska Department of Transportation & Public Facilities
4111 Aviation Avenue • Anchorage, Alaska 99502
www.dot.alaska.gov

2016 Alaska Airports & Aviation Annual Report

Message from:
John Binder
Deputy Commissioner

I am pleased to present the 2016 Alaska Airports and Aviation Annual Report, a compilation of highlights and accomplishments from the past year.

Alaska's Aviation System is the largest system in North America with the State of Alaska owning and operating 242 airports that include both the Fairbanks and Anchorage International Airports.

Aviation is a critical component of the State's economy and the vitality of Alaska's communities, supporting local businesses and employing citizens in year-round operations.

The economic contribution of the aviation industry in our state is huge:

- $3.5 Billion to the state economy
- 47,000 jobs, this represents 10% of all jobs in Alaska
- 8% of Alaska's gross state product

The Division of Statewide Aviation (SWA) is responsible for developing policies, procedures, and programs to plan, develop, improve, and manage the operations, safety and security of DOT&PF's rural airport system. Managing the department's 240 rural airports, demands consistency and standardization. In 2013 we initiated a strategic planning process to clearly define core ideologies, develop vision, and conduct both a strategic and internal assessment. This plan is reassessed annually and develops new planning projects that push the division toward its vision - *By 2025 we will lead the world in rural aviation reliability, service, and safety management.*

In 2016 our strategic planning projects included:

- ✈ State/Federal Policy Initiative - review the impacts to rural airports by federal and state policy decisions.
- ✈ Rural Community Engagement - outreach efforts to increase airport safety and security concerns.
- ✈ System Sustainability - review standards for attended airports to ensure resources were allocated efficiently.
- ✈ Standards for Unattended Airports - many of DOT"s airport are managed by local contractors and this initiative defined more clearly M&O standards for these airports.

In addition to these projects, last year the 5010 Rural Airport Inspection Services contract completed 144 airport inspections. Managed by Statewide Aviation, the program inspects multiple public use airports across the state on a triannual basis and updates the airport's master record as needed. Numerous airport needs, such as faded windsocks or damaged lighting, were noted during inspections and promptly repaired by regional M&O staff.

A new level of assessing and reporting runway safety was enacted this past year by the FAA. Effective October 1, 2016 airports are now required to implement new runway condition reports that assess runway contaminations using new procedures and reporting methods. The result of the new requirement will allow pilots and flight planners to use the information, along with manufacturer's aircraft-specific data, to determine the runway length needed to safely stop an aircraft after a rejected takeoff or a landing.

The State's budget is still a challenge to DOT&PF and rural airport operations. The Department's ongoing Results-Based Alignment efforts continue to yield increased efficiencies and effectiveness that mitigates some of the budget impacts. In addition, significant engagement continues to occur with aviation stakeholder groups on common sense revenue generation options whereby the users of the aviation system contribute to the operation of the system via rates and fees mechanisms. The

Aviation Advisory Board

The Aviation Advisory Board met four times in 2016 - the first meeting was held in Juneau in January, two meetings were held as teleconferences, and then in August the board toured the North Slope aviation infrastructure visiting the Deadhorse Airport, Alpine and Kuparuk Air Strips. This was a good opportunity for the board to see the connectivity all three airports provide in supporting the state's largest industry.

More information on the Board including meeting minutes and resolutions is available here: ***www.dot.alaska.gov/stwdav/AAB.shtml***

Lee Ryan is the Board Chairman and can be contacted at ***dot.aviationadvisory@alaska.gov***

Board members and the user groups they represent are as follows:

