

Senate Finance Subcommittee

Department of Transportation & Public Facilities

Susan Ault, Controller
Alaska International Airport System

March 2026



KEEP ALASKA MOVING

STRATEGIC IMPORTANCE



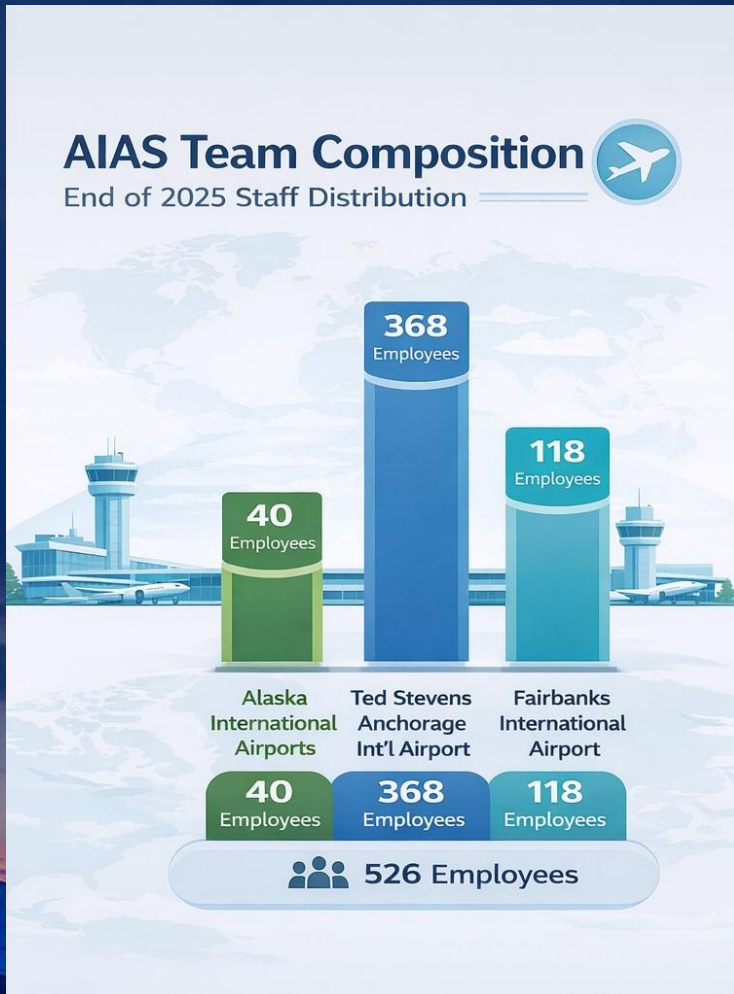
- Major international cargo hub
- 4th busiest cargo airport in the world and 2nd in the nation
- Passenger hub and reliever cargo airport
- Critical facility for the Northern Region
- Seaplanes and Regional Air Carriers
- Busiest seaplane base in the world

March 25, 2026



WHO IS AIAS?

AIAS STAFF



AIAS AIRLINES

34 Signatory Airlines share financial responsibility with AIAS

- Capital and operating input, discounted fees
- Organized Airlines Airport Affairs Committee (AAAC)

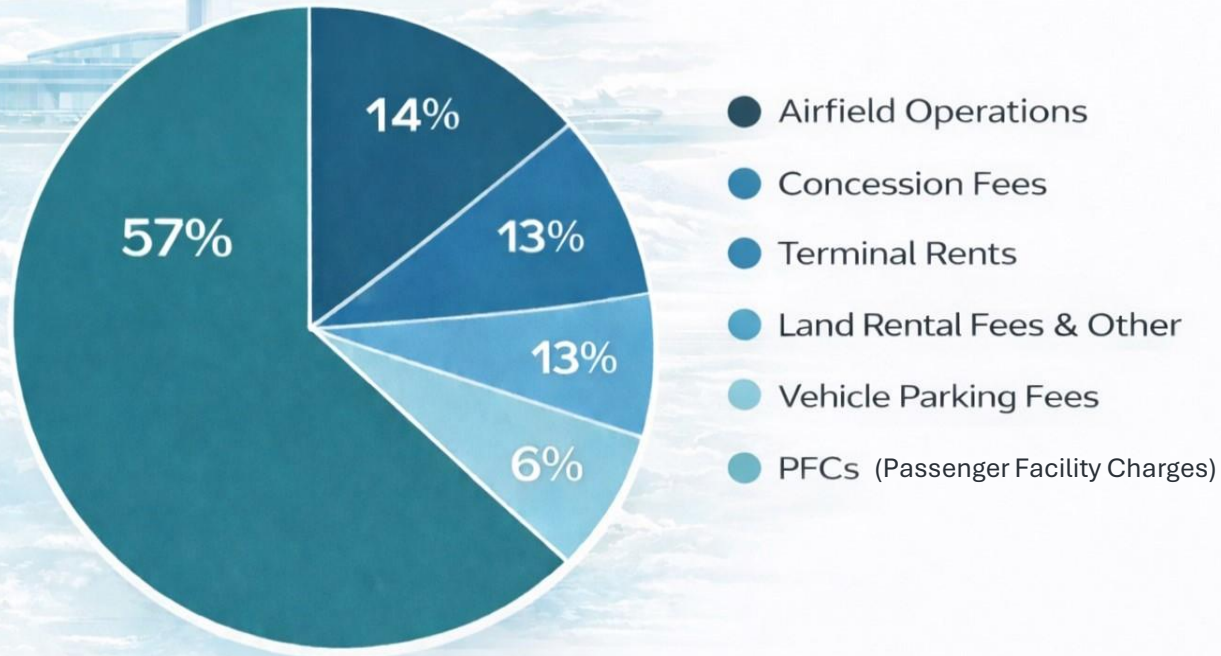


FY 2025 FINANCIAL HIGHLIGHTS

- Net Position Increase \$50.9 million over FY 2024
- Operating Revenues increased by \$22.3 million or 13.7% over FY 2024
- Operating Expenditures and Debt Service increased by \$14 million or 10% over FY 2024
- Finalized 2016 A and B Bond Refunding and Forward Delivery transaction
- All \$103.8 million in Pandemic Relief grants allocated over FY 2020-2025.
- First time AIAS audited financial statements included in State Annual Comprehensive Financial Report

OPERATING REVENUES AND PFCs

Alaska International Airport System FY2025 Operating Revenues and Passenger Facility Charges \$193 Million



**Operating Revenues and PFCs do not include interest revenues, capital grant receipts, Pandemic Relief funds, and losses on investments.*

