

SCOMM

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SCOMM #26
SPECIAL COMMITTEE # 26

SPECIAL COMMITTEE ON INTERNATIONAL AIRPORTS 1980

One folder

Contents:

Agenda of meeting 1/22/81 (1 sheet)

"Issue Papers relating to Local Control of the
Anchorage and Fairbanks International Airports,"
prepared by Robin Halvorsen, Special Committee on
International Airports (December 1980), 18 p.

Misc. notes, clippings, statistics, back-up materials

Chapter 134 SLA 1980 made special appropriation for
study to Legislative Council. Senator Bettye
Fahrenkamp was Chairman and Senator Bill Ray was
Vice-Chairman of the committee.

5/6/83 (KHS)



Special Committee on International Airports

515 Seventh Avenue, Suite 320

Fairbanks, Alaska 99701

(907) 452-4882

AGENDA

January 22, 1981
3:00 P.M.

Beltz Room

1. Release of study
 - a. Comments from Commissioner Ward
 - b. Letters
 - c. Discussion
2. Issue Papers
3. Committee recommendation

Comm. Recs next wk - says Bettaye.

Comm. Ward: Report slanted to Fikhs. Not enough
input fr. user groups who pay user fees.

Bands floated to prevent competition betw lg & sm. airports
for G.F. &. Report states that the program mismanaged by
diversion of funds to Anch & sm. airports rather than
seeing int. airport rev. fund as source for Fikhs.

Anch has taken, via G.F. or band match, \$ fr. sm. airports.
ADAP funds gone to NS Pen Way - ~~all~~ 1 year only. Sm. airports
also use the Hunt funds. If earnings were the only
criteria, sm. ones would suffer. i.e. Anch. hasn't done it at
expense of others. CAPROA - based on needs - perhaps

Re Bras - ok! Trying to interface w/ legal
interesting desc. of independent authorities; they have
no magic & anti our constitution which doesn't see
indep. taxing authority. Eliminate admin/fin.
control ... appropriations still fr. state. Doesn't like
operation which sep p aren't accountable.

Advisory groups' expansion ok.

As long as it is a state operation, they shouldn't
here, write own budget, lobby. Annual audit -
legislature post audit is part of check & balance (confusing).

Cap. improvements for Tribes - No prob w/ IART providing for
" " needs of both airports fr. now on. Idea of
get into it for catch up = complete reversal of the
past; easy to do w/ more \$, but doesn't negate the
reason for dev. projects from needs not wants.

Betty: p.: on projected revenues show vs. Their needs.

legislation needed. There are consultant not committee
recs. Ward doesn't argue that things have been catch-up.
Best, he says, it does allow that there will be pay-back
& sustained by revenue. 1975 in Tribes won't be reached
again til '95 & was done w/ old facilities. See no
need for new funds to meet needs which don't exist.
Auch's plan being changed too. Expenditures for Auch
won't be \$60m.

BETTYE FAHRENKAMP
Co-Chairman



File
Airport Study

BILL C. RAY
Co-Chairman

Special Committee on Internatio

515 Seventh Avenue, Suite 320
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MEMO TO: All Interested Parties
FROM: Senator Bettye Fahrenkamp
DATE: December 17, 1980
RE: Issue Papers - Local Control of Anchorage
and Fairbanks International Airports

The staff of the Special Committee on International Airports has prepared the attached Issue Papers as a result of information gathered during the study of the "Study for options for local acquisition and ownership or management of the Fairbanks International Airport and the Anchorage International Airport," as approved by the Eleventh Alaska State Legislature.

Your response to the subjects discussed, especially as might relate to errors of fact or inaccurate conclusions would be much appreciated. Please send any responses to the above address by January 14.

The Committee will be meeting in mid-January to formalize its recommendations to the Alaska State Legislature. A letter will go out to all on our list with the recommendations.

Thank you for taking the time to be involved in this most crucial process. Your input has been appreciated.

BETTYE FAURENKAMP

Co-Chairman



BILL C. RAY

Co-Chairman

Special Committee on International Airports

515 Seventh Avenue, Suite 320
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ISSUE PAPERS

RELATING TO

LOCAL CONTROL OF THE ANCHORAGE AND FAIRBANKS
INTERNATIONAL AIRPORTS

PREPARED BY:

ROBIN HALVORSEN
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INTRODUCTION

The potential of gaining local control of the Anchorage and Fairbanks International Airports is not a new idea. Dealing with an absentee landlord (State of Alaska) has posed many problems, foremost of which is that decisions are made directly affecting the community with little or no interface with that community.

Development of the economic potential of both Anchorage and Fairbanks depends on aggressive management of the facilities, the scheduling and the general operations at both airports. However, state policy regarding management of the two airports is based primarily on their status as part of the state-wide transportation network.

The communities perceive that the airports, as service entities, should provide that service in a manner conducive to attracting visitors to the area, as well as providing the conveniences necessary for the business traveler. Both Anchorage and Fairbanks feel the state is not listening to this concern.

The Eleventh Alaska State Legislature passed "An Act making a special appropriation to the Legislative Council for a study of options for local acquisition and ownership or management of the Fairbanks International Airport and the Anchorage International Airport" as an outgrowth of the above-stated current situation: lack of state responsiveness to local concerns and the perceived need for a more aggressive management system for both international airports.

The following issue papers have been prepared to illustrate the different points which have arisen during the discussions of the airport.

- 1) Current Operation
- 2) Finance
- 3) Competition
- 4) Tourism
- 5) Air Cargo
- 6) Local Responsiveness
- 7) Labor
- 8) Bush

CURRENT OPERATION

The actual physical operation of the airport is good, at least in the opinion of the airport carriers. The real test for operations is winter cleanup and the state does an excellent job in these areas.

The air carriers at Anchorage do have some concerns. One is the fact that in a power outage, no emergency electrical generator exists for the use of the carriers. According to the Anchorage Airport manager, this means that the jetways and certain other carrier facilities are unuseable during a power outage. Although it is not a safety problem, the frequency of outages is expected to increase over the next several years until such time as additional power is brought into the Anchorage area. Passenger comfort is important to the carriers, and is at the heart of this issue.

International carriers are concerned, too. While the international pilots association has given both airports high ratings in surprise inspection tours, they remain concerned that the airport be closed immediately at the time of a crash. While this is normal procedure, no specific policy or regulation is written which will assure the closure. The ALPA rating is critical for Anchorage and Fairbanks.

Both airports suffer in the equipment category. Much of the equipment being used is dated, and some is next to impossible to repair. The equipment request (emergency, maintenance, etc.) is subject to the same budgetary process as any state agency. The equipment is sometimes purchased from older "surplus" equipment inventories released from other DOT operations. With the safety of so many individuals relying on the no-fail operation of this equipment, sub-standard pieces are not acceptable.

One further operational problem is perceived by the local business communities. It is not specifically operational, but is the responsibility of the present management. The airport is often the first impression a visitor has of Alaska. Both airports need some help "sprucing up."

The appearance--what people see at the airport--is the problem. 1) Cleanliness. The airports are not very clean, and with the preponderance of casual travelers so prevalent in Alaska, the airport can appear very shoddy. 2) Seating. Considering the number of delayed or temporarily weather-bound flights in Alaska and the need to change planes between bush and city destinations--the general waiting that occurs so often in Alaskan airports, it is amazing that there are so few comfortable seating (napping) areas available. 3) Aesthetics. While Alaska abounds with beauty and artists,

there is little or no art work at the airports. While grants from the Alaska Council of the Arts are being used for artistic endeavors at both Anchorage and Fairbanks airports, there is much more that should be done to enable the traveling public to enjoy a look at our culture. Under current operations structure there is no particular emphasis on aesthetics.

There are also no incentives in the current structure for development that could lower operating costs for all users.

FINANCE

The discussions of local ownership of the airports probably began at the time Anchorage International Airport began to make a profit each year. This was about 1970. Since that time, that airport has grown both physically and financially and is currently making a paper profit of \$8 million, FY 80. Those funds are returned to the International Airport Revenue Fund (IARF) and are used to pay off the bonded indebtedness and the normal maintenance and operation costs of both the Anchorage and Fairbanks airports. In the meantime, the Port of Anchorage is being well managed, and thanks to operating agreements with its users, is also looking forward to a profitable financial future.

Fairbanks International Airport has also grown and appears to be operating in the black this year for the first time. If current economic trends continue, Fairbanks will become a profitable airport. New cargo air carriers and expansion of the North Pole Refinery are two reasons for this new success.

The physical assets of the airports are high. Anchorage has a physical worth of \$108,673,000, while Fairbanks has a worth of \$36,994,900. The municipalities of Anchorage and Fairbanks both enjoy large budgets: Anchorage (FY 81) \$310,009,610 and Fairbanks/North Star Borough combined, \$74,310,594.

Three primary concerns have been expressed relating to the financial side of the change in ownership question. One is how to retain the integrity of the airport monies. No one wants to see the profit (loss) of the airports used to offset the cost or profit of other municipal functions. Under no circumstance can the monies be allowed to comeingle with other parts of the municipality's finances. This may be accomplished through an Enterprise Fund, or may best be handled by an authority separate from municipal government.

The second concern is that of insurance liability. What would happen if a disaster occurred and one of the 747's or DC-10's crashed at one of the airports? Even without deaths or injuries, the operator of the airport is responsible for the damage. In the case of a crash over the city or into a housing cluster, the liability rises dramatically. Anchorage currently has total assets of \$776,092,494 and Fairbanks, \$292,958,240. Anchorage carries liability insurance in the amount of \$50 million for Merrill Field; Fairbanks carries \$25 million on the city. The state currently carries \$100 million aviation premises insurance

which covers all state owned airports. Since the crash of the Japan Air Lines jet two years ago (which hasn't been settled yet), insurance rates have remained the same. The state, with its seemingly unlimited resources, does not believe the city is capable of handling the responsibility, should a disaster occur. It would also be probable that it would take about six months to transfer the insurance to a new carrier. That transfer would likely have to take place in London.

It may be possible for the state to retain interest in contingent liability for the airports, and to help the airports in case of a disaster. However, this remains to be seen.

The third concern is that of capital improvement needs. The state has either directly financed or sold bonds for construction at the airports. Certainly there are capital improvement requirements at both airports now which need to be funded. They are outlined in CIP's and master plans.

One way the final concern may be met is through operator/user agreements. Depending on the terms and conditions of the operator/user agreements with air carriers using the premises, those agreements can be used as assurance for revenue bond sales. Certainly those agreements allow each party to plan based on the mutual commitments. In the case of major expansion, air carrier revenues can be committed to be responsible for the improvements they seek for the period of time it will take to retire the bonds purchased for the improvements.

The budgetary process of the state should also be mentioned here. Priorities are assigned to projects at the airports with little or no input from the local community. While some of the budget matters of the airport do not truly concern the community, other matters which are important to the community and to the users should be considered. The Port of Seattle, often pointed to as an excellent example of a successful and profitable operation, holds public hearings on its budget before the budget is submitted for final approval.

There are other considerations which are not specifically financial, but seem to fit here. In promoting the airports, and seeking to improve the facilities with a mind towards the traveling public, there is no limit to the amount of service an entity can provide. But spending large amounts on facilities may not necessarily bring more people. The cost of improvements must be weighed against the needs of 200,000 people. On the other hand, how much money can the state put into the airport when there are so many other needs? Needs must be weighed against job creation and return to the state as a whole--i.e. services, tourism, etc.

Financial consideration of the importance of tourism in Alaska must be made. The three anchor theory for Alaska states the need for a strong economic base in Alaska with support from the lower 48, the Orient and Europe. Alaska must have strong economic ties with each of these areas in order to retain a semblance of economic independence. The theory states the primary exports which Alaska must depend on are petroleum, tourism, minerals, fish and wood products. We must expand each of these exports with each of the legs in order to prosper. The need for this strong base is evidenced from our past. At one time, there was no money in the state and we were owned by Seattle banks. Even now, our fishing industry is primarily owned by the Japanese and they control the price of our product, not us. The financial implications of this economic principle need to be considered.

The other financial arena which has not been considered is that of the air carriers. During some of the interviews, they stated that their finances are controlled by one factor, and that is staff. When other costs grow, staff numbers are the first to be reduced. Of course, staff is not the same as service-related employees. As long as there is growth, that should not be a problem. The airport and its associated industries is probably the second largest employer in Anchorage. With employment an important factor in considerations of state economy, this point must be kept in mind.