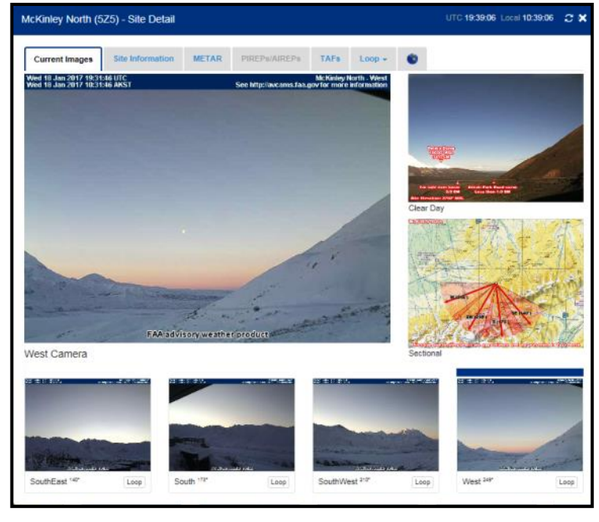
Jim Dodson
(Mayors of Fairbanks & North Star Borough)
Gideon Garcia
(All Cargo Air Carrier)
Tom George
(Statewide organizations of pilots, aircraft owners & other aviation supporters)
Bob Hajdukovich
(Alaska Air Carriers Association)
Frank Neitz
(Unorganized Borough)
Dennis Parrish
(Non-Airline Tenants, Anchorage)
Marilyn Romano
(Alaska International Airport System Operating Agreement Signatory Airlines)
Lee Ryan
(2nd Judicial District)
Earl Samuelson
(Public)
Mike Stedman
(Regional Air Carriers)
Steve Strait
(Municipality of Anchorage)

Aviation Weather Camera Program
Look Before You Fly!

The FAA's Weather Camera Program is facilitating great improvements in Alaska pilots' flight-decision making processes. With the weather cameras, you can now "Look before you fly" versus the old standard "fly out and take a look".

This FAA service is facilitating very welcome reductions in weather-related aviation accidents and flight interruptions. A pilot can now see visual evidence of weather conditions along his intended route of flight prior to launching. And any pilot that has used the weather camera service recognizes the convenience and benefits of making that "no-go" flight decision prior to taking flight as opposed to having to make the decision while en route.

The camera images can be accessed by visiting, http://avcams.faa.gov/. In 2017, the program office will be upgrading its website and publishing mobile apps for IOS and Android mobile devices. Additional aviation data sets will be included in the site for pilots to quickly access: NOTAMs, Radar, Satellite Weather and Airport Facility Data.



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Certificate of Compliance

Alaska Statute 02.40.020 requires a Certificate of Compliance of Air Carriers operating in Alaska. The Department issues a certificate upon application and presentation of proof of financial responsibility, compliance with FAA requirements and current liability insurance. Statewide Aviation manages the Certificate of Compliance and issued 172 Certificates to air carriers in 2016.

For more information please call (907) 269-0730 or email megan.byrd@alaska.gov

Statewide Airport Leasing

Statewide aviation leases property to the general public and government agencies at rural airports owned by the State of Alaska. Leasing manages lands at 240 rural airports. The statewide Tiedown program has spaces available for rent at the following airports: Aniak, Bethel, Big Lake, Birchwood, Dillingham, Gulkana, Homer, Iliamna, King Salmon, Kotzebue, McGrath, Nome, Nome City Field, Talkeetna, Tok, Unalakleet and Willow.

e-Leasing - is the on-line system for processing applications for leases, building permits, land-use permits, mobile fuel dispensing permits, and aircraft tie down permits at airports owned by the State of Alaska.

Information on leasing regulations, leasing property, tiedown documents, concession fee report forms, and more is available on the e-Leasing **webpage**.

Statewide Aviation Leasing recently concluded a comprehensive rates and fees study, establishing Fair Market Value (FMV) for the rural airport system land rents and associated fees. DOT&PF will be looking to implement the new rates and fees schedule on July 1, 2017 after the public process is completed.

Essential Air Service Provides Essential Rural Access

Congress passed the Airline Deregulation Act (ADA) in 1978, which allowed airlines to freely choose their routes and fares. However Congressmen that represented rural districts were concerned that their small airports would be abandoned by air carriers, so Congress created the Essential Air Service (EAS) program as a compromise that facilitated airline deregulation while simultaneously protecting air service to rural airports. The ADA specified that any community that had scheduled air service on the date when the law took effect, would be put on the "eligible list" to receive Essential Air Service support.

Currently there are 60 Alaska communities using EAS out of 237 eligible sites statewide, but the community of Diomede, which is in the middle of the Bering Strait between Alaska and Russia, is not on the "eligible list" because Diomede did not have scheduled air service in 1978. In fact, Diomede did not even have a runway. However, in 1996 the Alaska Department of Transportation and Public Facilities built a helipad. Today, Diomede is using another U.S. DOT program to provide subsidized air service called Air Transportation to Non-Eligible Places (ATNEP), which requires a local party to provide 50% match funding to subsidize the selected air carrier. Diomede is the third community to ever use the ATNEP program.