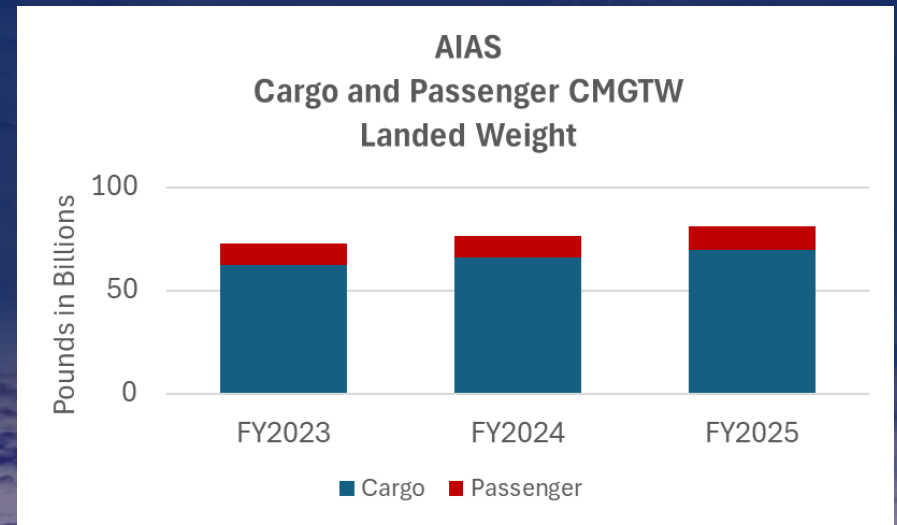
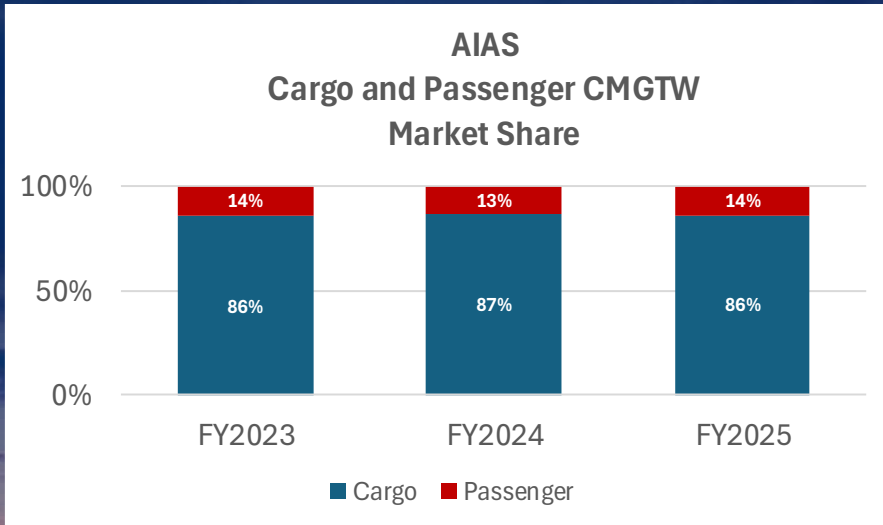
CARGO ACTIVITY DRIVES REVENUE

Certificated Maximum Gross Take-off Weight (CMGTW)

