This is the presentation for the second Working Group Meeting being conducted for the Ted Stevens Anchorage International Airport Master Plan Update. It was delivered on Monday, January 14th, 2013 at the CIRI Building First Floor Conference Room in Anchorage, Alaska. The presenter is Evan Pfahler, Master Plan Update Project Manager with Reynolds Smith, and Hills, Inc. (RS&H).

- The presentation was approximately 20 minutes.
- The presentation is part of a Working Group Meeting
According to Federal Aviation Advisory Circular 150/5070-6B, Airport Master Plans, the Airport Master Plan is the airport sponsor’s strategy for the development of the airport.
This purpose of this presentation is to:

1. Discuss the history of master plans at the Airport.
2. Discuss how the airport is funded.
The Master Plan Process is cyclical in that it must be updated every five to ten years to reflect changing conditions of facilities and changing demands for use of the Airport’s facilities.

At the first working group meeting, the master plan team was asked to provide a historical accounting of master plans conducted for Anchorage International Airport. What follows is a summarized history of master plans and infrastructure development at the Airport.
Anchorage International Airport was built while Alaska was still a territory and opened in 1951. It was built by authorization from Congress as a part of the Alaska Public Airports Act, passed in May 1948. This action also allocated funds to construct an airport in Fairbanks.

The Airport was relatively remote at the time and did not include a passenger terminal until a year after its initial opening.

The Airport was built, owned, and operated by the Civil Aeronautics Administration (CAA), a predecessor to the Federal Aviation Authority (FAA) which came into existence in 1958.
Anchorage International Airport did not change substantially from when it opened to when it was transferred to the State of Alaska in June 1959 – only six months after Alaska entered the Union as the 49th state.

Anchorage was growing more rapidly and the Airport’s inadequacy was evident. The Airports first master plan was immediately undertaken to address needed improvements.
The 1962 Airport Master Plan was the first master plan prepared after the construction of the Airport.

It recognized the need to improve and strengthen the existing east-west runway and recommended construction of a longer north-south runway.

The forecast of passenger enplanements (e.g. boardings) underestimated the rapid passenger growth that would occur during the 1960s and early 1970s.

Actual 1975 traffic was approximately 855,000 enplaned passengers – nearly double what was anticipated in 1962.
Runway and terminal improvements were made and by 1972 the gravel strip had been relocated north of Lake Hood, the terminal had been expanded, a second east-west “heavy-duty” runway was constructed, and the original east-west runway had been lengthened.
The second Airport Master Plan was published in 1971, approximately 10 years after the Airport had been under the State’s operatorship.

The 1971 Airport Master Plan envisioned many of the Airport functional areas as they exist today even though this Master Plan was not adopted when published.

In spite of the fact that this Master Plan was not adopted, many of its recommendations were ultimately accepted in later years.
The reasons for not adopting the 1971 Master Plan were related to economic changes and operations changes that resulted in doubt about the Airport’s future. It is notable that the uncertainty that existed in the early 1970s is not unlike the economic uncertainty that we face today.
Most of the major facilities at Anchorage International Airport today were in place by 1985. International Airport Road opened in 1978.
The original north-south runway was replaced with a new 10,000 foot air-carrier runway in 1980.
The North Terminal, which handled international transit passengers, opened in 1982. Upon closure of the original north-south runway, the southernmost end of the runway was redeveloped as the South Airpark. The North Airpark began to be readied for eventual development.
The third Airport Master Plan was undertaken in 1980. It was the first to recognize the growing demands that international transit passengers would put on the Airport. However, it did not envision any major infrastructure that was not generally considered in the preceding 1971 Master Plan.
By the late 1980s the only major infrastructure development is occurring in the North Airpark where FedEx is developing its new Alaska regional headquarters and processing facility.

In the late 1980s the Airport agrees to temporarily allow public access to portions of its property. The Airport’s agreement allows for the completion of the segment of the Tony Knowles Coastal Trail connecting Earthquake Park to Kincaid Park which was opened to the public in 1988.