Of the Alaska communities receiving EAS, only 5 are connected to the road system. Of those 5, McCarthy does not have road maintenance in the winter months. The remaining communities are completely off the road system and rely on air travel as their only means of scheduled transportation. As of February 2017, the EAS program had annual contracts worth $20.9 million in Alaska. The average EAS community subsidy in Alaska was $342,767per year, compared to the average in the lower 48 states at $2,474,897 per year.

Air travel in Alaska is not a convenience; it is a basic mode of transportation especially for communities off of the road system. Essential Air Service provides truly essential transportation and access for many communities in Alaska.

focus of such options will continue to be on achieving equitability across airport user groups while not increasing the administrative burden and cost on the State. I encourage your participation as we strive to achieve a sustainable airport system that will continue to meet the needs of our communities far into the future.

I remain blessed to work with a talented and dedicated staff, both on the Statewide Aviation side of my duties, and in my role as Executive Director of the Alaska International Airport System. We have a strong team atmosphere and our people take a lot of pride in the organization. Good partnerships within the industry are necessary for success in aviation. The Department will remain actively engaged with aviation stakeholders and the public to more clearly define Alaska's airport system, quantify the state's aviation needs, and identify opportunities for improvement.

I look forward to another year of progress focused on sustaining our current service levels, while also seeking methods and practices to improve both efficiency and effectiveness across the Alaska aviation system.

Fly Safely!

John Binder
Deputy Commissioner - Aviation

Coldfoot Airport was resurfaced in 2016

L-R Gary Allen, Jr., Mike Coffey, Dan Gross, William Bloom, and Scott Eastaugh with a plaque from the FAA and TSA awarded to Wrangell Airport for outstanding service.

(L-R) Roger Maggard, DOT&PF Airport Development Manager being presented the Distinguished Service award from Gary Cathey, NASAO Chairman, and John Binder.

Water Rescue Life Raft Recertification

The FAA requires all airports to have a Water Rescue Plan when there is a body of water larger than one quarter square mile within 2 miles of the end of a runway. There are 18 rural DOT&PF airports that require such a plan and they are: Adak, Barrow, Cold Bay, Cordova, Deadhorse, Dillingham, Dutch Harbor, Gustavus, Homer, King Salmon, Kodiak, Kotzebue, Nome, Petersburg, Sitka, Valdez, Wrangell, and Yakutat. The initial purchase to fulfill this requirement was made with Airport Improvement Plan funds and included trailers to store and transport survival suits, emergency response supplies, generators, lighting kits and the life rafts. In 2011 the trailers packed with all the rescue equipment were shipped to the airports.

This past year the 82 (8 person) and 63 (25 person) life rafts were due for inspections in order to be recertified. Eagle Enterprises Inc. in Homer Alaska was awarded the inspection contract. Between July 30, 2016 and December 1, 2016 all of the life rafts made the round trip journey between the various airports and Homer, where they were recertified and placed back into service. A combination of State Airport Emergency Equipment funds were used to cover the $290K cost of shipping, inspecting and repairing the life rafts.

(Top) Photos of trailer and equipment. White containers hold 25 person life rafts.

(L) Wrangell Airport is one of the 18 rural airports DOT&PF operates that requires a Water Rescue Plan.

Fly-ins, Tradeshows, and Conferences

DOT&PF's Airport Managers and Division of Statewide Aviation staff can be found throughout the year participating in numerous events such as tradeshows, conferences, and fly-ins. Supporting aviation organizations and events provides better customer service and keeps the general public informed on airport projects, aviation policy issues, surveys, contacts, business opportunities, and more. Check out the department's website for more info: www.dot.alaska.gov You can also, sign up on the website to receive notifications, news alerts, and press releases.

Subscribe to Receive News & Updates

The Valdez Fly-In and Air Show celebrated its 13th year with more than 140 airplanes and thousands of spectators attending the three day event.
(Photo Justin Prax)

DOT&PF booth at the Great Alaska Aviation Gathering. Over 25,000 aviation enthusiasts attend this event held in the FedEx hangar at the Ted Stevens Anchorage International Airport.