Cargo CMGTW 86% of total
CMGTW

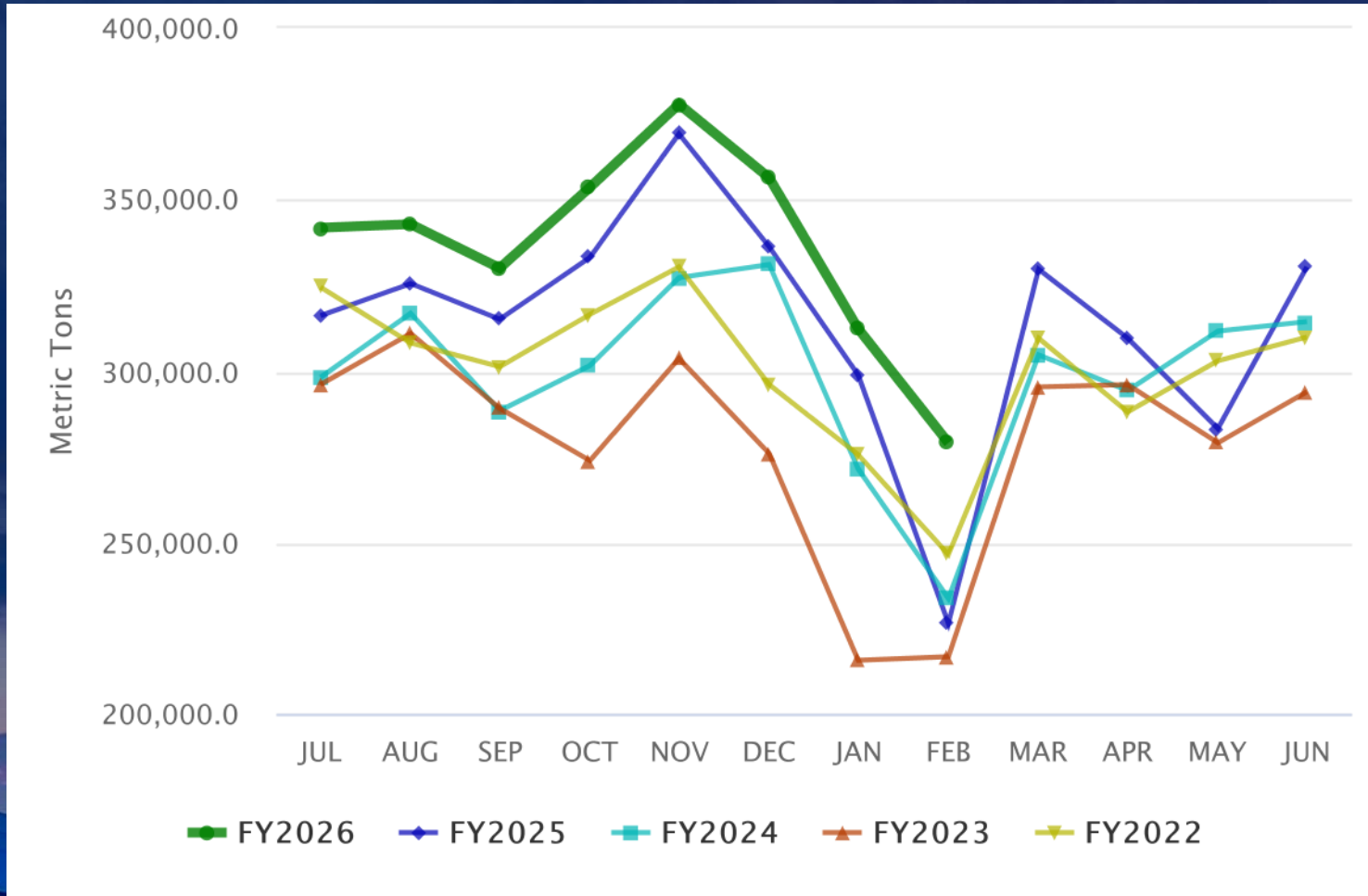
CMGTW up 6.4% in FY 2025

FY 2026 up 1.6% to FY 2025



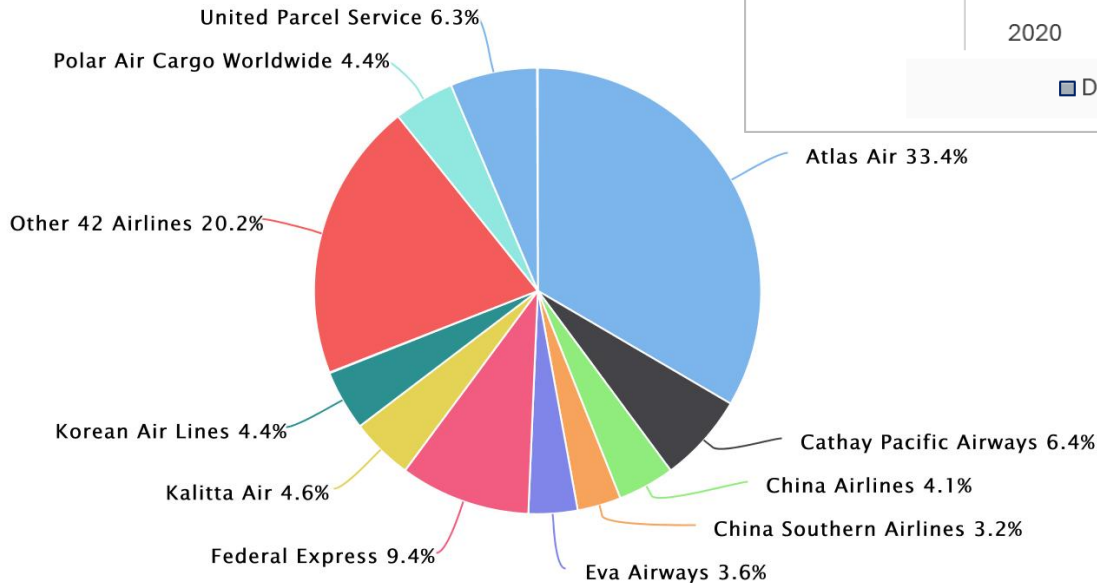
MONTHLY CARGO ACTIVITY

AIAS Cargo Metric Tons

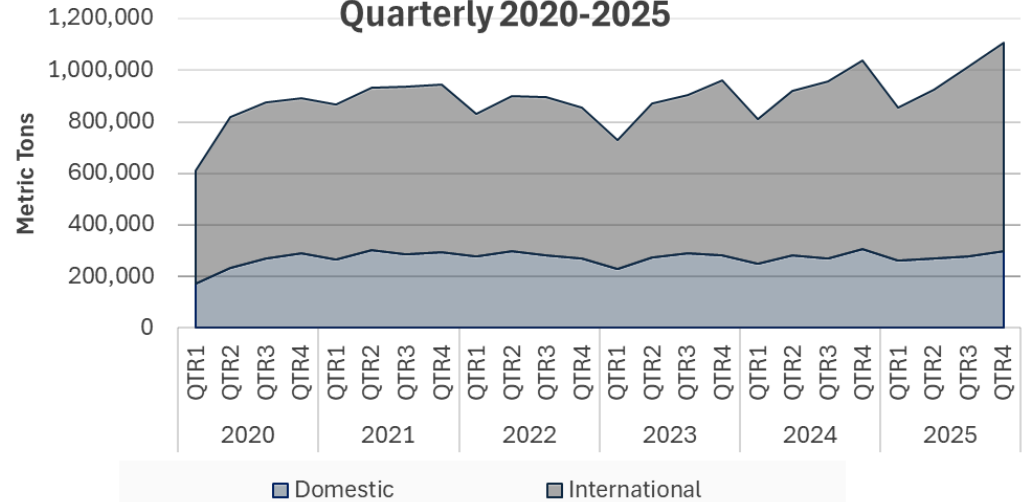


DOMESTIC & INTERNATIONAL CARGO ACTIVITY

Top 10 Airlines by Cargo Metric Tons CY2025



Alaska International Airport System Domestic and International Cargo Quarterly 2020-2025

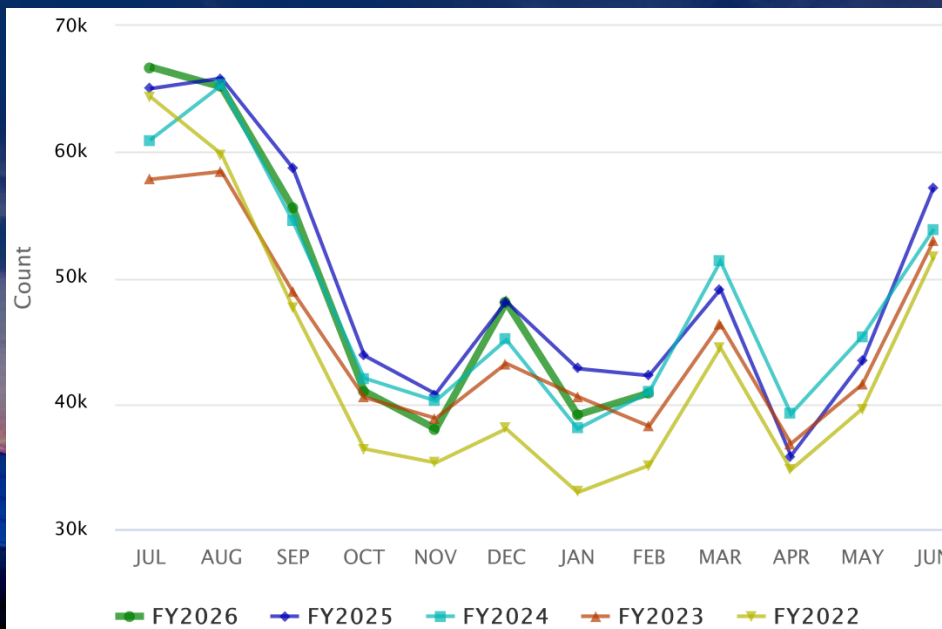
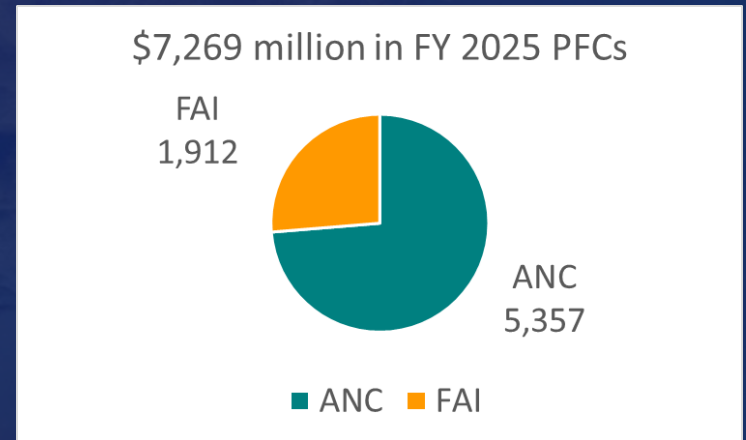
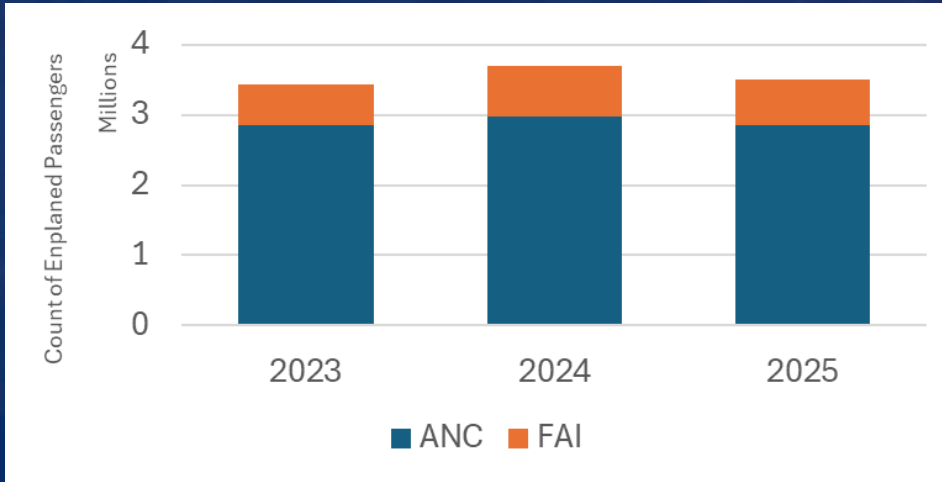