COMPETITION

Competition between the two airports has been a fear expressed by many in any discussion of the ownership of the airports. The fear is that either one or both of the airports will engage in shady actions designed to siphon business from the other airport and leave it in a poor financial condition.

The two airports have been tied together physically (through need for alternate landing fields) since the early 1950's when each was being developed, and fiscally since 1972 when they were united through the International Airport Revenue Fund (IARF). Because both airports are managed by the state, there has been little direct competition between them to date. That does not mean there is no jealousy between them. Fairbanks looks longingly at the large terminal and the international carriers at Anchorage and feels it may have been shortchanged somehow. Anchorage looks at the increasing number of cargo flights refueling at Fairbanks and wonders why not Anchorage. The financial bonds between the two are also the cause of ill feelings. Anchorage's revenue picture has been in the black for several years; Fairbanks' has been in the red until recently with the Fairbanks community firmly believing that the figures are wrong. Anchorage wants to stop supporting Fairbanks financially; Fairbanks thinks the current set-up is only fair. So the story continues.

But these points are only incidental. The real question is what could happen if competition between the two were open and unregulated. One school supports the idea that Fairbanks is Anchorage's country cousin, and, as such, would be unable to compete on equal grounds. Fairbanks locals disagree. They cite the mileage advantage on most transpolar flights and the supplies of jet A-1 and B fuel. Fuel supplies must be assured in order to keep this advantage. Anchorage has a more finely developed infrastructure and also available supplies of fuel. Anchorage also has the advantage of established passenger and international routes.

Another fear is that Anchorage, if it receives ownership of the airport, would slash landing and other fees and try to induce the carriers now re-fueling at Fairbanks to come to Anchorage. Rumors also have it that the airlines now stopping in Fairbanks only do so because of the fuel availability and will return to Anchorage if given the opportunity. Neither of these claims have much credence. Anchorage would have no reason to cut landing prices and reduce their profit. Additionally, if the Cannon bill (ADAP program) passes without amendments, Anchorage may stand to

lose some of its federal matching funds for the airport and would require all the current revenue for funding capital improvements and maintenance of existing facilities. The landing fees in both Anchorage and Fairbanks are lower than most, if not all, airports internationally, and are not based on any logical structure. This fear is groundless at this time.

Anchorage and Fairbanks are tied together in one more important way. In order for an international flight to attempt a landing at a particular field, there must be an alternate landing site available. The two airports serve as each other's alternate. Stringent requirements exist for these alternate landings, and while some Alaskan military installations fulfill the requirements, the red-tape monster they also require negates their status as acceptable landing fields. A recent exception is Eielson Air Force Base. All air carriers operating in or out of Fairbanks have official permission to use Eielson as a secondary landing field.

There are a few items which will reduce the fears of competition that must be included in any decision. First, the airports need to be equalized in their capital improvement needs prior to transferring ownership. Without this accomplished, it would be possible for the Anchorage legislative delegation to block any future capital improvements at Fairbanks, and could keep Fairbanks in the noncompetitive mode it feels it is currently. Second, operation/use agreements should be signed between any new management team and the airport users prior to transfer. This could work one of two ways. The operation agreements could be made so that an airline is responsible for particular costs even if it no longer uses the airport. The Port of Seattle's contractual agreements with the airlines provides that they will pay annual charges which are based on the net cost of operating the airport plus the required debt service on the revenue bonds. That airport works on a not-for-profit system with an annual review and necessary adjustments made yearly. Operating agreements could remove some of the threat of stealing a competitor's business. Airlines considering a move to a different home base could do this before the agreements are signed. These agreements would also absolve the fears of some of the domestic airlines that their space fees would be raised beyond reason.

It must be kept in mind that competition is an essential part of the American economy. It appears the citizens who are worried should be concerned about getting a larger pie instead of just changing the size of the slices of the one we have. A good marketing program, used aggressively for both areas, could help here. Competition can improve management efficiency and can promote economic expansion. Whether or not it does will depend on the approach which is taken in any proposed transfer.

TOURISM

A change in goals of the airport could result in an increase of tourist dollars into the economy. At this time, tourism is estimated to place \$ 80 million directly into the Anchorage community. This dollar amount represents all overnight visitors in Anchorage. There are no estimates for Fairbanks at this time.

The bottom line for the economics discussion is not how much profit can be brought into the actual airport facility, but rather how dollars from tourism and related industries can be brought into the community, as well as justify airport operational cost increases.

Tourism is one of the cornerstones of the state's economy. Along with petroleum, fish, minerals, wood products and agricultural products, tourism can be considered one of Alaska's commodities for export. It is an export since it brings needed dollars from outside into the economy, and accomplishes this without any loss in raw materials. Currently, tourism brings about \$500 million into the state's economy, including state and local taxes, employees and sales.

Tourists don't just "drop in" to visit Alaska. Most, if not all of them, have probably spent many hours in the planning stages for their trip and have probably gone to great expense to get here. Tourism depends not only on the one-time visitor, but also the repeat visitors and the word-of-mouth reputation an area can receive. An airport can be a good visitor satisfaction tool. In order to assure return in addition to achieving good public relations, attention must be paid to details at the airport, such as cleanliness, parking and convenience facilities, and attractive grounds or entries.

The visitors which are currently very appealing to those looking to expand the tourism industry are the nearly one million international passengers in transit to the Far East or Europe. Probably 1 or 2% of these passengers, 30,000 at the most, deplane in Anchorage (none in Fairbanks) and they don't come to visit Alaska. Logistically, enticing these people to visit Alaska has been a problem due to airline staff requirements, reciprocal landing agreements and seat availability on airplanes. Until now, large blocks of seats have been unavailable for use by foreign tour groups wishing to stop here. The difficulty faced by the air carriers is that with expenses running several thousand dollars per hour, it is important for them to be assured that all seats (therefore, each possible paying passenger is on board) are occupied each trip. Deplaning in Alaska could cause some financial uncertainty for some of the airlines operating

here. Although the numbers are unknown, some additional staff would be required by each airline if passengers regularly deplaned. Of course, if the numbers of travelers grew to magnitudes warranting the greater use of nonfinal destination flights or warranting Alaska itself as a destination, these difficulties might be alleviated.

Local communities would like to attract some of these international passengers. Internationals generally do spend more per person than domestic visitors and are more souvenir and gift oriented.

An in-house study is being made of the potential for the stopover traffic by international passengers in Anchorage by the Anchorage Convention and Visitors Bureau. It is due for completion prior to the end of the year. At this time the study results indicate approximately 10% of the international travelers would be inclined to stopover in Alaska. This market will take about 5 to 10 years to develop.

The primary way to attract travelers to visit Alaska is to attract them before they leave their homes. Programs aimed at this market are being conducted by the Anchorage and Fairbanks Visitors and Convention Bureaus (AVCB, FVCB), the State of Alaska Division of Tourism, and the Alaska Visitors Association Marketing Council. The annual budget of the Marketing Council alone is 2.6 million for FY 81.

This visitor market is one that generates a great deal of interest. Expansion is evident through such programs as "triangle" fares, with Alaska being one leg of the Seattle-Alaska-London or Seattle-Alaska-Hawaii routes. In addition, tourists are becoming more discretionary in their spending patterns. They spend as much as before, but are after the most benefits for their money.

The State, Marketing Council, AVCB and FVCB are aggressively marketing their respective areas, but no one is marketing either of the airports for itself. Most major airports are marketed. Airport marketing has previously taken place in CAB rate and route hearings (no longer applicable) and in foreign markets. Fuel availability, route distances and airport amenities such as warehousing or federal Foreign Trade Zone designation are also used to market airports. The question has arisen as to where and how the current tourism marketing programs could be expanded to include the airports. It must be made clear, however, that airports don't market tourism; airports market themselves. Whichever programs are put together, it is essential that each group's marketing aims, goals and successes be interfaced with each other and local community projects.

This is one place where the differences between the policies

of the state and the concerns of the local community become apparent. The state has directed operations of the airports as service facilities. The local communities would like to see the airports marketed for the tourist potential and added local service jobs. Certainly, attention to some of the details felt to be important by the local communities could be accomplished through more local input into the decision making process. The local community has not been invited to participate in the decisions which they feel are important to their local tourism industry.

Marketing has become a "buzz word" that means different things to different people. Right now, marketing is thought to be the key to developing tourism in the state and Anchorage holds the key. Because there is so much potential in Alaska, a political commitment must be made. First, the administration, perhaps directed by the Legislature, but certainly led by the Governor, must give more than lip service to the concept that tourism is an important facet in Alaska's developing economy. Second, tourism must be developed as a priority in agency policy development. Third, the role of the State and of the communities must be determined.

It must also be accepted that the airports are an important part of the entire tourism package. Tourism is a desirable form of commerce and as the second largest industry in the state, deserves appropriate attention.

AIR CARGO

There are three types of air cargo flights flying in and out of the Anchorage and Fairbanks International Airports: intrastate cargo distribution flights, international air cargo refueling flights, and flights carrying Alaskan trade.

Traditionally, Alaska has imported most of its essentials and air cargo has been the lifeline to many bush communities. Intrastate air travel has been visualized in a complete service manner by the state. The state has realized the bush community need for the Anchorage and Fairbanks International Airports, so landing fees and expenses have been maintained as much as possible. This state of equilibrium might not be as well maintained if the Anchorage and Fairbanks communities managed their own airports without the broad scope of the whole intrastate transportational network.

The refueling of the international cargo flights has been a changing market in the last two years, with the availability of fuel and the CAB deregulation. Anchorage has been catering to and has developed an infrastructure for this market for quite some time, because of the relationship to the transpolar flight plan and the two refineries in the Kenai. Fairbanks, up until two years ago, was used as the alternate landing field for the flights. This situation changed with the addition of the North Pole Refinery and the availability of competitively-priced fuel in Fairbanks. As of FY '80 there were 2463 international air cargo flights into Fairbanks and only 38 of those flights were diverted flights scheduled for Anchorage. This is compared to two years ago when there were no scheduled international air cargo flights into Fairbanks. This could become a competitive market between the two airports, since each flight qualifies as a revenue landing and provides a source of commerce within the respective communities. The competition between the communities might result in lowering of landing fees in Anchorage before Fairbanks is able to develop the needed infrastructure to support the additional traffic being developed between the orient and the european markets.

Until 1978 the amount of Alaskan trade transported by the international flights was negligible. Since then the air cargo industry has been deregulated and the poundage has increased five hundred percent. Most of the present cargo being exported is fresh fish to the orient from Anchorage, but as Alaska's renewable and nonrenewable resources develop there will be an increase in traffic between Alaska and the lower 48, oriental, and european markets. This will require the management of both airports to develop the proper warehousing and ramp space to meet the increased needs.

The 1980 Alaska State Legislature passed HB 917 which established requirements for foreign trade zones in Alaska. Foreign trade zones are custom-free facilities providing sites at domestic ports of entry where operations involving foreign goods can take place which would otherwise have severe customs restrictions. Both Anchorage and Fairbanks are suitable for a foreign trade zone, since both have international traffic using their facilities, both are part of a transportation network (Anchorage has the additional advantage of the Port of Anchorage), both have available work forces who, because of inflation in the lower 48 are becoming more competitively priced, and both have access to Alaskan resources which, when combined with foreign goods, could become more marketable.

The idea of foreign trade zones, combined with the exporting of Alaska goods via air cargo, warrants an aggressive marketing process which should be undertaken by the communities with the assistance of the state. Infrastructure required at the airports should be determined on the basis of need, rather than by a territorial mandate. This concept must be considered during the airport ownership discussion.

LOCAL RESPONSIVENESS

Any governing body which isolates itself from participation by that public affected by its decisions (rules or policies) can cause dissension among those governed. It is the perception of the citizens in Anchorage and Fairbanks, who are concerned about improving airport operations and conditions, that the DOT/PF has almost continuously ignored any option for public input and has distinct problems with communication lines. A public advisory committee was appointed by the state to work on the airport master plan development at Anchorage, but one was not appointed in Fairbanks. The Anchorage advisory committee reported difficulty in getting DOT/PF staff to listen to their concerns.