The Hudson memorial Fly-In celebrated its 6th year at the Talkeetna Airport.

Record crowds attended the Fairbanks Aviation Day at the Fairbanks International Airport.

Airport Managers & Operators Receive Training

Alaska's airport managers and operators are receiving advanced airport technical training through certification programs offered by the American Association of Airport Executives (AAAE). In 2016 Statewide Aviation facilitated a AAAE airport training program and supported the FAA workshop. .

Certified Member Academy

The AAAE Certified Member Academy provides invaluable education on numerous airport and aviation topics. The Academy consists of an intensive, week-long classroom instruction followed by a 180-question, multiple choice examination. 17 airport managers and supervisors from both the rural and international airports participated in the class.

FAA Airports Division Hosts Workshop

Airport managers, DOT&PF engineers, planners, leasing, and operations personnel attended a two -day workshop hosted by the FAA Alaskan Region Airports Division. The workshop included presentations on airport programs, safety initiatives, and current policies. Valuable information was learned and breakout sessions gave all an opportunity to ask questions of the FAA staff and speakers.

Over 190 people attended the FAA Airports Workshop

Medallion Foundation

Changing the Culture of Aviation Safety

The Medallion Foundation supports several aviation safety programs in partnership with the FAA. This past year saw the first Part 135 certificate issued to an applicant by Medallion, with the intent to continue to support the FAA in issuing more certificates in the future.

Additional 2016 accomplishments include:

- Major changes to the CFIT-A and Operational Control Star, and the implementation of Safety Management System (SMS) for our entire program.
- Expansion to move the program outside of Alaska. First with Hawaii and the operators on the islands, and now supporting operators in the Pacific Northwest.
- A big investment in training devices to bring new simulators to Alaska. The new DCX Max® simulator is a full motion device which is one of the most advanced built. This exciting new training device has both Garmin 430 and 530 installed, GNS 1000, and ForeFlight integrated into the Sim. We installed a CRX unit from PFC and moved the newer ATD 1 into the Black trailer, updating the Simulator that was in it. Nenana received a three screen upgrade making it a better training device for the school. We installed a new CR14 Pro from PFC in Fairbanks at Proflites facility.
- Equipment was purchased to build three units like the one delivered to Coastal Helicopters facility in Juneau. These will include several upgrades based off the Juneau unit.

More information about the Medallion Foundation is available on their website: www.medallionfoundation.org

Everyday Lean Innovations and Ideas Saving the Department Time and Money

DOT&PF's Everyday Lean Innovations and Ideas program has been a resounding success with many excellent ideas generated by employees from across the state. Here is one of many innovative ideas submitted in 2016 that is benefiting Alaska's largest airport.

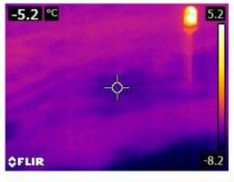
FLIR (Forward Looking Infrared) Technology for Troubleshooting Airfield Circuits

At Ted Stevens Anchorage International Airport there are literally thousands of lights that illuminate the runways and taxiways. All of these lights are necessary to help pilots land their aircraft safely as well as taxi to and from the airport's terminals. To keep these expensive and critical lights functioning correctly requires a team of experienced and trained electricians. When an electrical short occurs somewhere in this system, it can cause one or several lights to go out. To locate the electrical short can be very time consuming and difficult to repair. When a series of lights go out in a row, the problem could be anywhere along that bad section. The electricians must then check every light to find the short in the system. Doing this in the winter months can be very tedious because ice tends to form in the cans that the lights are attached to. To access the wiring, the ice needs to be removed adding downtime to the already closed runway or taxiway.

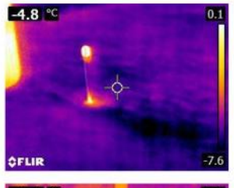
After brainstorming for solutions, Dennis Deering and Phil Doherty (airfield electricians at Ted Stevens Anchorage International Airport) determined that where ever the short in the system was occurring, it must be producing heat. They decided to experiment with a FLIR (Forward Looking Infrared) camera which they already owned and used for other electrical projects. The camera is used to detect heat, and just as they suspected, they were able to locate the problem much quicker saving both man hours and closures at the airport. They now use this camera for preventative maintenance and are able to identify small problems before they become large time consuming issues.