March 25, 2026



MONTHLY PASSENGER ACTIVITY

AIAS Enplanements



Airport	ANC	FAI	Total
Deplaned	2,647,089	602,340	3,249,429
Enplaned	2,672,093	592,847	3,264,940
In Transit	49,956	101	50,057
Total	5,369,138	1,195,288	6,564,426

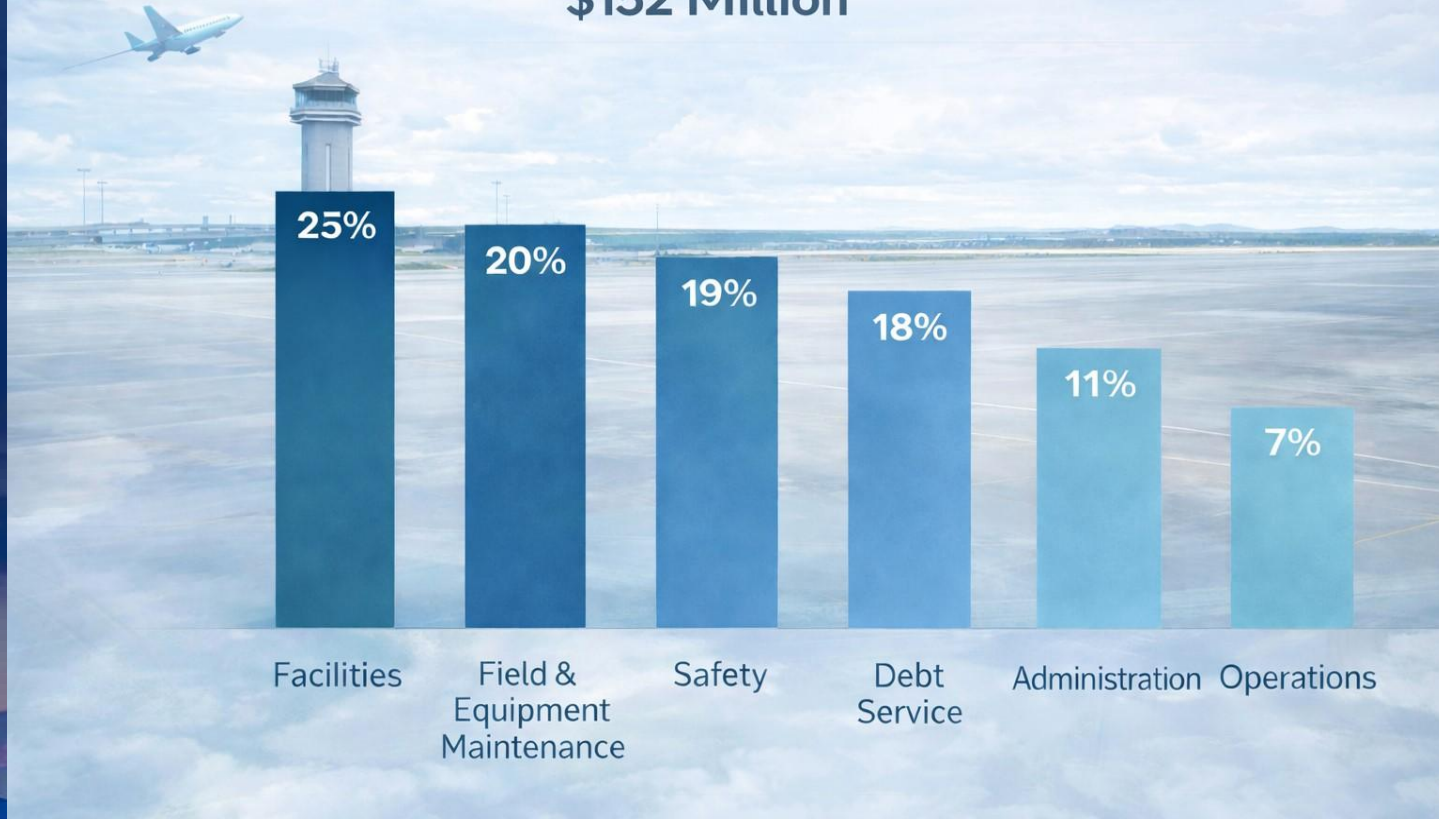
March 25, 2026



OPERATING EXPENSES AND DEBT SERVICE

Alaska International Airport System FY2025 Operating Expenses and Debt Service

\$152 Million

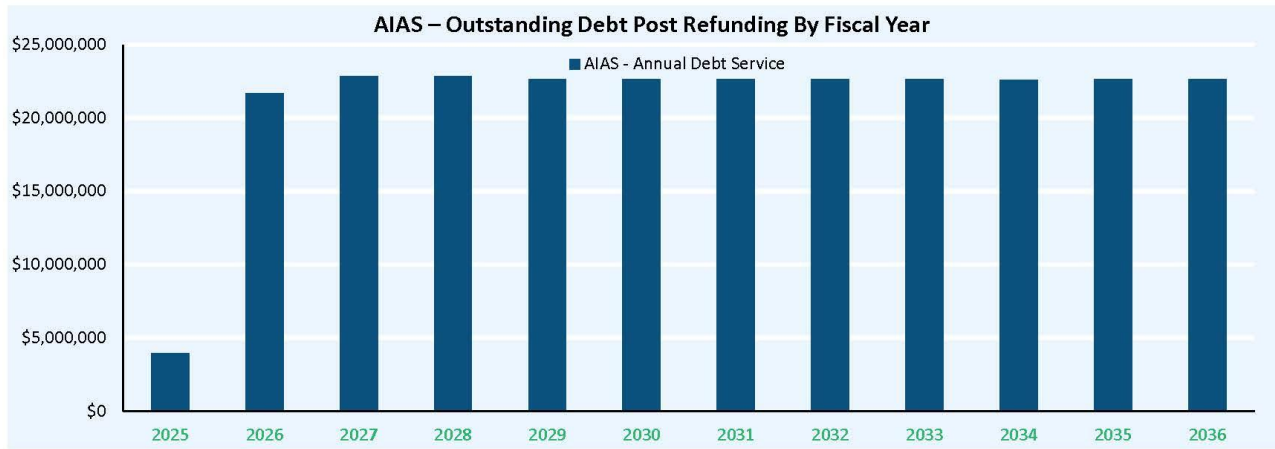


**Expenses do not include capital costs or depreciation.*

AIAS BOND TRANSACTION

Bond Statistics

Revenue Refunding Bonds, Series 2025A & Series 2025B (Forward Delivery)			
FINAL PRICING (Whole Dollars)			
	SERIES 2025A	Series 2025B (FWD)	Aggregate
Dated Date	01/23/2025	07/08/2025	1/23/25 & 7/8/25
Delivery Date	01/23/2025	07/08/2025	1/23/25 & 7/8/25
Total Par Amount	\$ 67,750,000	\$ 52,210,000	\$ 117,960,000
Total Interest	\$ 24,042,111	\$ 17,397,809	\$ 41,439,920
Total Debt Service	\$ 91,792,111	\$ 67,607,809	\$ 159,399,920
All-In TIC	3.60%	3.87%	3.71%
Net PV Savings	\$5,303,723	\$4,197,614	\$9,501,338
Percentage Savings of Refunded Bonds	7.16%	8.36%	6.99%