DOT believes that it is being condemned for no reason. Airport managers meet regularly with those in the aviation industry, but the anger some general citizens feel when they are able to spot an area in the airport terminal complex which has not been cleaned or painted for several years is readily understandable when they can't get anyone to listen to their complaint. The entire DOT/PF organization at present causes confusion. There is no "head" to the monster--organization regarding delegation of authority and responsibility is not clear to the public.

Public needs are important. When the needs concern an area which exists to serve the public, they become even more important. Many people understand the role which is played by the airports in the tourist industry. Local elected representatives, businessmen and those whose livelihoods depend on the tourism dollar are concerned about the seeming inability of the local informed community to impact decisions which regard the airport. The legislative and budgetary processes are a part of this problem. Planning operations and marketing decisions are made by the state without input from the local community. In areas which are operational in nature, such as air traffic coordination and other operating functions, it is not necessary for the community to participate. The state must have discretion, but accountability along with the responsibility. These decisions are and should be the realm of the professional airport managers. On the other hand, because tourism is an essential Alaskan industry, some consideration for the public point of view should be included in the decision-making process, perhaps through advisory boards or quarterly public meetings.

The current chain of command at the airports requires some decisions to be made in Juneau. The process can take several months for action on a single issue. The DOT/PF has

split responsibilities for airports, marine transportation and highways. There have been times when problems couldn't be addressed because those people making decisions about the airports were busy making decisions about highways, or railroads, or were not readily identifiable. DOT/PF organization charts need to be clarified.

At the beginning of 1980, it became apparent that one bill in the U.S. Congress could drastically affect the funding sources for the international airports nationally, and for Anchorage specifically. This was the ADAP program through the Cannon bill. Not only did the DOT ignore the situation, but the Alaska Congressional delegation also thought the situation of little note. The Municipality of Anchorage lobbied Congress through the U.S. Conference of Mayors before any favorable action to Alaska was taken. This kind of inattention and non-responsiveness causes suspicion and distrust among citizens.

From the standpoint of the local communities, it appears that some of the decisions which should be made locally are made in other areas. Local district maintenance and operation people are directed not to provide feedback. DOT/PF has a large staff in Anchorage and in Juneau. To the people in Fairbanks, it appears that all the important decisions have to be made in Anchorage, and the long existing rivalry makes this relationship awkward at times and frustrating most of the time. Anchorage has a similar relationship with Juneau. This certainly appears to the public as a direct conflict of interest; and, it may be. DOT/PF is also known as an agency that sometimes makes its decisions based on political exigencies instead of facts. In fact, some staff members place primary consideration on political aspects of decisions before the public has even participated in the discussion of a certain project.

Another case in point has been the constant struggle between members of the community and DOT/PF in the planning efforts surrounding Airport Master Plan development. Anchorage and Fairbanks citizens have tried to convince state DOT/PF planners of particular needs in the airports and the communities associated with the airports. Those working on the Fairbanks Master Plan have agreed to work with the community future-thinkers, but only after considerable effort on the part of those who wanted some positive input into the plan. The consultant in charge of the planning stated that although he had requested meeting with some of the elected officials in Fairbanks early in the planning stages, DOT/PF supervisory personnel told him that would not be acceptable.

The Anchorage Master Plan, after four years on the shelf, is finally scheduled for completion in December, 1980. However, the Anchorage Airport Master Plan has already been used by DOT/PF as a support document for airport capital

projects. This kind of tactic wears thin when lack of a current master plan was the reason quoted for vetoing a bill which authorized revenue bond sales for the Fairbanks airport. Non-progressive thinking on the part of the state, with little or no acceptance of the thought of the business community, and with no visible, established policies by which to guide decisions, creates an untenable situation for any citizen wishing some meaningful response from the state.

LABOR

Presently there are two collective bargaining units representing the workers at the Anchorage and Fairbanks International Airports: Public Employees Local No. 71, AFL-CIO, and Alaska Public Employees Association. Local 71 represents 150 employees in Anchorage and 30 employees in Fairbanks. APEA represents 46 employees in Anchorage and 42 employees in Fairbanks.

These collective bargaining units wish to continue representing their members at the Anchorage and Fairbanks Airports in order to ensure retaining retirement and health benefits, along with established seniority benefits. A change in the management of the airports would not necessarily mean a loss of the current union structure, but a change in ownership most certainly would.

Should a change in management or ownership take place, written agreements must be negotiated protecting the employees, insofar as possible. At the very least, a method might be devised where the current employees would be given first option on any new, or changed employment opportunity. As one person stated during the committee hearings on the issue, "It is the people who make the airport work."

BUSH

Anchorage and Fairbanks airports are both transportation hubs of the state. It is necessary for almost all goods and materials entering the state to pass through one or the other of the cities. The bush relies entirely on goods which pass through the towns. The costs of living in Alaska which are high in the municipalities and urbanized areas are much higher in the bush. If the airports change hands and any fees are raised to those airlines which service the bush, the price increases will be passed directly to the bush. A study done several years ago showed that a 1% increase in price in the cities created an 8% increase in price in the bush. Fees should probably be allocated to the users which would cover the increase in costs.

Currently, the state operates the airports as service facilities, one price piece of a larger picture of in-state air transportation. The state, due to international carriers, is able to keep the landing, fuel flowage fees, and other rates at a level low enough to allow the bush airlines to continue serving bush communities. A change in price structure could cause some of the domestic carriers to move from Anchorage or may even cause the demise of some.

The larger communities in the remainder of the state also depend on use of the airport facilities in Anchorage and Fairbanks. Change in the price of landing fees could raise ticket prices, but the price of fuel appears to be a more important consideration.

Airport Study Committee staff will continue to work on the following points, regardless of the outcome of the current study efforts:

1. Organization charts -- more and generally responsive to local and air carrier needs.
2. Marketing
3. Response to local concerns: Policy advisory committee, not volunteer; legislator should be involved.
4. Continued oil supplies -- reasons for completion of Fairbanks processing plant
5. Operational agreements -- what options can be included.
6. Capital development
7. Financial system
8. Policies in written form
9. Equipment

If there is a change in ownership, the following issues must be addressed as well:

1. Financial responsibility, including contingent insurance.
2. Bonding
3. Bush
4. Labor
5. Continued subsidy
6. Separation from politics
7. Lease holders
8. Capital improvements in Anchorage and Fairbanks



LAWS OF ALASKA

1980

Source

CSSB 450 am H

Chapter No.

134

AN ACT

Making a special appropriation to the Legislative Council for a study of options for local acquisition and ownership or management of the Fairbanks International Airport and the Anchorage International Airport; and providing for an effective date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

THE ACT FOLLOWS ON PAGE 1, LINE 12

Approved by the Governor: June 30, 1980
Actual Effective Date: July 1, 1980

AN ACT

Making a special appropriation to the Legislative Council for a study of options for local acquisition and ownership or management of the Fairbanks International Airport and the Anchorage International Airport; and providing for an effective date.

* Section 1. The sum of \$175,000 is appropriated from the general fund to the Legislative Council for funding a study of options for local acquisition and ownership or management of the Fairbanks International Airport and the Anchorage International Airport. The study shall be conducted in cooperation with the Municipality of Anchorage, the Fairbanks North Star Borough, and the Department of Transportation and Public Facilities.

* Sec. 2. The unexpended and unobligated portion of the appropriation made by this Act lapses into the general fund June 30, 1981.

* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-070(c).

ALASKA STATE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY

Pouch Y - State Capitol
Juneau, Alaska 99811

11/17/80

REGIONAL INFORMATION OFFICE

1024 West 6th Avenue
Anchorage, Alaska
99501
(907) 278-3668

October 23, 1980

Dear Arliss:

I believe you were interested in hearings held by the Special Committee on International Airports. We have not received copies of the draft report yet, however.

carol

LAA 11
(1-26-79 M)



Special Committee on International Airports

515 Seventh Avenue, Suite 320
Fairbanks, Alaska 99701
(907) 452-4882

To all Ane Staff -Ns

October 20, 1980

To all who are interested in the subject: WHO SHOULD OWN THE AIRPORT?

Public hearings will be held in Fairbanks on November 14, at the Noel Wien Memorial Library (2-6pm) and in Anchorage on November 17, at Romig Junior High School (7-10pm) for the purpose of reviewing the consultants' draft report. The report will focus on air traffic projections, management alternatives and bonding implications of the transfer of ownership of the airports. The consultants will give a brief presentation and then open the hearing for public testimony. The draft report will be mailed to all workshop participants and will be available to the general public at the Anchorage and Fairbanks Legislative Information Offices.

The results of this hearing will be considered before the Special Committee on International Airports will present its findings. For further information, please contact Robin Halvorsen or Jennifer Johnston at the Committee's office.

A handwritten signature in cursive script that reads "Bettye".

Bettye Fahrenkamp

****PLEASE NOTE****

THE ORIGINAL FILE CONTAINS AN OVERSIZED DOCUMENT THAT
IS UNSUITABLE FOR FILMING. PLEASE REFER TO THE ALASKA
STATE ARCHIVES TO VIEW THE ORIGINAL.

Description:

Full newspaper page. THE ANCHORAGE TIMES, Section E, Page 1

"City wants tourism to soar at airport; Juneau will note Tuesday's
vote "
October 5, 1980

Airport question goes before voters

By JOHN LINDBACK
Daily News reporter

Hopes by the Sullivan administration and the Anchorage Chamber of Commerce of gaining municipal control of Anchorage International Airport will be on the line Tuesday when local voters voice their opinion on the issue.

Proposition 2, one of 15 propositions joining assembly and school board candidates on Tuesday's municipal ballot, is labeled a "public opinion" vote.

The ballot asks if the legislature should transfer planning, operations, parking and ownership of Anchorage International Airport to local control, with the proposition suggesting a citizens advisory commission similar to the one for Merrill Field. The airport, now operating at a substantial profit,

is run by the state's Department of Transportation.

Administration of the airport would be conducted as a self-supporting enterprise similar to the Port of Anchorage, the ballot states.

Some sectors of the community, including unions representing airport workers and some of the larger carriers at the airport, have been less than enthusiastic about the proposal.

The unions want assurances their workers' contracts and rights to future representation will be continued. The carriers, such as Wien Air Alaska, are concerned about the city's demands for fees to use the facility.

But Mayor George Sullivan's chief of operations, Ron Garzini, said the unions and the carriers have nothing to fear.

"We have said publicly we will honor all existing contracts," Garzini

said, noting that no major changes are planned.

"We don't have any aspirations of hurting anyone," he said.

The airport is now operating at an \$8 million yearly profit, Garzini said, which indicates there is no need for fee hikes for the carriers.

"When we first looked at the airport's finances, there was almost \$40 million in excess cash sitting there," Garzini said.

The administration cites the following as reasons why control of the airport should be switched from the state to the city:

- Greater efforts are needed to improve vehicle parking;
- The city could improve the airport's cleanliness and attractiveness;
- Improvements are needed in fire safety and airport security procedures, and

• Local management would improve economic benefits to Anchorage by encouraging greater numbers of pass-through travelers to return and visit the city and the state.

Garzini said the city occasionally receives complaints about the local airport "brought to us by a wide variety of people." But the city is unable to offer any help.

"What can we do about an airport we don't own?"

Both Cheri Shelley of the Alaska Public Employees Association (APEA) and Al Buffone of Public Employees Local 71 said they were opposed to the proposition because their unions had not received sufficient assurances that members would be unaffected by the change.

"We haven't been presented with any specific proposal as to the future of those employees," Shelley said. The

APEA represents about 40 airport workers.

"We've sort of been playing it low key," Buffone said, noting that he requested a written statement from the municipality this week that the change would not do anything to change the status of either the union or its members. Buffone's union represents about 150 workers at the airport, he said.

Corporate officers of Wien Air Alaska are concerned about the municipality's ability to "run a facility as large and complex as the airport," said spokesperson Carla Beam.

The municipality now is having trouble collecting parking fines, Beam said, which causes concern among Wien executives about the city's ability to run an international airport.



Wholesale price increases
at close-out of the model
with prices dropped 4.2 percent
although prices in
range over prices in
and other the
consumers good other the
in August.

are collected several
months later prices paid by
consumers, the 1.7 percent in
August, and 1.6 percent in
July and 1.5 percent in June.
The decline was reported
the final price decline
the Nov. 4 election — seemed to
be good news for President
Carter's reelection chances.