South Airpark
2/13/16

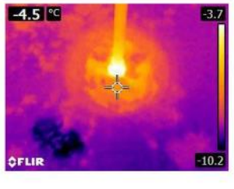
Normal Fixture



Warm Joy Connector

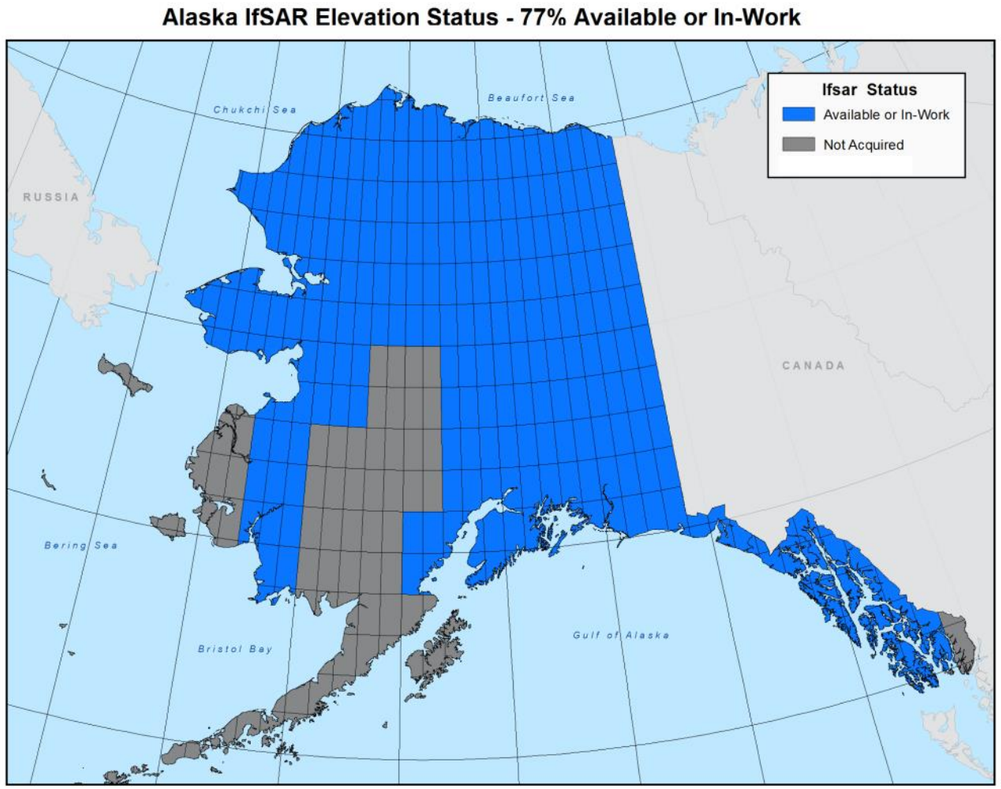


Joy Connector Burning



Key Benefits/Efficiencies:

- Reduce the amount of time spent opening up individual light cans and thawing ice in the cans to pinpoint faults.
- Quickly identify potential problems before they become more serious and damage components.
- Limiting interruptions and service outages.
- Reducing the amount of time a surface (runway or taxiway) is closed to aircraft operations.
- Create a valuable tool for use in the preventive maintenance process.



Elevation Mapping Nearing Completion

In 2010 the State of Alaska, in collaboration with numerous federal partners, began the monumental task of collecting elevation data on a statewide basis to facilitate map modernization by improving map accuracy and increasing fidelity. Presently 77% of the state has been completed and the remainder is expected to be finished before the close of 2018.

It has long been known the old map was highly inaccurate on an anecdotal basis but the modernization effort has helped to quantify that. In processing the airborne Interferometric Synthetic Aperture Radar (IfSAR) and comparing the higher accuracy data to the old map we have found many ridgelines in excess of 600 meters off and in one case an entire mountain range was horizontally displaced by approximately one mile.