AIAS CREDIT RATING

- Moody's Credit Rating: **Aa3 stable**
- 1 of 12 U.S. airports

MOODY'S
RATINGS

Alaska (State of) Airport Enterprise

Update to credit analysis

Summary

The credit profile of [Alaska Airport Enterprise](#) (AIAS or System, Aa3 stable) reflects Anchorage's (ANC) dominant market position as the second-largest cargo airport in the US per Airports Council International; the continued reduction of debt, which has positioned the System among the lowest levered among our rated airports on a debt to net revenue basis; and the long-term residual airline agreement that mitigates risk related to cargo operations and provides visibility to capital spending. Counterbalancing these credit strengths, AIAS enplanement levels are constrained by the characteristics of its service area, which is exposed to the cyclical nature of natural resource extraction industries and sustained population loss.

Credit strengths

- » ANC serves as the second largest US cargo airport and functions as a key trans-loading point for international air cargo.
- » ANC holds a strong O&D passenger role as the primary air gateway between Alaska and the lower 48 states.
- » The System maintains solid liquidity, low leverage, and full residual cost recovery under the airline agreement through 2033.

Credit challenges

- » Alaska's domestic economy shows weak performance and limited growth prospects.
- » Air cargo activity operates mainly as transient, technical traffic, which reduces revenue stability.
- » Elevated adjusted net pension liability.

Rating outlook

The stable outlook reflects our expectation of continued strength in cargo and passenger trends and strong financial flexibility, supported by a comprehensive residual cost recovery airline agreement, low leverage, a cash funded capital plan, and adequate liquidity.

Factors that could lead to an upgrade

- » Substantial improvement in market position that results in sustained increase in cargo and passenger activity levels
- » Improvement in operating margins or debt reduction that on a sustained basis results in days cash on hand above 600, debt to net revenue below 4x and net revenue debt service coverage above 2x



AIR SERVICE DEVELOPMENT GROWTH

Strong growth in 2025

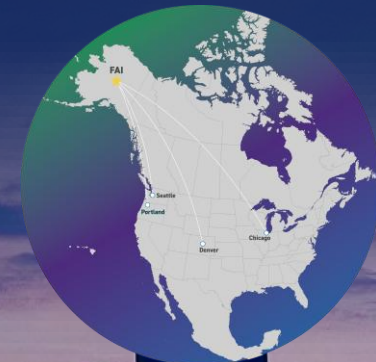
- ANC is the 5th fastest-growing U.S. airport by seat capacity in Q4 2025
- New East Coast connectivity: Delta launched year-round nonstop service to Atlanta, ANC's first nonstop to the U.S. East
- Network capacity expansion: Alaska Airlines expanded capacity for intra-Alaska, Honolulu, and Portland routes



ANC Summer Map



ANC Winter Map



FAI Map

AIR SERVICE DEVELOPMENT GROWTH

Looking ahead to 2026

- Southwest Airlines will begin daily summer service from Las Vegas and Denver
- Increased frequencies restored:
 - American will resume daily Phoenix service
 - Delta expanded Los Angeles service to daily
 - United doubled Denver service to four daily flights
- Major network expansion: Alaska Airlines added new nonstop service to Boise, Boston, and Spokane
- Fairbanks updates:
 - Alaska upgrading aircraft for PDX–FAI service
 - Delta increasing seat capacity by 12% on Seattle and Minneapolis routes



CAPITAL CONTRIBUTIONS AND EXPENDITURES

FY 2025

- Assets = \$1.095 billion
- Depreciation = \$79.3 million
- Leveraged \$61.1 million in FAA Grants, including:
 - \$49.6 million in Airport Improvement Program (AIP)
 - \$5.9 million in Infrastructure Investments and Jobs Act (IIJA)
 - \$5.4 million in Supplemental Discretionary

FY 2026

- Anticipate ~\$82.1 million in federal grant funding

The capital spending plan prioritizes safe, efficient infrastructure, modernizing terminal facilities, and supporting both passenger and cargo operational requirements while leveraging federal and discretionary funding to minimize reliance on operating revenues.

AIAS FINANCIAL INITIATIVES

- Completing in FY 2026
 - Implement Certified Activity Reporting (CAR) utility
 - Aeronautical Activity
 - Fuel Flowage Reporting
 - Complete 36 concessionaire audits and meetings
 - Address Aged Accounts Receivable
 - Applying unallocated credits/payments
 - Addressing outstanding invoices
- Ongoing initiatives
 - Monthly/Quarterly internal reconciliations and procedures
 - Transfer of audit knowledge from contractor to staff
- Completing in FY 2027
 - Implement compliant PCI procedures
 - Implement GASB 103 for FY 2026 audit



Thank You.



Susan Ault, AIAS Controller

907.474.2577

Susan.Ault@alaska.gov



KEEP ALASKA MOVING

Cover photo: *Midnight sunset at the FAA Air Traffic Control Tower, Anchorage International Airport.* By Tracy Bader, Alaska DOT&PF

MARCH 25, 2026



Senate Finance Transportation Subcommittee

Statewide Aviation

Alaska Department of Transportation & Public Facilities
Rebecca Douglas, C.M., Aviation Planning Chief, Statewide Aviation