WASHINGTON — After two
months of sharp increases,
wholesale prices fell 1.7 percent
in September, the first decline
in the index in 4 1/2 years, the
Labor Department reported.
The decline was led by drops
in producer prices for food,
gasoline, heating oil and cars.
and metals prices.

SAN FRANCISCO, Calif. — A. F. Ray announced it
plans to acquire the Kentucky Agricultural
and Forestry Experiment Station to build
and operate a new manufacturing facility in southern
Kentucky. The project, estimated to be a cost of \$60
million, is designed to produce 10 million gallons
of product in a year, a significant
contribution to the state's economy, and will
make Chevrolet a major employer.

the market place
nevron's alcohol pla



Anchorage Daily News/Fran Durner

Termination dust settles in

Snowfall signaling the end of summer has befallen the Chugach Mountain Range near Anchorage. Fresh snow has fallen above the 3,500-foot level, according to the National Weather Service, but city-level snowfall isn't likely in the

next few days. A chance of precipitation was forecast for tonight and Sunday, but so was a warming trend — meaning snow tires probably won't be necessary for another few days. For the record, Anchorage's earliest

seasonal snowfall came on Sept. 1, 1944; the latest first-snowfall came Nov. 5, 1937. Last year, trace amounts of snow fell Oct. 19 — the first of 68.9 inches which fell on Anchorage during the winter of '79-'80.

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The Anchorage Times

ROBERT B. ATWOOD
Editor and Publisher

WILLIAM J. TOBIN
Associate Editor
And General Manager

FRED DICKEY
Executive Editor

Page A-4

Friday, October 10, 1980

'No' to the airport

PERHAPS the only real surprise in Tuesday's local election was the failure of the city to win a ringing endorsement for local management of Anchorage International Airport.

Nobody expected a big turnout at the polls. As a matter of fact, not very many people did vote — only some 20,000 out of a city of 200,000 people. Not very impressive.

All the incumbents seeking re-election won. Likewise expected. In the races where there were no incumbents — for one School Board seat and one assembly seat — the outcomes had been predicted. Again, no astonishment.

But there was reason to believe, despite some organized opposition, that the public opinion poll on the airport question would receive something of a hefty endorsement, if not rousing approval.

IN AN EFFORT to find out why the issue failed to win strong support, we've asked a lot of people why they voted "no" or why they felt others did.

Invariably, we were told the same thing: The way the city has managed Merrill Field offers no comfort that its operation of Anchorage International Airport would be a desirable change from the present state control.

People who hold leases or airplane tie-downs at Merrill complain that the city arbitrarily raised fees beyond all reason. They don't want the same thing happening at Anchorage International.

People who operate private aircraft at Anchorage International, and air carriers that conduct major operations there, are happy with fees charged by the state.

Airport employees were not convinced that the city would offer labor contracts that would be an improvement over those they now enjoy

with the state.

THERE ARE complaints aplenty about the treatment paying passengers receive. Parking is inconvenient. The airport police are all too often rude, overbearing and impolite. Baggage handling is slow amid conditions that are uncomfortable and crowded. No one is made particularly welcome at the airport — in fact, people arriving to meet airplanes are greeted by a constant, blaring recorded message warning that their automobiles are about to be towed away.

The facilities, once the pride of the community, have become a jumbled and unattractive hodge-podge of ticket counters. Check-in lines for flights are poorly handled. They block the flow of foot traffic and are a source of irritation for those trying to move luggage forward.

Access to some boarding gates are blocked off and those who are seeing family or friends off on flights or awaiting the arrival of friends, relatives or business associates are often forced to cool their heels in a crowded hallway.

Many feel the city could do a better job.

UNLESS THE STATE cleans up its act, the concept of city control is certain to grow increasingly strong regardless of whether carriers and employees are content with the treatment they now receive.

On the other hand, let's not downplay the significance of the vote. The truth is that the city's cause was not advanced by the election results.

Some of the city fathers said that they looked to the vote for guidance. And they got it.

Obviously, when it comes to running an airport, the city also has an act that needs polishing.

11/11/80

Legislative study recommends state-local ownership of airports

The Associated Press

ANCHORAGE — A legislative study suggests joint state-local management and ownership of the international airports at Anchorage and Fairbanks, now owned and operated by the state.

Alaska Transportation Consultants Inc. suggested in the study that the local governments have 60 percent ownership of the two fields, with each government having a say in the operation of both airports.

The study said if the two airports are to be controlled locally they should be operated by a local authority under the direction of a five member board of directors.

It suggested that the board in each city be comprised of three persons appointed by the local government, a local resident appointed by

the state and a representative of the board from the other city.

The study said such an arrangement would avoid unfair rivalry and encourage healthy competition.

With shared local-state ownership, the local boards would "exercise controlling interest, yet be forced to remain cognizant of the needs of the other entity," the study said.

It said the state should retain partial ownership of the two airports because of its heavy investment in the two fields. It said state participation would help insure continued service to bush areas.

In an advisory vote last month, Anchorage voters said they were against a proposal that the municipality take over operation of Anchorage International Airport.

... today for Vot

Wien attorney attacks study on local takeover of airport

By JOHN LINDBACK
Daily News reporter

11/18/80
A proposal that urges joint ownership between state and local governments for the Anchorage and Fairbanks airports encounters "substantial" problems with federal anti-trust laws, according to a spokesman for Wien Air Alaska.

Wien attorney Dennis Maloney issued the warning Monday night at a hearing sponsored by the legislature's Special Committee on International Airports.

The public was invited to comment on a draft study commissioned by the committee that suggests the two airports be run by port authorities, with the localities gaining 60 percent control.

"In my opinion (the proposal) would violate anti-trust laws," said Maloney, expressing concern about statements in the draft study suggesting that the establishment of two port authorities would help discourage excessive competition for business between the two international airports.

Maloney said if he was a representative of an international airline that wanted to protest the plan, he would use the study to show how competition was being discouraged.

"I would go into federal court and I would have a prima facie case against the authority," said Maloney. He also noted that several court decisions have shown that such authorities are subject to anti-trust laws.

Other speakers at the hearing represented groups that have already spoken out on the issue, such as labor unions, the Anchorage Chamber of Commerce and the Alaska Airmen's Association.

Frank Van Zant of the Anchorage Chamber of Commerce told the group the state doesn't market the airport effectively.

"A marketing function for Anchorage International Airport is an extremely necessary part of the management process," he said.

Bert Wagnon, assistant deputy commissioner for the state Department of Transportation, said the airport operator's function is not to attract tourism.

"Our role is to run a clean, efficient airport," he said.

An advisory vote on the Anchorage municipal ballot in October showed local voters did not want the state to transfer ownership of the airport from the state to the municipality.

Airport . . .

(Continued from page B-1)

tinued state control of the airport.

Baffone said one of the studies slighted the employees, some of whom have "dedicated their lives to developing it."

A report by Alaska Transportation Consultants Inc. of Fairbanks said contracts with local governments are not as attractive to employees as are contracts with the state.

Baffone said the reports are biased in favor of local ownership. "It's a glamorous thing to take an airport away from the state government," he said. "The question is, can you make it a success?"

"If we fall flat on our faces, who's going to pick up the tab?"

A means of supporting Fairbanks International Airport would have to be devised if the state relinquishes control of the Anchorage facility's profits, he said.

Anchorage International made \$10 million in profits last year. Of that, \$2 million was used to subsidize losses at the Fairbanks airport.

The reports came under criticism from Van Zant. Contrary to what the reports state, no Anchorage port authority now exists; the Middle East situation could impact fuel supplies, and capital improvements at Anchorage International Airport still are being planned, he said.

Wien Air Alaska Attorney Dennis Maloney said there could be anti-trust problems if control of the Anchorage and Fairbanks airports is separated, but managers decide "not to compete too much."

Public comments regarding the draft reports will be accepted until the middle of December. Copies are available at the Anchorage Legislative Information Office at 1024 W. Sixth Avenue, 278-3008.

Airport control foes spar at hearing

by Mark Stak
Times Writer

Anchorage boosters and state government advocates bumped heads Monday at a hearing on who should control Anchorage International Airport.

The municipality, given a share in its management, could make the airport an attractive facility that would promote tourism, said representatives of the Anchorage Chamber of Commerce and the Alaska Airmen's Association.

The airport is run smoothly and profitably now, and Anchorage residents are not liable in case it stops making money, said proponents of continued state control, including a Transportation Department representative.

About 50 people attended the Romig Junior High School hearing, chaired by Sen. Bettye Fahrenkamp, D-Fairbanks. It was held to review drafts of two \$50,000 state-funded studies which address the issue of international airport control at Anchorage and Fairbanks.

Fahrenkamp initiated the studies last year because, she said, Anchorage and Fairbanks residents have complained they have little say in airport management, and insufficient airport promotion is taking place.

Establishment of a port authority or commission for airport management would improve communication of area residents' needs, said David Kincaid, speaking for the Alaska Airmen's Association, the Anchorage Chamber of Commerce and as adviser to a committee developing an airport master plan.

A port authority would only increase bureaucratic layers between citizens and airport management, said area resident Joe Graham. Anchorage can't take care of the problems it has now, he said, citing gerrymandered election districts and conflicts among area utilities.

An airport is a place where people come only so they can go somewhere else, said Bert Wagnon, speaking for the state Transportation Department. Anchorage International Airport is clean, efficient and reasonably priced for users, he said.

The state "has no feel for a tourist passenger operation," said Frank Van Zant, executive director of the Anchorage chamber. "Parking is an abomination. Access to the airport is a nightmare. Signs are poorly

placed. Seating comforts are disgraceful — it's one of the most uncomfortable places to be in in this part of the world."

Responsible local management could correct deficiencies and encourage passengers en route through Anchorage to "get off the plane," he

said.

Van Zant said it is not the city's intent to hurt the jobs of airport employees.

Al Baffone, business manager for Public Employees Local 71, had made an impassioned plea for control. (See AIRPORT, page B-3)



Union leader Al Baffone gestures during hearing

Confidential 7/2/81

While there has been considerable discussion of transferring Anchorage International Airport from State control to the Municipality of Anchorage it does not appear that there has been much discussion of the potential risks associated with such a transfer. This paper is not intended to advocate or oppose such a transfer but merely to address future potential risks which may impact Anchorage International. Only Anchorage International is considered and all revenues, expenses, capital improvements and debt service figures are those allocated to the Anchorage facility.

Anchorage International is highly dependent upon international traffic as its major source of revenue. For the year ended June 30, 1980 two firms contributed 48% of the total revenue. (Japan Airlines and Duty Free Shoppers). The major components of revenue for the airport are: 1. fuel flowage fees, 2. concession fees, and 3. landing fees. Any change in the international traffic scheme could severely affect the airport. Japan Airlines not only pays substantial fuel flowage fees and landing fees but also provides the majority of passengers which shop at the Duty Free Shop which itself contributes 34% of total revenues. Any disruption or change in international route structures would have a devastating impact on the revenue of the airport.

The immediate response should such a situation develop would be to raise fees to cover the lost revenue. However, when one raises fees air carriers will begin to look for alternatives if they are available. While attachments A & B reveal that Anchorage's fees are lower than many airports however to raise fees enough to cover 48% of the airports revenue would be impractical. It is not envisioned that the above scenario will occur in the near future. Attachment C lists some potential events which could occur.

Some discussion has taken place that Anchorage International produces significant amounts of cash which could be put to better use than current management has done. Attachments D & E illustrate revenues, expenses and planned capital improvements thru 1985. The estimated cash balance in the International Airports Revenue Fund for June 30, 1981 is approximately 25 million. What has not been mentioned is that all but approximately \$5 million is obligated to various projects already under construction. For example the new international terminal is being paid for with cash rather than incur additional bond indebtedness. The current management feels this is prudent, in light of the revenue structure at Anchorage International and the risks that are beyond managements control. Attachment E shows that major additional capital improvements must come from the sale of bonds in that future accumulations of cash will not be sufficient. To issue Revenue Bonds for these future projects (assuming Revenue Bonds and not Municipal General Obligation Bonds) the airport will have to show sufficient revenue to meet operating expenses, already existing debt service and the additional debt service for the new improvements. International passenger flights, utilizing Anchorage as a refueling stop, directly and indirectly provide this revenue. Any major curtailment by these carriers will quickly adversely impact Anchorage International.