Where ridgelines do match, there now exists robust detail that heretofore had been absent. This detail assists us in charting waterways and water bodies, flood basins and coastal plains. With the new data we have much better tools to responsibly balance resource development, infrastructure development and recreational preservation. Furthermore, this data is essential to tsunami inundation studies, storm surge analysis and coastal erosion. And, of course, this data is essential to aeronautical charting and aviation safety. It is also a critical piece in the future of aviation as technology advances to address Controlled Flight Into Terrain (CFIT).

2016 Completed Rural Airport Projects

Ambler Airport:
Rehabilitated all runway surfaces, extended main runway, runway safety area, replaced lighting and new equipment building.

Bethel Airport:
Constructed new snow removal equipment building.

Coldfoot Airport:
Resurfaced all operational surfaces and installed new lighting, cleared brush and trees obstructing airspace, and protected the runway and airport access road from imminent erosion by the Koyukuk River.

Deadhorse Airport:
Completed addition to Airport Rescue & Fire Fighting Building.

Shishmaref Airport:
Resurfaced the runway, taxiway, and apron.

Yakutat Airport:
Completed runway rehabilitation.

Newly resurfaced Shismaref Airport

How Are Rural State Airport Projects Identified and Funded?

Airport projects are submitted by ADOT&PF regional planning sections with significant input from community representatives, the FAA, legislature, and aviation stakeholders.

After the airfield improvement projects have been identified they are evaluated and scored by the Airport Project Evaluation Board, a six member board that meets annually. After projects are scored, Statewide Aviation develops the rural airport system spending plan and reports.

The Airport Improvement Program (AIP) provides grants to public agencies for the planning and development of public-use airports. Funds for the AIP come from the Airport and Airway Trust fund, which is supported by airline ticket taxes, fuel taxes, and other similar revenue sources. In general, AIP funds are used for projects that enhance airport safety, capacity, security, and environmental concerns. Airport planning, surveying, design, construction and right-of-way acquisition are eligible for AIP funds.

Alaska receives approximately $200M annually in AIP funds for both rural and international airport projects.

Key Aviation Planner Contacts:

- Judy Chapman
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  (907) 451-2381
  judy.chapman@alaska.gov
- Todd VanHove
  Central Region
  (907) 269-0518
  todd.vanhove@alaska.gov
- Verne Skagerberg
  Southcoast Region
  (907) 465-4477
  verne.skagerberg@alaska.gov

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2016 Rural Airport Major Construction Projects

Barrow Airport: Construct combined M&O facility—stage 1 (haul road, pad, and foundation). Pit work began in 2016; Completion expected October 2019.

Cold Bay Airport: Main runway rehabilitation, crosswind runway improvements, new apron and taxiway construction, airport rescue and fire fighting building (ARFF) building expansion. Runway rehab started in Sept. 2016 and should be complete by July 2017.

Cordova Airport: Apron and taxiway improvements. Clearing work began in 2016; Completion expected July 2018.

Haines Airport: Drainage, taxiway, and apron rehabilitation. Construction is expected to begin in 2017.

Homer Beluga Lake SPB: Construct new access road connecting Homer Airport with Beluga Lake floatplane operating area. Proposed improvements include a turnaround area, an access ramp into the lake, fencing, gates, ditch linear grading, and culverts. Surcharge completed in fall 2016. Project completion expected by summer 2017.

Hooper Bay Airport: Apron, runway, taxiway, and access road rehabilitation. New runway and taxiway are open. Project work for this season is complete.

Ketchikan Airport: Remodel Airport Rescue and Fire Fighting Building. Project completion is expected by March 2017.

King Salmon Airport: Construct sand storage building. Construction starting in June 2017; Complete in Oct. 2017.

Kotzebue Airport: Apron expansion. Construction to begin in 2017.

Pilot Station Airport: Construction starts this year for airport relocation. New runway, apron, and taxiway surveying continues.

St. Michael Airport: Rehabilitation. Construction to being in 2017.

Talkeetna Airport: Rehabilitate existing pavement. Construct new aprons, taxilanes, and connecting taxiways. Improve and extend existing airport access road to new facilities. Install fencing, remove airspace obstructions. Construction initiated in 2016, with borrow placement. Clearing in wetlands is expected in March 2017. Project completion is expected by August 2017.