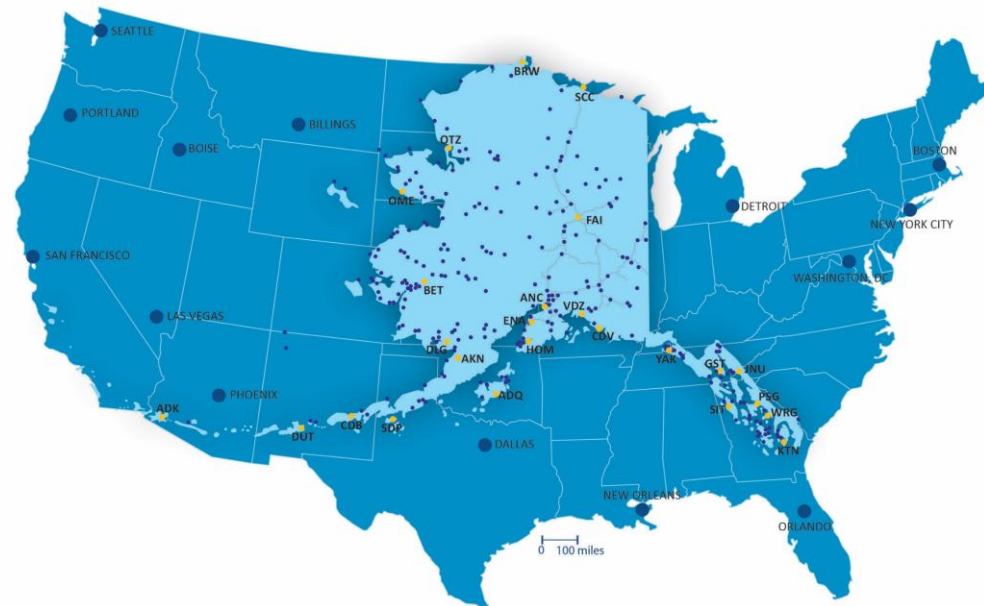


Statewide Aviation: What We Do

- Oversee 235 State-owned rural airports and inspect public airport system
- Administer FAA Airport Improvement Program grants and manage DOT&PF's airport capital improvement program
- Manage the Alaska Aviation System Plan
- Manage aviation land leases for hangars, fuel facilities, and aviation businesses
- Coordinate with the Federal Aviation Administration (FAA) and Transportation Security Administration (TSA)
- Create and coordinate on airport policy (ex. FAA 2024 Reauthorization & Don Young Alaska Aviation Safety Initiative)
- Oversee DOT&PF's PFAS program
- Build and manage Airport GIS
- Oversee the Remote Sensing Lab

System Challenges

- Aging infrastructure
- Remote construction logistics
- Harsh climate conditions
- Workforce and operational demands



Expenses & Revenue

Maintenance and Operations Airport Expenses and Leasing Revenues for FY2025

Statewide Rural Airports FY2025 <i>(Whole Dollars)</i>				
	Region	M&O Expenses	Leasing Revenue	Revenue Less Expenses
		Expenditure	Revenue	Difference
Subtotal:	Central Region (CR)	\$ 10,257,683	\$ 2,887,154	\$ (7,370,529)
	Northern Region (NR)	\$ 23,493,525	\$ 5,830,733	\$ (17,662,791)
	Southcoast Region (SR)	\$ 10,294,486	\$ 2,105,987	\$ (8,188,499)
	Total **	\$ 44,045,694	\$ 10,823,874	\$ (33,221,820)
	Barrow Building Sale	\$ -	\$ 3,338,090	\$ 3,338,090
	Grand Total	\$ 44,045,694	\$ 14,161,963	\$ (29,883,730)

**GASB 87 Fund Swap - \$2,999,105

Note: Ketchikan Airport is leased in its entirety to the Ketchikan Gateway Borough who retain all revenues generated and pay most of the Maintenance & Operations costs.

Rural Airport Leasing Rev. Funding (1244)	Beginning FY2027 Gov Scenario)
Commissioner's Office	\$ 56,500
Statewide Admin Services	\$ 32,800
Statewide Aviation	\$ 5,035,700
Program Development & Statewide Planning	\$ 10,600
Project Delivery	\$ 872,900
CR H&A	\$ 1,057,600
NR H&A	\$ 1,380,200
SR H&A	\$ 991,700
Facilities Services	\$ 12,700
<i>(Whole Dollars)</i>	\$ 9,450,700

FY2027 Budget Highlights: Rural Aviation



Key Issues Ahead

- Project Cost Escalation
- Airport Lighting Systems
- Airport Weather Observation Systems (AWOS)
- Federal Aviation Administration (FAA) Reauthorization
- Increased Regulatory Requirements
- Civil Rights and FAA Findings
- PFAS Truck Transition
- Parking & Abandoned Buildings at Airports

(\$ in thousands)

	UGF	DGF	FED	OTHER	TOTAL	
Northern, Central, and Southcoast Highways & Aviation Components	\$ 5,246.9					
Restoration of FY2026 Reductions	\$ 5,246.9					
Northern Highways & Aviation					\$ 52.0	\$ 52.0
Kotzebue Airport Powerline Replacement					\$ 52.0	\$ 52.0
Southcoast Highways & Aviation					\$ 70.0	\$ 70.0
Gustavus Airport Law Enforcement Coverage					\$ 70.0	\$ 70.0
Statewide Aviation					\$ 160.0	\$ 160.0
Abandoned Buildings on Lease Lots					\$ 160.0	\$ 160.0

Abandoned Buildings on Lease Lots

Kodiak



St. George



Cold Bay



Rural Airport Improvement Program (AIP) and Bipartisan Infrastructure Law (BIL) Funding

Alaska Rural Airport Capital Federal Funding

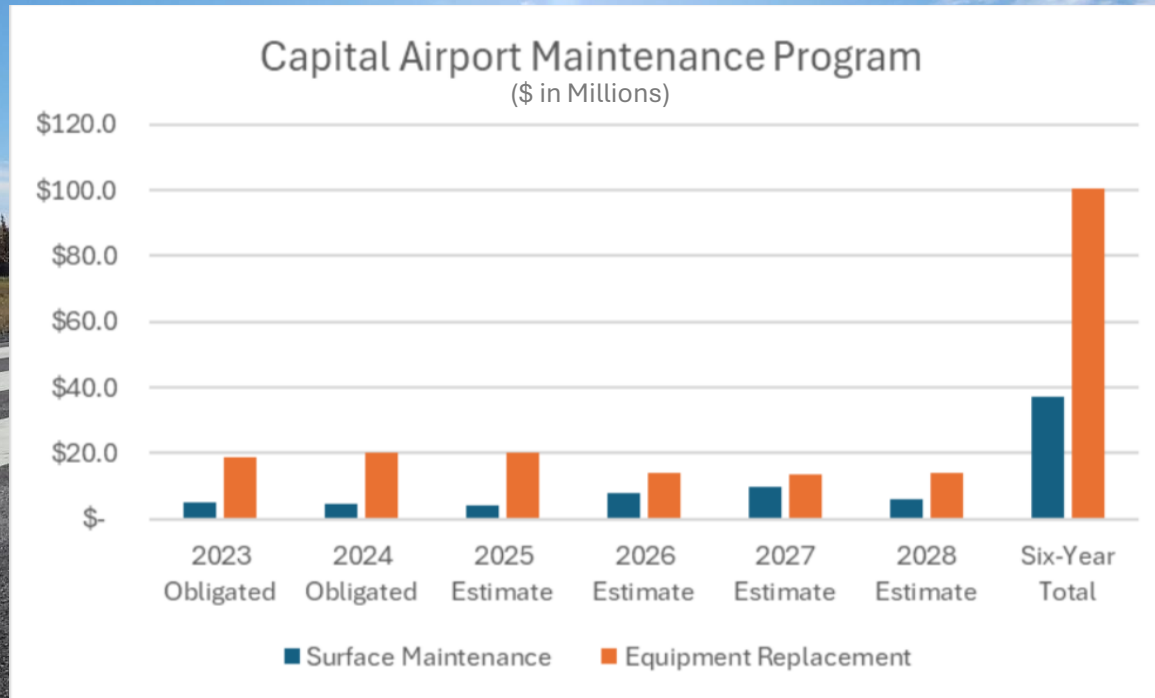
Year	AIP	BIL	Total
FFY2024	\$163.6M	\$81.2M	\$244.8M
FFY2025	\$215.8M	\$44.5M	\$260.3M
FFY2026	~\$200M	\$30M	~\$261.1M
FFY2027	\$260.3M	—	\$260.3M

Rural Airport System

	Match Requirement
FFY2026	5% Non-Federal Match
FFY2027	6.25% Non-Federal Match

Essential Air Service (EAS) Airports remain at 5% Match of Project Eligible Costs.