According to the Municipality of Anchorage’s (MOA) West Anchorage District Plan: “Currently, the MOA and [Airport] have a maintenance agreement (contract ADA-30118) allowing temporary use of the property for a public trail, recognizing that the property may be needed in the future for aviation purposes. The language of the agreement suggests that [the Airport] allowed the trail to be built on its property as a good neighbor to the community, so the public could make use of the property until it was needed for airport development. The term of this particular agreement remains in effect until either the [Airport] or MOA decide to terminate it, which can occur at any time for any reason with 90-days notice.”
The fourth Master Plan was undertaken between 1985 and 1989 and included a formal analysis of airport noise according to Federal Aviation Regulation FAR Part 150.

The Master Plan saw evidence that the eventual break-up of the Soviet Union, along with longer range aircraft, would diminish the appeal of Anchorage International Airport as a stopover point for passenger flights between Asia and Europe and Asia and North America.

The need to expand the domestic South Terminal was also evident at this time partly based on a separate study called the Terminal Planning and Programming Study which was undertaken in 1989.

The recommendations in the 1989 Master Plan were generally in keeping with the facilities recommended in the 1971 Master Plan including the continued development of the North Airpark.

The Master Plan did, however, recommend the relocation of the gravel strip and the construction of a paved general aviation runway just west of the current location of the gravel strip. The Plan also recommended the closure of Taxiway V which connects the International Airport with the Lake Hood facilities to the East. This recommendation was poorly received by the general aviation users and has not been pursued any further.
By 1994 the international transit passengers using the North Terminal is in decline. The North Terminal is now primarily serving flights between North America and Asia that need to refuel en-route. However, with longer range aircraft entering the fleet (Boeing 747-400 – 1988, Boeing 777-200 1995), the need for passenger flight refueling stops is rapidly diminishing.

However, it is during the 1990s that Anchorage’s role in international air cargo shipping between North America and Asia begins to become more prominent. UPS constructs a new facility in the North Airpark to serve as it’s primary refueling and sortation facility between Asia and North America.
The 1996 Master Plan Update was undertaken “to address the dramatic changes in the characteristics of airport traffic and levels of activity that occurred in the years” since the previous Master Plan was completed in 1989.

As documented in the 1996 Master Plan, the Airport experienced a dramatic decrease in international transit passengers. The Airport also saw growth in domestic passengers and growth in air cargo.

Emphasis was placed on evaluation of the passenger terminals, and cargo facilities.
By 2000 the redevelopment of the South Terminal was underway and another major component of the North Airpark, the Alaska Cargo Port, was constructed. However, the airfield remains largely unchanged.
The 2002 Master Plan was undertaken to more thoroughly evaluate the airfield and cargo facilities. The Master Plan also appears to be the first to consider outright replacement of Anchorage International Airport with a new airport as well as the first to consider a supplemental airport to accommodate the rapid growth in air cargo transit traffic.

The 2002 Master Plan recommendations included a major new taxiway to the west of the north-south runway (Taxiway Y), a second north-south runway to the west of the existing north-south runway, and a tunnel connecting the west side of the Airport to the terminal area to help facilitate development of the West Airpark with improved ground access.

This is the most recent Master Plan adopted by the Airport. Taxiway Y was ultimately constructed and the proposed runway was conditionally approved by the FAA and is currently depicted on the Airport Layout Plan.

The 2002 Master Plan was the first to separate the Lake Hood Seaplane complex from the International Airport. An independent Master Plan for the Lake Hood Seaplane complex was undertaken and completed in 2006.
By 2003 Taxiway Y was constructed and the South Terminal construction was well underway.
An update to the 2002 Master Plan undertaken between 2006 and 2008. When the Master Plan was initiated in fall 2006 the Airport was experiencing rapid growth in passengers, cargo, and operations. A forecast was prepared in late 2006 and early 2007 that anticipated continued substantial growth. The Master Plan determined that the existing airfield would not be able to accommodate project traffic and that alternatives should be evaluated to determine the best alternative to address anticipated delays.