Attachment A

SAMPLE LANDING AND FUEL FLOW FEES AT INTERNATIONAL AIRPORTS

AIRPORT	FUEL FLOW FEE	LANDING FEES (\$ per 1000 lbs)				SAMPLE FEE * Fuel Flow Fee + Landing Fee = Total
		TENANTS CARRIERS	NON TENANT CARRIERS	REVENUE PRODUCING GENERAL AVIATION	NON REVENUE GENERAL AVIATION	
Atlanta	\$.02/gal	\$.44/1000 lbs.	\$.44/1000 lbs.	NC \$/1000 lbs.	NC \$/1000 lbs.	760 + 360 = \$1120
Stapleton (Denver)	.05	.2257	.2257	.2257	NC	1900 + 185.07 = 2085.07
Los Angeles	.03	.52	.57	\$3.00/AC	\$1.50 MIN	1140 + 426 = 1566.4
Minneapolis	.03	.38	.36	.36	.36	1140 + 311.60 = 1451.60
Philadelphia	.02	.515 **	.515 **	.515 **	NC	760 + 414.58 = 1174.58
Portland	.05	.94	.94	.94	NC	1900 + 770 = 2670
Seattle/Tacoma	.015	1.50	1.50	NC	NC	570 + 1230 = 1800
Anchorage	.023	.30 ***	.30 ***	.30 ***	.30 ***	874 + 246 = \$1120
London (Heathrow)	See Note					\$10,510 at \$2.42 to lbs. Sterling

* Sample Fee based on a B-747 with 820,000 lbs. take-off weight and taking 38,000 gallons of fuel

** Applies only to aircraft over 15,000 lbs. take-off weight

*** Applies only to aircraft over 6,000 lbs.

NC: No Charge

London: Fees for this airport are not expressed in terms compatible with this chart. For example, there are no fuel flow fees published in the AOIC users chart and the landing fees vary with weight. They do have a per passenger fee not used at the other sample airports. The sample fee shown is based on a B-747 with 820,000 lbs. take-off weight and 300 passengers. Fee represents a worst case situation during peak hours.

B

Rental For Terminal Space

In Dollars per sq. ft. per year

Atlanta	16.20
Minneapolis	9.10
Philadelphia	15.54
Portland	15.00
Seattle	20.50
Dulles	9.75
Anchorage	10.93
Miami	8.00
Oakland	15.02

Factors which can influence Anchorage's International Traffic market and accordingly impact its financial viability.

1. Physical Considerations:

- a. Boeing 747 SP can overfly Anchorage. Has a minor impact on potential Anchorage traffic. Should remain minor in the future.
- b. The Trans-Siberian Route. This has the potential of bringing international traffic in Anchorage to a fraction of what it is today. Tokyo to Paris is 5600 miles via Moscow vs 7300 miles via Anchorage. This is a 23% distance savings and about 3 hours flight time. Some carriers are now using the route so the infrastructure is in place. Factors which discourage use are:
 - (1) Many travellers prefer not to transit the U.S.S.R. This could change if the Soviets more actively pursued western tourism.
 - (2) Navais, passenger and crew accommodations are generally less satisfactory in the U.S.S.R. Not likely to change significantly in the near future.
 - (3) The Russians demand an equal right to match their own airlines with an airline requesting thru rights. This could change with a change in Soviet policy.
 - (4) The Russians require a 3 member Russian crew on board and that all profits be split with the U.S.S.R. This could change with a change in Soviet policy.
 - (5) The Russians will not allow wide-body aircraft in their airspace. This will likely change once they have perfected their own wide-body aircraft.
- c. New technology could eliminate Anchorage as fuel stop in the future.

2. Non-Physical Considerations

- a. Market maturity--i.e. growth slows as markets mature.
- b. Energy shortage equates to higher fares which may eliminate part of the travel market.
- c. The value of the yen as compared to European and American currency can have positive or negative travel impacts.
- d. Political instability can adversely impact international air travel.

Anchorage International Airport
Profit Center or Service Center

The International Airport Revenue Fund is an enterprise fund. The airport is not unlike a public utility. The primary distinction between its present operation and that of private industry is that there is no profit distribution. The available revenues after direct expenses, debt service payments and replacement costs are totally used for the International Airports Capital Improvement Program.

As an example from 1970 to 1978 expansion was fairly modest, resulting in an accumulation in the fund. This was used to pay for the States Share of the new North South runway the total cost of the International Terminal Building, a combined investment of over \$30 million. Master Plan projections indicate expansion in the future will exceed revenues in the 1980s.

Attachment E

Anchorage International Airport

	Operating Revenue	Operating Expense	Overhead Expense	Total Costs	Bond Redemption	Net Income	Projected Capital Improvements
FY 75	12260.0	6297.2		6297.2	1294.8	4668.0	
FY 76	13157.7	6755.6	444.2	7199.8	1291.9	4666.0	
FY 77	15649.3	6177.5	479.7	6657.2	1289.3	7702.8	
FY 78	16568.7	6227.6	518.2	6745.8	1287.0	8535.9	1430.0
FY 79	19226.3	7123.2	562.6	7685.8	1290.1	10250.4	13830.0
FY 80	18886.2	7816.8	619.4	8436.2	1291.4	9158.6	16065.0
FY 81	18245.4	8503.1	735.6	9238.7	1291.4	7715.3	2458.0
FY 82	21276.0	11404.1	808.6	12212.7	1293.3	7770.0	4600.0
FY 83	23817.1	14326.8	889.7	15216.5	1945.4	6155.2	15150.0
FY 84	26522.8	15764.2	978.8	16743.0	1303.4	8476.4	6625.0
FY 85	28744.5	17331.8	1076.6	18408.4	1303.0	9033.1	14800.0

1 Operator Revenue and Operating Costs through FY 80 are Cash Basis per EDP Deposits

2 Operator Revenue and Operating Costs for FY 81 through FY 85 are estimates

3 Overhead transfers through FY 81 are per Approved Budget. FY 82 through 85 are estimates projecting 10% increase.

4 Bond Redemption for FY 80 and 81 is 12 x monthly charges. FY 82 through FY 85 are estimates.

5 Capital Improvements are amounts appropriated

6 Overhead Transfer and Bond Redemption allocated 67% to Anchorage

Best location — Not / 11
 50% explained (arrived)
 12% tenants.
 8.5% income

1977-1980 N/S runway widening
 made Air Force agree to get traffic
 share doesn't feel representative

Seattle as representative —
Port authority imposes property tax —

Muni doesn't have right but has
 an opportunity to get into system —

Commerce liability purposes have
 not been looked at

Can double usage — Commercial parking
 from airfield right but many
 \$1's

7th. Highway is nearby &
 airport expansion

(at end)
 net 500 / 2790
 2790
 2790

Memo 11/13

Bob Dyer
Paul Engle

Still running

Frank
marketplace
mount pressure
amateur
not built well if
more in industry
land use
plans

Feels state responsibility statement
cut out in general aviation - Decide
in general aviation - commercial
air craft has taken over space -
Feels not enough aware of State DOT.

Office

competition between communities
don't fear for Alaska

- 1. International airports
possibilities
Whigian between communities
7 cell damage rate / fuel
in airport
Bigger potential - landing fees fuel
problem for some / cars
land ownership
Land allocation
2. Fresh growing / more heavy
some rural Alaska.

Roger Berger - wants to see state
in state - wants to see agent
mgs put in career status. Good
mgs - some not -

Dave Kicard - local

Alaska Human

Chamber of Commerce

Add. Committee for Market Plan -
Full for local control - high
Degree of paranoia. Local control
may not mean muni control.

Needs Commission needed to
monitor plan - west Commission
sensitive to needs public.

Frank Van Zant. Some type of
Local Control, Problem areas



After Gattlund - all agents regional
facilities - out of state control.
Coordination of top facilities
Managed from Davis' view.

of ~~the~~ ~~city~~ ~~legislators~~ - operators

citizens assembly part authority
operators. Puts me it away from
citizen control.

might make right - history repeats itself
more has too many problems already.

Consultant —

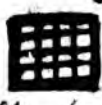
Competitiveness — ^{board have} ^{scheme of} ^{local but to} ^{board of other} ^{community}
as something

to view of alarm —

see deferred maintenance —

see political pressure —

communities concentrating on
certain routes — where rubber
meets road. argnt to some citizen

- ~~Don't want to see airlines~~
- ① Plan growing mode - see
entire thing - already plans for
present growth
 - ② Upgrade community facilities in
Ft. Belknap - also airport How long
before Ft. Belknap take over.
 - ③ Comparison of city owned airports
as compared to Belknap - see
in Alaska.
 - ④ Knows anti trust implications
of procedures as outlined by report
Dennis Maloney - several conf. decisions
Q's  re auto trust aspects - Clear
State vel. - don't ownership may
violate
 - ⑤ Under more partnership - re evaluate
X-1-12 losses
 - ⑥ ~~of Belknap~~ local governments
in trouble

~~Committee~~
Committee has learned - local airport
has come up many times.

W. Buck - 1.
7/5 run 33,000,000 not in
ADAP money. Capital Landment
6/10 will come from feds.
Got feeling time is not now -
feels need more maturity in
Miami. Maybe authority of
professional talent.

FF Determi →
Separate ownership - Fks could
set fees - Airbrage could set fees.
Competition

many grants for port capital
projects - ~~directly~~ ^{indirectly} control in bond
airport fund can be used.

Check to see how L.A.F. could be
used if tied to Arch/Fks.

FF

9/11/80 killed & lost Ryan -

To be credible must come from
users -

Carriers have been in - (They
feel they have to deal w/ whomever)

Beneficiaries -

Insurance - rates international

Liability of multi million
air craft - [747 type
accidents]

Truly international -

International Airport -

9/10/80

4.

Imp. organizationally studied - Finance /
Budget from view covered local Gov.
lands

Transition period to work out details
Fully prepared to study.

My Xanadu has hand out.

Major issue: local community has little
to say.

Major fund balance.

Fallacy - in argument are terminal
Low lease rates

Low use rates

No community input -

Gov. appts movement - "Had fuel test.

from National in policy position - no

conception of service to community

at a time Foreign Trade Zones Port / Airport

Master Plan - surrounding airport.

- ② Economic part
③ mgement & recommendations -

Robin Halverson -

were working w/ Bob Penney,
George Easley, Myr Knauber

DOT/PR - Bob Thomas -
consultant has open file
info.

But Ryan did not
appear to be roadblock -

Being Norman, Jim Dolan.

1. Talk to Governor of Del on Delta 21.
2. Set up mtg of Jimmy Knowles / Bob Shannon
3. Article for news.
Rich Fullerton } Basic article for
DM Harris } airport

Talk to Mike McKean

Doug Stark

Ron Garzini - talked to highway ^{OK}
Bob Mulcahy During spec. session
will get up on his work
Ground: Dept H.R.

Equip: Dot / PF

Good sewing guaranteed by
who would pay State

Northern Air Cargo - Bobbie Shannon

(A) 248-4995

(B) 243-3331

In Dolar Rene/ was w/ FAA 6.
was one time best Airport Mgr.

Chie Carrier Comm.

(1) How does it affect carriers.
Landing fees
Fuel.

Pat Ryan
method of
selling
fuel
Landing fees - based on
each carrier submitt. general
Statement
no. flights - type aircraft
(not cut out. for aircraft)
15¢ per 1000

Waiting fee - over 3 hours (free
gate time) have to pay (7)

Fuel flowage fee -- 2¢
a gallon. Ramp aircraft
also pay. Ramp captain
gets tail no pay landing
fee.

Fed airport has made \$10
this in w/ A D & R 1976.

breasted to conveyor belts, T.
Airport improvements. A DAP
funds have paid. O & M
must come from airport
revenues. Accumulated profit
has gone into expansion runway.
As expense goes up -- maintain
dual complex, new runway --
anticipate cost to carry on and
increase.

Hainz Noonan --
Bobbie Shoults.

underground refueling system
[combined fueling facility]
found out city has been in
Honolulu. Can't be for long.