Rural Airport Improvement Program (AIP): Maintenance



Thank You.

Rebecca Douglas, C.M., Aviation Planning Chief, Statewide Aviation
Alaska Department of Transportation & Public Facilities
DOT.Commissioner@alaska.gov



KEEP ALASKA MOVING

Cover photos by Alaska DOT&PF Staff:
Sunset departure, Anchorage International Airport. By Christopher Cummins
Alaska Range from the Richardson Highway. By Dennis Bishop
Aboard the MV LeConte sailing Lynn Canal to Juneau from Haines. By Andrea Deppner

Senate Finance Subcommittee

Department of Transportation & Public Facilities

Division of Facilities Services

Danny Gibson
Director, Division of Facilities Services

Christopher Hodgin,
P.E., PMP, C.E.M., LEED-AP, CCCA
Chief, Statewide Public Facilities

March 25, 2026



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Division of Facilities Services (DFS)

Statewide
Public Facilities

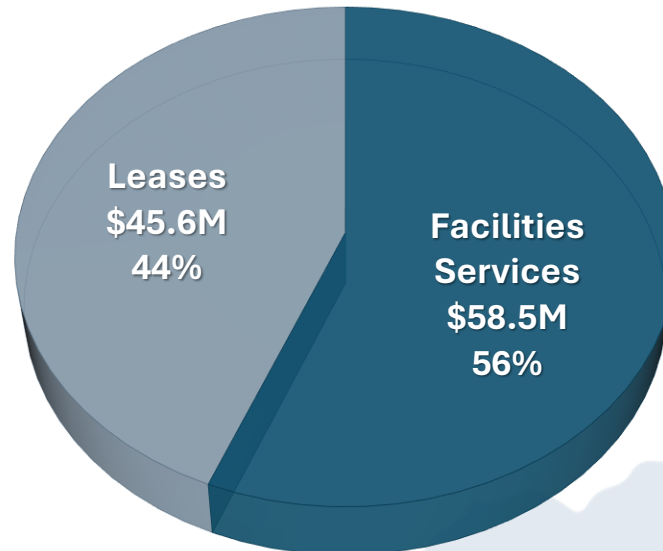
Maintenance
& Operations
(M&O)

Administration

Leasing

One Results Delivery Unit, Two Budget Components

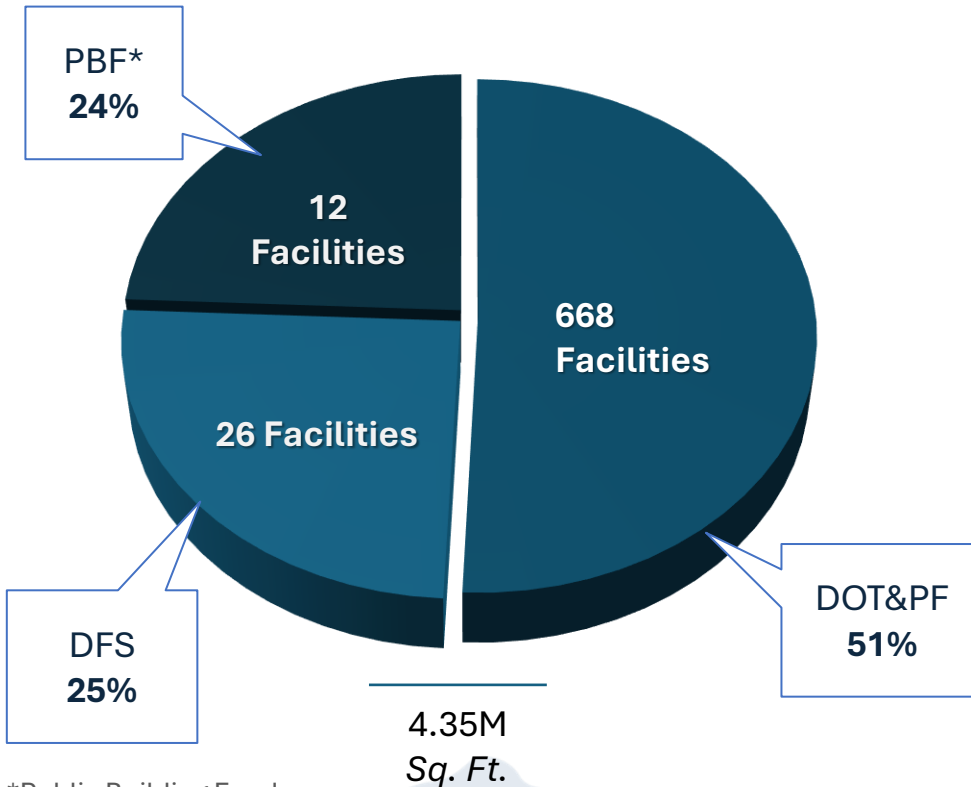
COMPONENT AUTHORITY



DFS Portfolio

DOT&PF-Owned**

- 706 Facilities, 233 locations
- Greater than \$2B assessed building value



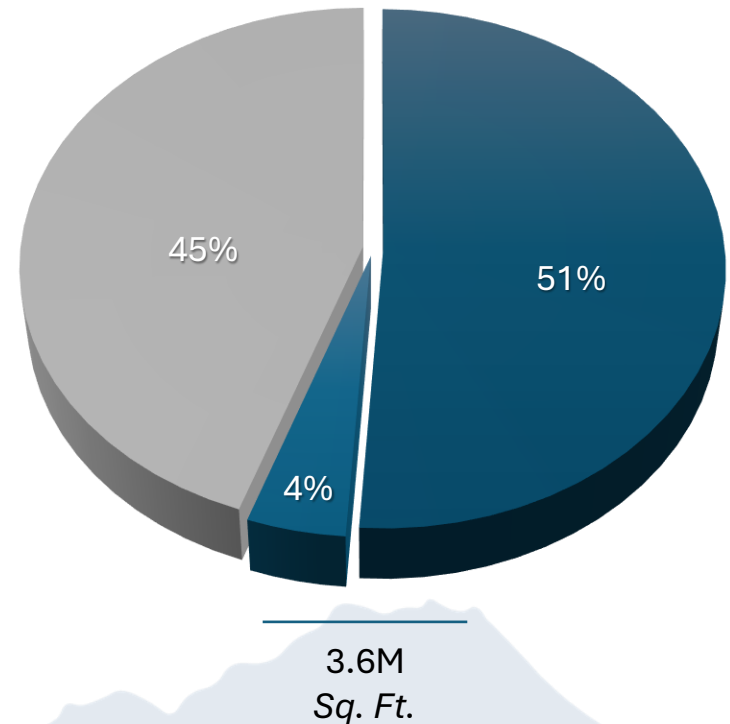
*Public Building Fund

**Does not include International Airport or Alaska Marine Highway buildings

Private Leases

- Private leases for 16 agencies

- Ground
- Housing, Lab, Warehouse, Storage, Parking, Other
- Office, Clinic & Similar