A series of alternatives were prepared in late 2007 and early 2008. These alternatives considered options, including construction of another north-south runway, to accommodate future growth in landings and take-offs.

However, in early 2008 the United States economy generally, and the aviation industry specifically, were experiencing substantial challenges. Further, the price of oil was rapidly escalating putting additional cost cutting pressure on the aviation industry.

Ultimately the Master Plan was halted due to the volatility in the airline industry and the broader economy.
Between 2007 and 2011, additional facility improvements were made:
2007: Consolidated rental car center opened
2010: Taxiway Z South Airpark Expansion
2011: Runway 7R was extended to permit more efficient movement of aircraft
Overall, the Airport’s history can be summarized in four general periods:

1951-1960: Under federal ownership, little changed at the Airport.

1961-1980: During this 20 year period, most of the major infrastructure development occurred including the the lengthening, strengthening, or construction of all three runways, the development of the terminal facilities, and the South Airpark.

1981-2000: During this 20 year period the Airport prepared its first Part 150 Noise Study and adopted a preferential runway use program to direct traffic over water instead of over the communities near the Airport. It should be noted that the Airport’s preferential runway use program would not have been possible without the addition of the large north-sound runway in 1980.

2001-2012: The Airport has modernized and revitalized key components of the Airport over the past 12 years including the complete redevelopment of the South Terminal and the addition of the rental car center which provide very high levels of customer service to airport passengers.
This purpose of this presentation is to:

1. Discuss the History of the Airport
2. Discuss How Airport Financing Works
The Working Group members will benefit from having a general understanding of airport funding. This information is intended to provide a very broad overview of how public commercial service airports in the United States fund their operation.

As with any entity, all Airports have limited financial resources. However, the fact that an Airport has limited financial resources is only part of the story.
Each dollar an airport has at its disposal has strings attached preventing airports from investing without limitations.
Airports receive funds from the primary sources:

1. Federal Grants to support capital development are administered by FAA
2. Special User Fees are available but have limitations
3. Airport revenue derived from airlines and other tenants
Federal Grants are administered by the FAA. Grants can only be used to fund certain, eligible projects and must be approved by the FAA. Generally, these grants are intended to support an airport’s contribution to the national air transportation system.
Special user fees are available to fund specific, eligible capital development.

The Passenger Facility Charge (PFC) Program allows the collection of PFC fees up to $4.50 for every boarded passenger at commercial airports controlled by public agencies. Airports use these fees to fund FAA-approved projects that enhance safety, security, or capacity; reduce noise; or increase air carrier competition. Anchorage International Airport currently has a PFC of $3.00.

The Customer Facility Charge (CFC) is not administered by FAA but may be regulated by local and/or State governments. The CFC fee supports certain eligible projects. At Anchorage a CFC fee is added to each rental car transaction to help fund the development of the consolidated rental car center.
Airlines pay landing fees, terminal rental fees, fuel flowage fees, and other rents and charges to the airport. These fees constitute the bulk of revenue an airport receives. Many airports, including Anchorage International Airport, have long-term operating agreements with airlines to help stabilize air service and the financial performance of the airport. Airlines and other large tenants partner with the airport to carefully consider capital development to protect the Airport’s financial performance and to keep airline rates and charges affordable. The airlines are in a position to review airport capital expenditures and help prioritize capital expenditures in partnership with the airport.
In summary, airports have limited control over capital.

- The FAA regulates all grants provided to airports
- Airlines and other tenants have a substantial influence over airports capital funding decisions
- In exchange for receiving fund from FAA, airports must invest in infrastructure that supports the FAA’s overall goals for an safe and effective national air transportation system.
- Finally, many tenants lease land from the airport but build their own facilities. These facilities must also support the national air transportation system.
Thank you for your participation in the Anchorage International Airport Master Plan Update Working Group Meeting #2.