Togiak Airport: Construct new snow removal equipment building. Construction to start in June 2017; Complete by Oct. 2017.

Unalaska Airport: Rehabilitate the existing WWII era chemical storage building. Final completion expected by June 2017.

Yakutat Airport: Runway rehabilitation project.

Expected FFY'17 Funded Projects

Aniak Airport - Improvements and RWY Relocation

Bethel Airport - North air taxi apron and south general aviation apron rehab; gate security improvements

Haines Airport - Taxiway and apron rehabilitation and fence - stage 2.

Dillingham Airport - Runway Pavement Rehab.

Gambell Airport - Pavement Rehab and Lighting Replacement

Kiana Airport - Improvements

Newtok Airport - Rehabilitation

Kobuk, Kotlik, Buckland, and Brevig Mission Airports - Snow removal equipment building upgrades

Alaska Aviation System Plan (AASP)

With more than 700 FAA registered airports, Alaska has the largest and most unique aviation system in North America. The Alaska Aviation System Plan, or AASP, serves this system by identifying needed airport improvements, setting funding priorities, proposing aviation policy, documenting the existing system, and providing support for special studies and updates.

Extensive planning and long range vision ensure the safe, effective, and efficient operation of Alaska's 242 state-owned airports. Annual AIP grants allow ADOT&PF to fund and expand the plan and guide future planning of the airport system through design, maintenance, and operations of our airports. The AASP addresses many challenges in the Last Frontier and lays the foundation for our vision, to lead the nation in rural aviation reliability, service, and safety management by 2030.

Many reports are available on the AASP website (www.alaskaasp.com) detailing completed work 2008-2013, including a document on Alaska Aviation Weather Reporting and the new classifications and performance measures for state-owned seaplane base facilities.

Key accomplishments of the AASP in 2016 include:

- Website Design for the Airport Performance Evaluation Board (APEB) process that scores new large-scale airport projects.
- Website Expansion & Inventory Updates
- Airport Needs Directory Automation
- Pavement Classification Number (PCN) Reporting for 4 Individual Airports
- Capital Improvement & Maintenance Program (CIMP) Development, including 55 airport inspections.
- Seaplane Base Performance Measures
- Rural Aviation Rates & Fees Study
- Weather and Backcountry Airstrips Working Groups

Many other tasks continue to be ongoing within the AASP, such as strategic planning and the implementation of its goals, objectives, and recommendations. New strategic initiatives are determined each year based on current state priorities and completed throughout the year.

Public involvement is a critical component of the AASP. This includes both interagency and public coordination, special studies addressing upcoming pertinent issues, development of web-based information systems and tools, work groups, and periodic assessment of the AASP's performance measures and goals.

In 2017 the AASP will finalize the digital implementation of the APEB (Airport Performance Evaluation Board) process based on 2016's design. Digitizing allows for better standardization between DOT&PF regions, streamlining of the overall process, and the ability to track past project data more efficiently.

The following tasks are proposed for future aviation system planning work:

- Photo Management Module (web-based)
- Website Enhancements & Updates
- Weather Coordination Working Group
  APEB Automation Integration (web-based)
- Capital Improvement & Maintenance Program (CIMP) Development
- Public Involvement
- Strategic Planning

The story of Alaskan aviation should be told to as many people, organizations, and agencies as possible; and be told often. The AASP is a vital tool to tell that story as well as assist those working to make Alaska aviation stronger, safer, and more efficient now and in the future.

ALASKA Aviation System Plan

Alaska International Airport System (AIAS) Business Report CY2016

AIAS is the state's largest enterprise fund and operates primarily independent of the State's general fund sources of revenues. Although cognizant of the challenges facing Alaska with respect to current state government general fund budget issues, growth in airport budgets required to support growth in intrastate, interstate, and international air traffic commerce is funded by the users of airport facilities, not the State's general fund, and contributes to the overall state economy independently of contributions made by the state economy's energy sector.

AIAS is, by statute, the common financial structure supporting Ted Stevens Anchorage International and Fairbanks International Airports; it has also grown over the years to describe the shared business and operating model for the two airports. Each airport acts as a primary alternate for the other and is advantaged by shared resources. Best practices are promulgated between the airports and shared strategic projects have focused the two airports on a common vision.