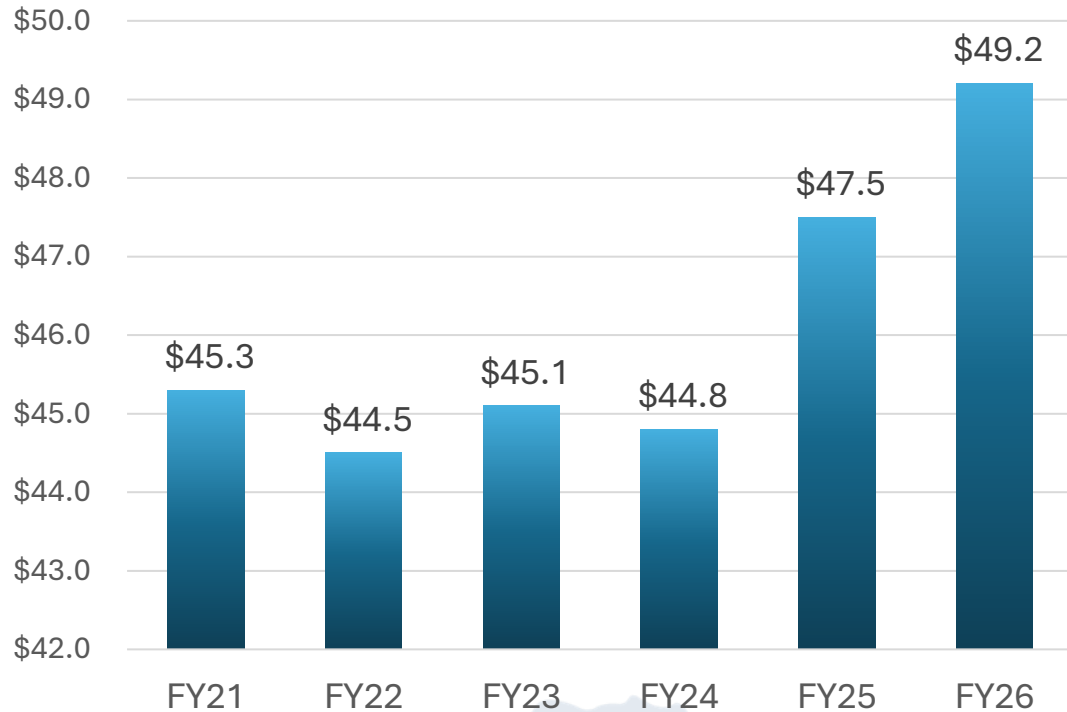


Private Lease Costs

Agency Lease Percentage by Space

State Agency	Sq. Ft.	Percentage
DPS	954,555	26.2%
DNR	766,653	21.0%
Labor	414,507	11.4%
ADFG	300,431	8.2%
DOH	264,677	7.3%
DOA	164,482	4.5%
DFCS	154,104	4.2%
Law	127,960	3.5%
DEC	124,080	3.4%
DOT&PF	120,418	3.3%
DMVA	94,394	2.6%
DOC	64,959	1.8%
DCCED	39,081	1.1%
Governor	32,179	0.9%
DEED	13,410	0.4%
Revenue	7,629	0.2%
TOTAL	3,643,520	100%

Annual Lease Costs (Millions)



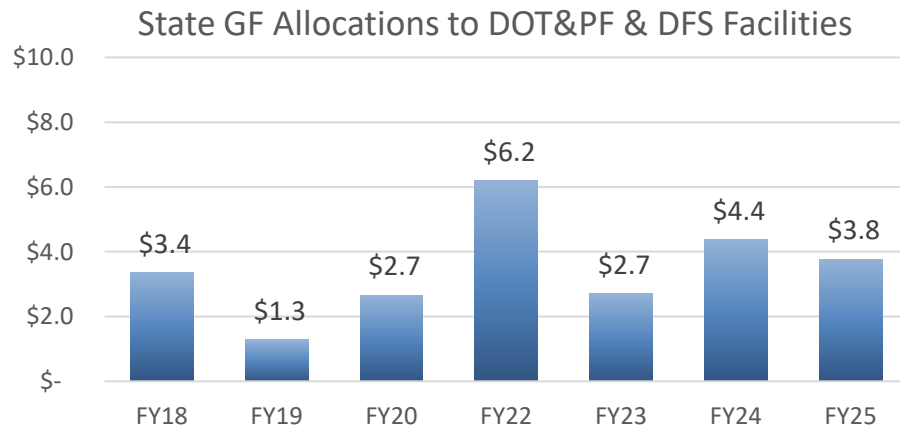
FY27 lease budget authority proposed increase to \$50M

Deferred Maintenance – Backlog & Past Allocations

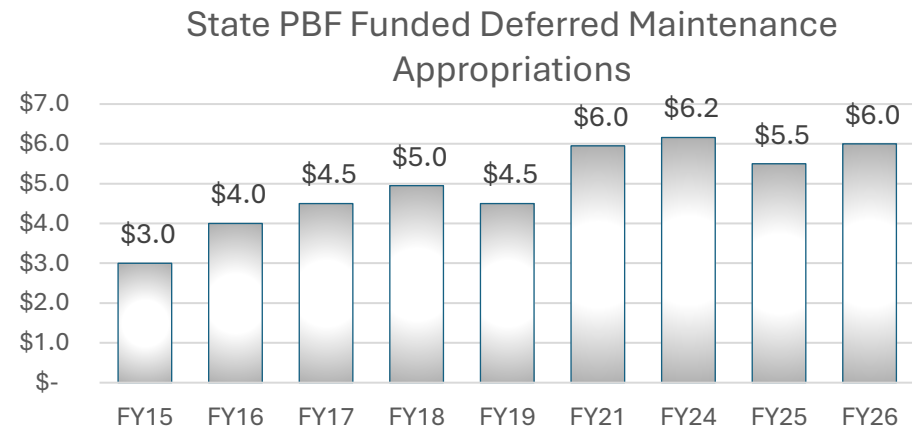
Present DOTPF facilities backlog estimated total: \$373M

- FY2027 Governor’s Budget Includes \$26.3M Alaska Capital Income Fund, and \$6M Public Building Fund appropriations
- Top priority deferred maintenance projects presented to State Facilities Council
- Projects are prioritized via methodology incorporating factors of Mission Alignment, System, and Need to create a Project Index Value
- Facilities Council reviews and prioritizes across all executive branch agency projects, submits to OMB (Office of Management and Budget)

Prior year Deferred Maintenance appropriations from State Capital General Funds (GF) and Public Building Fund (PBF)



694 Facilities
No allocation FY2021, FY2026



12 Facilities
No allocation FY2020, FY2022, FY2023

(\$ in Millions)



Deferred Maintenance

Value of facility projects completed through DFS – all funding sources (federal, state, etc.) and types

- Includes DOT&PF projects and projects serving other client agencies
- FY25 = \$33.9M
- FY24 = \$50.7M

We anticipate working closely with OMB on next steps with Deferred Maintenance funding.



Thank You.

Danny Gibson, Director, Division of Facilities Services

Christopher Hodgin, P.E., PMP, C.E.M., LEED-AP, CCCA, Chief,
Statewide Public Facilities

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DOT.Commissioner@alaska.gov



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