Issues -- & federalization
of airports.
A DAP Funds --
Cannon bills (Anchorage may
not give as many A DAP
Funds) -- head tax for
security, A DAP 18 & 19
million a year or less --

New funds have no APT Funds
to track & secondary report.

\$ 36,000,000

1.3 x debt. Coverage.

now 6.5 x

(now State Energy Essment).

2 mty -

cutl carmen 68.5% of total 9.

Revenue components.

~~cutl carmen~~
100%

Duty Free
Fuel & baggage
Landing
Parking.



~~major~~

need to look @ authority - state but
allow more input local.

Key -- land use

Rich Fullerton - article.

Gov - get back to Bobbie.

Partner in business

If another partner want.

to know financial picture
who in business -- expertise

City mer - leverage it. financial background

Key is availability of fuel -

Bonding

Union - Personnel

Portion in State control - facilities owned by state

International Flavor - Whysian between separate ownership as to Anchorage / Fairbanks.

& most important piece of real estate re airports -

First year (last year) 7 blks in black - now 2nd year.

May not carry portion -- as payroll. Dept of Admin.

note Payroll - personnel services not included - mainly Dept of Admin. Services -

~~Some~~ International carriers - carry ~~international~~ ^{domestic}. When 7 blks got full flange got in black

One allocation

- (1) collectively Person
- (2) ~~could~~ ~~allocation~~ could get allocation 7 blks had no barriers &

earlier history.

If intl carriers say -- we don't
think landing fee is just we
are going to move. Beggs
burden on America is a see
international. Some history
outside. Cased happened
in Alaska

Big income Anchorage
(2) fuel flowage
(1) duty free shop.

7th.

(1) fuel flowage.

Consultant is doing study for Leg. but

John will send info on revenue
allocation / fuel flowage etc

comes —

(1) Fuel flowage toll vs domestic
(2) Land allocation
Fish processing / warehousing

A regular election of the Municipality of Anchorage will be held on October 7, 1980. The polls will be open from 8:00 a.m. to 8:00 p.m. on election day. Polling places will be published in local newspapers immediately before the election.

Registered voters of the State of Alaska who have resided within the Municipality of Anchorage for 30 days are eligible to vote in this election. A voter should vote in the precinct in which he or she resides on election day. A voter who votes in a precinct in which he or she does not reside on election day must cast a questioned ballot which will then be counted for appropriate issues in the proper precinct.

Absentee ballots will be provided for voters who will be out of town or who, because of illness, are unable to go to the polls on election day. However, absentee ballots cannot be mailed to an Anchorage address. Application for an absentee ballot to be issued and voted in the Clerk's office must be made no later than noon of the day before the election, Monday, October 6. Application for ballots to be delivered to hospitals, rest homes, and shut-ins, may be made up to and including election day, Tuesday, October 7. For more information regarding eligibility, please call the Municipal Clerk's Office, 264-4311.

ASSEMBLY

ALL SEATS VOTED UPON BY VOTERS
IN THE APPROPRIATE ASSEMBLY SECTION.

SECTION 1, SEAT B

Howard Baker
Glen Campbell
Joe P. Josephson
A.L. "Tutt" Tetley
Guy Todd
Margaret Ward
Darrell Young

SECTION 2, SEAT C

Berkley Ide
Philip Matlock
Gerry O'Connor

SECTION 3, SEAT E

Bill Besser
Donald Earl Swanson
Dave Walsh

SECTION 4, SEAT G

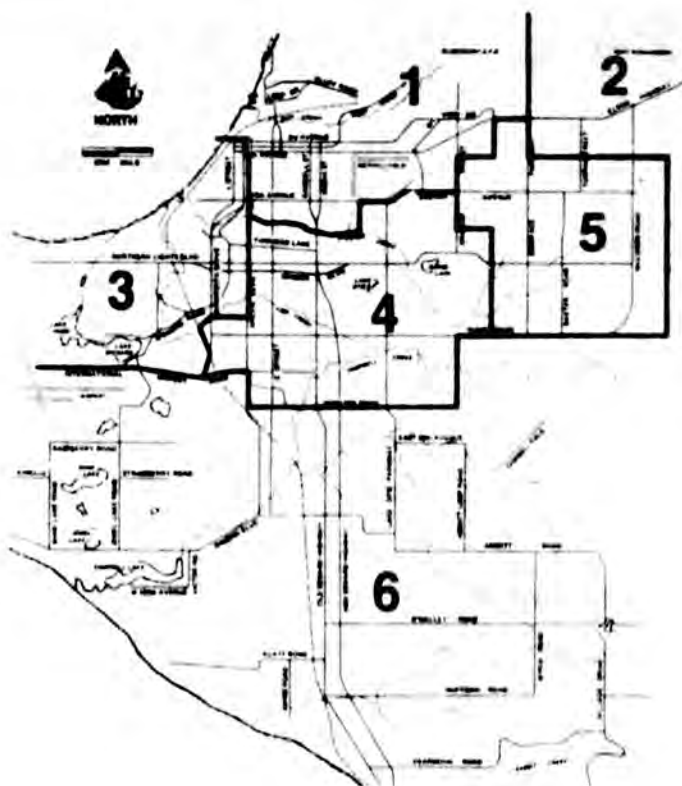
Bernard L. Marsh
Rod Spendlove
Carrie L. Walden

SECTION 5, SEAT I

Cy Barker
Fred R. Ehrlich
Lidia L. Selkregg

SECTION 6, SEAT K

Fred Chieft, Jr.



SCHOOL BOARD

ALL SEATS ARE VOTED UPON BY
ALL MUNICIPAL VOTERS.

SEAT C

Elizabeth "Betty" Bruckman
Ray Candelaria
Alyce A. Hanley
Theresa Obermeyer
Vi Schellenberg
Al Stills
Vertis M. Williams

SEAT D

Jim Robinson
Bob White

BOARD OF SUPERVISORS

ALL SEATS ARE VOTED UPON BY VOTERS IN THE APPROPRIATE SERVICE
AREAS ONLY.

CHUGIAK

FIRE DISTRICT #9
Frederick A. Sawyer

TALUS WEST LIMITED ROAD

SERVICE AREA
SEAT A
Beverly N. McCartney

UPPER O'MALLEY LIMITED ROAD

SERVICE AREA
SEAT A
Jim Barnett
Dolores Weiler

EAGLE RIVER LIMITED ROAD SERVICE AREA

SEAT A
William M. "Bill" Moffatt

GIRDWOOD

SEAT D
George McCoy

1 PUBLIC TRANSIT

This \$710,000 bond proposition would be the Municipality's share of the cost to buy 20 new buses, 10 new shelters, construct 10 bus curb turnouts, and purchase other miscellaneous public transit improvements. The balance of the \$3,802,000 cost will be paid by the Federal Urban Mass Transit Authority.

Ridership on the People Mover has increased from 187,000 in 1974 to more than 2.3 million in 1979. These new buses are needed to increase the capacity of existing routes and to make service available for new bus routes. The shelters will provide riders with much needed protection from the weather as they wait for the bus.

The 10 bus curb turnouts will be constructed along main routes in the Municipality. The turnouts will help the flow and safety of all traffic by allowing the buses to pull off the street at bus stops. The miscellaneous improvements include design of a Muldoon transportation facility and 50 new bus route information signs.

A majority of Municipal voters must approve this proposition. The bonds will be repaid areawide. The estimated cost to the owner of a \$90,000 property will be 80 cents per year for the life of the bonds.

2 AIRPORT LOCAL CONTROL POLL

This is a public opinion poll asking for local control on the ownership and operation of Anchorage International Airport. The airport is currently owned and controlled by the State of Alaska. For the past 10 years, the airport operated at a profit. In 1979, Anchorage and Fairbanks International Airports had a net profit of \$8,000,000. Local management should result in greater efforts to improve vehicle parking for the public, keep the airport cleaner and more attractive, and improve fire safety and policing procedures. Local management would improve the economic benefits to Anchorage by encouraging a greater number of the more than one million annual pass-through travellers to return and visit the Municipality as well as the rest of the state. Nearly all international airports are operated by local governments in which they are located. This proposition will be voted upon areawide.

3 ROADS AND DRAINAGE

This bond proposition will provide \$12,130,000 for improvements to storm drains and roads, construction of a satellite maintenance facility and replacement of worn out heavy-duty equipment. Major road improvements include extensions of: Mt. View Drive from Bragaw to McCarrey; Arctic Blvd. from Tudor Road to International Airport Road; and Pine Street from Sixth Ave. to the Glenn Highway. Other improvements include storm drains on Patterson and Turpin Streets, and the storm drain trunk line from Foothills subdivision.

Heavy equipment is currently housed and maintained at Tudor Road. A satellite facility is needed in south Anchorage to eliminate the equipment daily round trip, maximize personnel work time and conserve fuel. \$397,000 of these bonds would be dedicated to replacement of worn out

machinery. These funds must be approved by a majority of voters throughout the Municipality, as well as those within the affected service area. The bonds will be repaid, however, by taxpayers within the Anchorage Roads and Drainage Service Area only. The estimated cost to an owner of a \$90,000 property will be \$17.45 per year, or less than 5 cents per day, for the life of the bonds.

4 ANCHORAGE BOWL SEWERS

\$3,160,000 in bonds will be used to match \$4,799,000 in State, Federal and other local funds for improvements to the Pt. Woronzof treatment plant and expansion and upgrading of trunks, interceptors and lateral sewerage facilities. These improvements are needed to meet the increasing capacity demands of some systems and to replace, repair and rehabilitate others. This bond proposal must be approved by a majority of voters throughout the Municipality, as well as within the affected area. It will be repaid by special assessment to the owners of the benefiting properties and sewer service charges for the Anchorage Bowl Sewer Service Area.

5 FIRE FACILITIES

Passage of this \$1,760,000 bond proposition will provide funds for a much needed maintenance facility for firefighting and emergency service vehicles. The present two-stall facility is not large enough. Currently, additional shop space must be leased. Neither of the facilities is large enough to allow maintenance for our larger fire trucks. The new maintenance shop will consolidate all the needs of the department into a single structure large enough to handle all the maintenance in a timely manner. The facility is planned to be built on property currently owned by the Municipality. A majority of Municipal voters, as well as those within the affected service district, must approve these bonds. They will be repaid by taxpayers within the Anchorage Fire Service area only. The estimated cost to the owner of a \$90,000 property will be \$2.20 per year for the life of the bonds.

6 POLICE PROTECTION

This \$2,940,000 bond proposition will pay for improved radio and computer-aided dispatch equipment, and for much needed minor renovation work to the Public Safety Building for the Anchorage Police Department. The Anchorage Police Protection Service Area now covers 110 square miles. Signals from radio equipment currently used by police cannot reach all areas of the service district. New radio equipment, with signals capable of reaching longer distances, is needed to maintain constant radio contact with all officers in the field.

The computer-aided dispatch equipment is needed to handle the increased volume of dispatch duties, and at a greater speed than can be done manually. This equipment will help officers respond more quickly, and will keep constant location checks on officers, improving their safety, as well. The computer itself will provide a basis for effective crime analysis, allowing officers to obtain data on such things as stolen property more quickly and efficiently. The renovation work will include improvements to the building's ventilation system.

Vote October 7 — It May Be The Most Important

This proposition must be approved by a majority of voters throughout the Municipality as well as within the affected service area. It will be repaid by only those taxpayers within the Anchorage Police Protection Service Area. The estimated cost to the owner of a \$90,000 property will be \$3.90 per year for the life of the bonds.

7 EAGLE RIVER SEWERS

Approval of this bond proposition will provide \$660,000 for construction of trunk and lateral sewer improvements in Eagle River. The balance of the \$1,075,000 cost of the project will come from State and Federal funds. The recent, rapid growth in Eagle River has caused many on-site systems such as cesspools and septic tanks to reach capacity and fail. Lateral sewer lines into these neighborhoods are needed to meet the anticipated increased demand for sewers. Miscellaneous trunk crossings will also be built in conjunction with road projects. A majority of voters throughout the Municipality, as well as within the affected service area, must approve these bonds. They will be repaid by special assessment to owners of benefiting properties and sewer service charges for the Eagle River Sewer Service Area.