The airports saw essentially flat growth in CY2016 relative to CY2015, down about 0.06%, as measured in aircraft certified maximum gross takeoff weight, with passenger enplanements up about 1.1% and cargo down about 3.1%. This was consistent with activity anticipated in the airports current master plans. Overall, the airports worked cooperatively with customer airlines, concessionaires, and other tenants to help provide for a safe and enjoyable travel experience and help facilitate the efficient and economical movement of domestic and international cargo while remaining within capital and operating budget parameters.

This past year AIAS continued to focus on the vision of the international airport system becoming a global AeroNexus® for aviation-related commerce by the year 2030. Solid progress was made in exploring ways to optimize airport infrastructure and the revenue-expense balance for AIAS. AIAS executed a planned $201 million revenue bond refunding transaction to achieve $13 million in net present value savings and additionally implemented portions of a debt restructuring program designed to provide additional net present value savings while helping reduce airline & tenant rates and fees to competitive levels over the next several decades.

In the coming year, moderate (1-2%) growth is expected in both passenger traffic and all-freighter cargo traffic, consistent with master plan projections. The economic slow-down in China is expected to be balanced by continued demand in the US and low fuel costs. Prolonged reduction in global energy costs over the next year would likely serve to stimulate both passenger travel and air cargo traffic volumes. The main AIAS market remains the all-cargo freighter traffic travelling between Asia and the US and AIAS is well positioned to support greater growth in trans-pacific cargo freighter traffic. The composition and volume of imports and exports for Alaska has not changed significantly in recent years. The majority of imports to Alaska via air cargo are perishables from the contiguous US. Very few exports travel by air, fresh fish exported to the contiguous US being the largest by weight.

AIAS Capital Projects

Accomplished in 2016

ANC - Taxiway and Aircraft Parking Spots Reconstruction
CCTV System Upgrade

FAI - Security Upgrades
Checked Baggage Screening Upgrade

Planned for 2017

ANC - Reconstruction of Concourse Hardstand and Taxiway
South Terminal Escalators Replacement
Lakeshore Taxilane and Ramp Reconstruction

FAI – Security Upgrades – Stage II
Taxiway Reconstruction and Safety Enhancements

Fairbanks International Airport (FAI)

As Alaska's second busiest passenger airport, FAI serves as a hub for more than 50 communities in Interior and Northern Alaska that rely upon air freight, mail, and commuter services.

The airport also plays a role in the state's tourism industry. In 2016, the airport documented more than 1,119,000 passengers at FAI. Passengers traveling to or through Anchorage, Seattle, and seasonal traffic to Minneapolis and Chicago accounted for more than 84 percent of the traffic with the remaining traffic heading to outlying communities.

With the addition of new charter operator, All Nippon Airways, FAI saw more than 6,000 passengers enplaned and deplaned for international flights, representing 1.5 percent of the total passenger traffic at the airport.

Some of the airport's larger projects in 2016 included finishing the construction of a full-service restaurant, The Local and working collaboratively with TSA on a Baggage Recapitalization Project.

The Local offers dine-in and take-out options and features a full bar with specialty cocktails and craft brews, sandwiches, salads, and more. The baggage recapitalization project is 100 percent funded by the TSA and provides system upgrades to the baggage handling system that increases efficiency and reliability.

The Local - new full service restaurant at FAI

Ted Stevens Anchorage International Airport (ANC)

The Ted Stevens Anchorage International Airport plays a vital transportation role in the State of Alaska, serving a critical function for regional, domestic, and international passengers and cargo. The airport is a gateway for trade and commerce between North America and Asia making ANC #4 in the world for cargo throughput and #2 in North America for landed cargo weight.

The airport has never closed for snow and is a five-time winner of the Balchen Post Award for large airport snow removal programs. There are 16 retail outlets and 12 food and beverage outlets at the airport. The new Sleeping Lady Lounge opened in 2016 providing travelers a great place to watch movies and sporting events or try your hand on the virtual fishing simulator.

The Sleeping Lady Lounge features a 6'4" x 11' large screen television.

Airport Facts:

- 5 million passengers transit the airport annually
- Lake Hood located at ANC is the world's largest and busiest seaplane base
- 1 in 10 jobs in Anchorage are tied to the airport for a total of 15,577 jobs.