8 GIRDWOOD/ALYESKA SEWERS

This bond proposition will provide \$430,000 for improvements to the sewer treatment plant and lateral sewers in the Girdwood/Alyeska Sewer Service Area. An additional \$286,000 will come from State grants. These funds are needed to construct a cover over the treatment plant holding lagoon to prevent icing during the winter. Poor soil conditions in many areas of Girdwood/Alyeska prohibit the use of on-site systems such as cesspools, septic tanks or even holding tanks. Lateral sewer lines into these areas are needed to allow development. These bonds must be approved by a majority of voters throughout the Municipality, as well as within the affected service area. They will be repaid by special assessment to the owners of benefiting properties and sewer service charges for the Girdwood/Alyeska Sewer Service area.

9 ANCHORAGE ROADS AND DRAINAGE ANNEXATION

If approved by voters in the affected area, Shelikof Subdivision would be annexed to the Anchorage Roads and Drainage Service Area for the purpose of receiving road maintenance services from the Municipality. Following passage of this proposition, receipt of those services is contingent upon approval of a Road Improvement District by persons owning at least 50% of the property in the area. The cost of the road improvements would be paid by a special assessment to the property owners of the affected area. The maintenance costs would be paid by assessing taxpayers, including those within the newly annexed area, the appropriate mill levy for the Anchorage Roads and Drainage Service Area. Only those voters within the area to be annexed will vote on this proposition.

10 ANCHORAGE ROADS AND DRAINAGE ANNEXATION

If approved by voters in the affected area, a portion of Dowling Subdivision and Kelly Subdivision, including Burlwood and Peterson Streets, would be annexed to the Anchorage Roads and Drainage Service Area for the purpose of receiving road maintenance services from the Municipality. Following passage of this proposition, receipt of those services is contingent upon approval of a Road Improvement District by persons owning at least 50% of the property in the area. The cost of the road improvements would be paid by special assessment to property owners of the affected area. The maintenance costs would be paid by assessing taxpayers, including those within the newly annexed area, the appropriate mill levy for the Anchorage Roads and Drainage Service Area. Only voters within the area to be annexed will vote on this proposition.

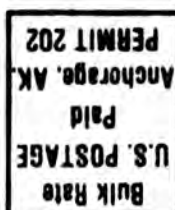
11 ANCHORAGE ROADS AND DRAINAGE ANNEXATION

If approved by voters, an area bounded by East 68th Avenue on the north, Lake Otis Parkway on the east, East 72nd Avenue on the south and the west side of Hyatt Street on the west, would be annexed to the Anchorage Roads and Drainage Service Area for the purpose of receiving road maintenance services from the Municipality. Following passage of this proposition, receipt of those services is contingent upon approval of a Road Improvement District by persons owning at least 50% of the property in the area. The cost of the road improvements would be paid by special assessment to property owners of the affected area. The maintenance costs would be paid by assessing taxpayers, including those within the newly annexed area, the appropriate mill levy for the Anchorage Roads and Drainage Service Area. Only voters within the area to be annexed will vote on this proposition.

12 ANCHORAGE ROADS AND DRAINAGE ANNEXATION

If approved by voters in the affected area, Arlon Subdivision, a portion of Moorehand Subdivision and Moorehand Subdivision Additions number two, three and four would be annexed to the Anchorage Roads and Drainage Service Area for the purpose of receiving road maintenance services from the Municipality. Following passage of this proposition, receipt of those services is contingent upon approval of a Road Improvement District by persons owning at least 50% of the property in the area. The cost of the road improvements would be paid by special assessment to property owners of the affected area. The maintenance costs would be paid by assessing taxpayers, including those within the newly annexed area, the appropriate mill levy for the Anchorage Roads and Drainage Service Area. Only voters within the area to be annexed will vote on this proposition.

What Thing You Do For Your Community This Year



PROPOSITIONS:

13 ANCHORAGE ROADS AND DRAINAGE DE-ANNEXATION

If approved by voters in the affected area, Johns Subdivision, Gregg Subdivision (excluding Lot 7 of Block 1, Lot 7 of Block 2, Lots 7A-1 and 7A-2 of Block 3 and Lot 7 of Block 4) and an adjacent unsubdivided tract, would be de-annexed from the Anchorage Roads and Drainage Service Area and would no longer receive road and drainage maintenance services from the Municipality of Anchorage. Only voters within the area to be de-annexed will vote on this proposition.

14 LIMITED ROAD SERVICE AREA — CHUGIAK

This proposition would create the Chugiak Limited Road Service Area to provide limited road maintenance and repair. The road service area would be established January 2, 1981, and will expire December 31, 1983 unless it is extended by a vote in the area affected at the regular election of 1983. When road service is provided, the area becomes eligible for State revenue-sharing funds in the next State fiscal year. A five-member Board of Supervisors shall be appointed by the Mayor and confirmed by the

Assembly to administer the service area until the next regular election at which time Supervisors will be elected for staggered terms of one, two and three years. By a vote of the area residents at each succeeding regular election, a mill rate not to exceed one-half mill may be levied during the second year of operation, and, if approved, an additional one-half mill levy, with the total not to exceed one mill, may be levied for the third year of operation. Only voters in the proposed service area may vote on this proposition.

15 LIMITED ROAD SERVICE AREA — RABBIT CREEK VIEW / RABBIT CREEK HTS.

If this proposition is approved by voters in the affected area, the Rabbit Creek View and Rabbit Creek Heights Limited Road Service Area would be created. The road service area would be established January 1, 1981, and will expire December 31, 1983 unless it is extended by a vote in the area affected at the regular election of 1983. When road service is provided, the area becomes eligible for State revenue-sharing funds in the next State fiscal year. A three-member Board of Supervisors shall be appointed by the Mayor and confirmed by the Assembly to administer the service area until the next regular election, at which time Supervisors will be elected for staggered terms of one, two and three years. The mill rate shall not exceed one mill in any calendar year. Only voters in the proposed service area may vote on this proposition.



The

Trail Blazer

anchorage convention & visitors bureau

SEPTEMBER 1980

Continuation of August info

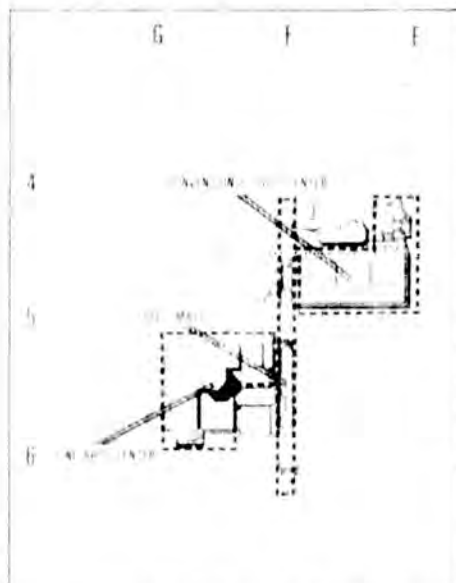
ANCHORAGE CONVENTION CENTER ... REALITY!

Advance work is being placed in motion to maintain a timetable for completion of the new Anchorage civic convention center by early 1983. The center was made possible through a Municipal effort called Project 80's, and funded with state and local dollars.

The Anchorage Municipal Assembly has approved the site behind the old city hall, and bounded by F and G Streets and 5th Avenue, as the center of the central business district. The site is kitty-corner from the site for the new performing arts complex and across from a proposed city square. The convention center will be in ideal proximity to major hotels, transportation companies, and services.

A scope study late last year determined that the site was feasible for construction of the center and that sufficient parking for local use was available. High

use periods for the center will not conflict with the existing high traffic density periods in the core area.



Approved site locations of the Anchorage Civic Center and Fine Arts Center

Selection committees have already recommended a project manager and the selection of an architect should be final by October. The preliminary design, which included more than 100,000 square feet of customized meeting and exhibit space, will be refined into a final design within the next few months and construction will begin in Spring, 1981.

NEW DIRECTIONS FOR SATDP

Findings to date in the five-month old Southeast Alaska Tour Development Project have led to a new approach. ATMS, the Bureau's consultant in the SATDP, an attempt to develop a new series of three, five, and seven-night tour products featuring the Anchorage physical plant, has recommended that the remainder of the 1980 phase be handled directly by the Bureau's staff.

The recommendation followed the completion of several components of the project, including consumer/travel research and the creation of year-round Japanese tours. Bureau staff working in concert with a variety of individual experts and local operators and/or wholesalers, will begin immediately to complete the remaining 1980 components of the SATDP.

Remaining portions of the SATDP include completion of a new series of domestic tour products, establishment of a local delivery system, generation of a 1981 marketing plan relating to the new products, development of a direct mail fulfillment featuring the new tours, negotiation of related air fares, and publicity.

The new tour products produced under the SATDP will be used to develop the Anchorage winter and off-season, satisfy requests for independence for low cost options, and address the needs of the meetings and incentive markets.

ACVB PLAQUE PRESENTATION TO ASAE

During the American Society of Association Executives 60th Annual Convention and Exposition, Steve Conklyn, Vice President Marketing, and Mary Pignallieri, Vice President Sales, represented the ACVB at a special showing and reception in honor of plaque contributors for the



Left to Right: Mr. Martin R. Doyle, Chairman of the Board, ASAE; Mary Baker Pignallieri, Vice President Sales, and Steve Conklyn, Vice President Marketing

ASAE Conference Center. A wall plaque commemorating Anchorage was donated by the Bureau to the main floor conference center of the new ASAE headquarters building, located in Washington, D. C. The Bureau opted to commission a wall plaque because of the exposure Anchorage would receive by having the city showcased to association executives who use this conference area.



Rolf Klug

A MESSAGE FROM THE CHAIRMAN

As an elected officer of the Bureau, I am frequently asked, "What does the Bureau really do, anyway?" Needless to say, communication is a continuing and frequently frustrating challenge to a non-profit organization like the ACVB. The old adage applies, "...what you do only matters half as much as what they think you do!"

Awareness of Bureau activities is compromised by several conditions. One, many people do not pay close attention to newsletters, meetings, memorandums and reports as they are distributed, and more critically, they fail to circulate them to others. Two, many people mistakenly think that Bureau activities are addressed by other organizations, such as the Chamber, AVA, AVMC or the DOT. Distinctions are not always made clear and the division of effort is often confused. A third problem for the Bureau is that most of its activities take place in the market and not at home.

The Bureau alone cannot solve this communications problem. We need your help. Please make every attempt to review and evaluate Bureau communication and share it with staff and peers. In addition, when you are reviewing the cost effectiveness of memberships in non-profit organizations, please remember that the Bureau provides several unique services. It is the only travel development organization with a direct sales function; it is the only major organization addressing visitor satisfaction; it is the lead organization in the redevelopment of Japan; it is the lead organization in the development of the winter and off-season; a major proponent and the largest non-profit investor in the marketing council; the only organization with a convention service function and the only organization concerned with development of Anchorage and southcentral Alaska as a visitor destination.

BUREAU EXCHANGE LEADS

Using an example set by the International Association of Convention & Visitors Bureaus, CVB's throughout Alaska have joined in an effort to improve the professionalism of community convention solicitation.

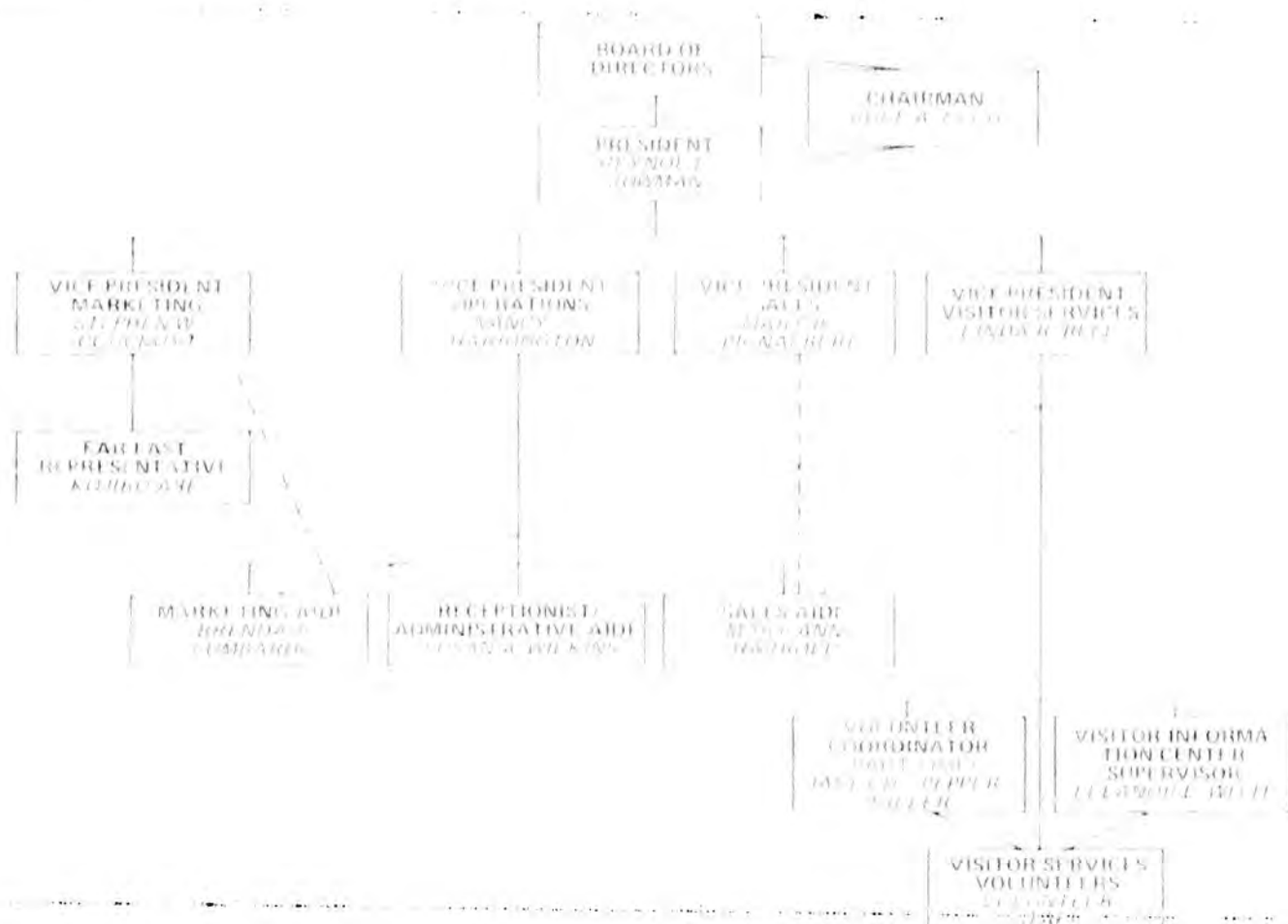
An effort known as the Alaska CVB Exchange, has been spearheaded by the Anchorage Convention & Visitors Bureau. Six bureaus have agreed to co-operate in the effort. Participants have committed to exchanging information concerning state and regional meetings held in their respective areas.

The exchanged information will permit Bureaus to be more professional in the solicitation and monitoring of rotating meeting business. As an added bonus, Bureaus will be in a better position to provide services to those meetings that have already booked an area without notification.

The ACVB participates in a similar effort on the national and international level, produced by members of the IACVB, headquartered in Illinois. The new statewide effort is expected to be of particular aid to the smaller communities in Alaska.

BUREAU STAFF REORGANIZED

In an effort to improve productivity, the Bureau staff and line functions have been revised. The four major project areas remain the same: operations, sales, marketing and service. But the support staff has been re-assigned to provide a better balance of responsibility and talent.



AIRPORT ISSUE ON BALLOT

One Project 80's item that will be carried over to 1981 is local, rather than state, control of the Anchorage International Airport. During the Municipal elections this October, the issue will be submitted to Anchorage voters in an effort to determine their preference in a plebiscite.

The result of the vote will only provide direction for legislators as they grapple with the issue of local control during the 1981 session of the Legislature. The Municipality feels that local control of the International Airport is important for the following reasons.

1. There is a direct relationship between the growth, development and economic welfare of Anchorage International Airport and the Community.
2. The growth and development

patterns and relationships between passenger and cargo transportation facilities in the community can be managed to the greatest advantage by one local authority.

3. Community residents who are primary users of the airport have limited opportunities to participate in decisions regarding the State's management and operation of the airport facilities.
4. Anchorage International Airport is presently economically and operationally combined with Fairbanks International Airport under State management authority. Local interests unique to each area, are not always well represented by the State.
5. Federal legislation on the new Airport Development Program recommends that Anchorage International Airport be excluded from future Federal airport assistance. This legislation has not been opposed by the State DOT.
6. The Civil Aeronautics Board's deregulation of the airlines will require that local communities compete for air service to their airports. Under the current management system, the State DOT will represent both Anchorage and Fairbanks interests with the airlines regarding air service. Not a practical or desirable situation.

7. There is a significant lack of coordination of area-wide general aviation activities.
8. Airspace is regarded as the most restrictive element in the Anchorage airport system. One local authority will be better able to provide for the safe and efficient utilization of our airspace.
9. Surrounding land use is of primary importance to Anchorage International Airport. Local control will assure that future land use decisions are in the best interest of the community and the airport operation. Presently, little interaction exists between local planning and airport planning.
10. The Federal Aviation Administration has indicated that they anticipate no problems with local management and ownership of the community's international airport. They are confident that the Municipality has the resources and the capability to assume the responsibility.

If present legislation concerning the transfer is passed, it is anticipated that management reorganization and actual transfer would take place within one year. The Bureau is supportive of all Project 80's, including the local control of the Anchorage International Airport. Please vote in October.

TOUR OPERATOR LAUDS ANCHORAGE

Following an August review and study, a large, international, incentive tour, ground operator proclaimed Anchorage "highly promotable for four and five night premier incentive groups."

Randy Snapp, President of Safaris & Tours, headquartered in San Diego, went on to stress that "the ingredients and excitement which Anchorage offers have not been, to date, cohesively put together or promoted as they lend themselves to this specialized theme," and "the thrust of marketing as presented by these large and highly reputable tour operators (excluding Alaska tour operators and wholesalers) has been to move the people out of Anchorage to other destinations in Alaska, rather than market Anchorage, *per se*."

Snapp expressed enthusiasm for the Bureau's Southcentral Alaska Tour Development Project and the new Meetings & Convention Magazine Media Campaign directed toward meetings and incentive customers. He stated that his company has investigated Anchorage at the behest of Sheraton Corporation and is making plans to add the area to its list of premier destinations. Other Safaris and Tours destinations include Anaheim, Los Angeles, San Francisco, Las Vegas, and Rio De Janeiro.

Although Snapp expressed disappointment that more Alaska tour operators were not aware of the dynamic potential of Anchorage, he indicated that Safaris and Tours would explore working directly with an Alaskan ground operator or coordinator with interest in the development of Anchorage.

ANCHORAGE GETS NATIONAL EXPOSURE

Bureau efforts have paid off handsomely with a major three-part editorial series in Meetings & Conventions Magazine. M & C is one of the major publications addressed to the convention, corporate meeting and incentive trade.

The series, written by M & C editor, Judith Sawyer, began with an article in the August issue and will continue with features in September and November. The articles deal with a basic overview of Anchorage, including new developments such as Project 80's, a review of facilities and attractions, and interviews with local customers.

Mrs. Sawyer visited Anchorage as a guest of the M & C in May of this year. The thrust of the editorial interest is that Anchorage is coming of age as an exciting, new destination. All articles will be reprinted for distribution during future Bureau promotions.

Anchorage Comes of Age



Last page of article as seen in the August, 1980 issue of Meetings & Conventions Magazine

The Trail Blazer

Published monthly for members of the Anchorage Convention & Visitor's Bureau 907-276-4118.

Rolf Klug-Chairman of the Board
Reyn Bowman-President

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JAPANESE TOUR NEW PRODUCTS

Forty-one Japanese travel company executives made a week long educational tour of new Alaska travel products in early September. The group was assembled and led by Koichi Abe, the ACVB Far East Representative, as part of the Bureau's ongoing effort to redevelop the Japanese visitor market for Alaska.

Participants previewed a new streamlined series of tours, especially designed for Japanese visitors. The tours emphasize short itineraries, options, and simplified logistics for hotels and transportation. The criteria for the new tours was determined during two recent development missions conducted by the ACVB.



Tour participants prepare to depart for Columbia Glacier sightseeing.

Attractions included a city tour, a one-day Prince William Sound railroad excursion and cruise, a one-day Mr. McKinley experience, white water river rafting, fly in fishing, a coach tour of the Matanuska Valley, a night club tour, and an escorted historical and native artisan walking tour. Participants included:

- Mr. Toshio Yoshida, Meitetsu World Travel, Inc.
- Mr. Shugo Yoneda, Nippon Travel Agency
- Mr. Mitsuhiro Takata, Kinki Nippon Tourist Co.
- Mr. Takeru Imaizumi, Seibu Travel Co.
- Mrs. Mariko Saito, Hankyu Express International Co., Ltd.
- Miss Fiko Kyima, Vire International, Inc.
- Mr. Fumio Tanamura, Fuji Tours International, Ltd.
- Mr. Susumu Iwai, Nippon Travel Agency
- Mr. Hideo Shimojima, Nippon Express Co., Ltd.
- Mr. Shugo Yamane, Japan Travel Bureau
- Mr. Atsunichi Yamamoto, Tokyu Tourist Corporation
- Mr. Norikazu Takeishi, Tokyu Tourist Corporation
- Mr. Tutomu Sugura, Japan Travel Bureau
- Mr. Makoto Kakuchi, British Airways
- Mr. Hirooishi Yamama, British Airways
- Mr. Yoshikazu Okada, Nippon Travel Agency
- Mr. Hirokazu Hama, Nippon Travel Agency
- Mr. Masao Hattori, Fuji Tours International, Ltd.
- Mr. Makoto Shirakawa, Nippon Express Co., Ltd.
- Mr. Osamu Hirano, Meitetsu World Travel, Inc.
- Hikaru Takai, Hato Bus Co., Ltd.
- Mr. Norio Tanaka, Jumbo Seven, Inc.
- Mr. Fumio Isezawa, Tokyu Tourist Corporation
- Mr. Tetsuo Ono, Tokyu Tourist Corporation
- Mr. Koji Takao, Modern Tourism
- Mr. Takayuki Amano, Japan Air Lines
- Mr. Shuichi Ishii, Wing Travel
- Mr. Tetsuya Yamato, Travel Tribune
- Mr. Michio Suzuki, Kinki Nippon Tourist Co.
- Mr. Reiji Saito, Kinki Nippon Tourist Co.
- Miss Mayumi Sugura, Playguide Tours, Inc.
- Miss Mayumi Izawa, Hankyu Express International Co., Ltd.
- Mr. Hiroomi Natto, Japan Travel Bureau
- Mr. Masafumi Iso, Japan Travel Bureau
- Mr. Fumio Honda, Seibu Travel Co.
- Mr. Hideo, Seibu Travel Co.
- Miss Noriko Katsunuma, Travel Journal
- Miss Hiroko Miyake, Japan Creative Tours



Upon completion of tour, an intensive recap breakfast session was held.

A similar educational tour will be conducted for the Japanese in February, featuring a new series of winter tour products. Air transportation is being provided by Japan Air Lines and British Airways. Ground arrangements are being provided by Anchorage travel companies.

STATE OF ALASKA

DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

DEPUTY COMMISSIONER - PLANNING AND RESEARCH

RAY S. HAMMOND, GOVERNOR

465-3900

POUCH 2
JUNEAU, ALASKA 99811

September 11, 1980

The Honorable Arliss Sturgulewski
Alaska State Senator
2957 Sheldon Jackson St.
Anchorage, Alaska 99504

Dear Senator Sturgulewski:

The following are the amounts of fuel flowage for the International Airports over the last two years.

	<u>Fairbanks</u>	<u>Anchorage</u>
FY 79	19.7 million gallons	267.9 million gallons
FY 80	55.6 million gallons	260.3 million gallons

The IARF receives 2.3 cents a gallon for fuel flowage. As an example of the major revenue produced for the airports, Anchorage receives about 2.5 million from land fees, 4-5 million from fuel flowage, 7.0 from concession rentals of which 4.8 comes from duty free shops.

If you require additional information please contact me at any time.

Sincerely,



John Bates
Deputy Commissioner

Special Committee on International
Airports

452-4882

Sen. Fahrenkamp and Sen. Ray
(Co-Chm)

Kerttula
Colletta
Bennett

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