

Ted Stevens Airport

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Airport</SUBJECT><COMM></COMM></TARGET>



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

Department of Transportation and Public Facilities

OFFICE OF THE COMMISSIONER
Marc Luiken, Commissioner

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February 22, 2017

The Honorable Bert Stedman
Alaska State Senate
State Capitol Building, Room 30
Juneau, Alaska 99801

Dear Senator Stedman:

Thank you for the opportunity to discuss the Ted Stevens Anchorage International Airport (TSAIA) during the February 20, 2018, meeting of the Joint Transportation Committees. In response to questions posed by committee members, the following information is provided:

➤ ***How did DOT&PF follow up on the TSAIA space usage study?***

Since the 2009 Legislative Audit regarding capital project expenditures and lease space availability, TSAIA continues to be self-sustaining and to optimize lease and concession revenue opportunities. Alaska International Airport System staff, as well as TSAIA staff, occupies most of the 3rd and 4th floor of the south terminal, having moved from the north terminal as C-concourse construction concluded and the north terminal has become more costly to maintain. TSAIA seeks to maximize leasing revenue while also accommodating the administrative needs of the enterprise airport system.

➤ ***Regarding the railroad building on TSAIA property, what is the lease worth? What is the facility currently being used for?***

TSAIA has a 55 year lease with the Alaska Railroad Corporation (ARRC) for the land underlying the rail road depot. The lease also grants ARRC certain easements for the rail-line and access areas. ARRC pays \$2,194.56 annually for the land rent with the contract providing for rent adjustments to fair market value after 24 years. The lease was signed in 2000, so adjustments to fair market value could not happen before 2024.

The building is currently serving as a railroad depot. This is of great benefit to many TSAIA passengers as this facility is their link to interior Alaska tourism packages. TSAIA does not incur any costs such as maintenance or utilities for the railroad depot.

"Keep Alaska Moving through service and infrastructure."

If you or your committee members have further questions, please feel free to contact Mike Lesmann at (907)465-4772.

Sincerely,



Marc Luiken

Commissioner

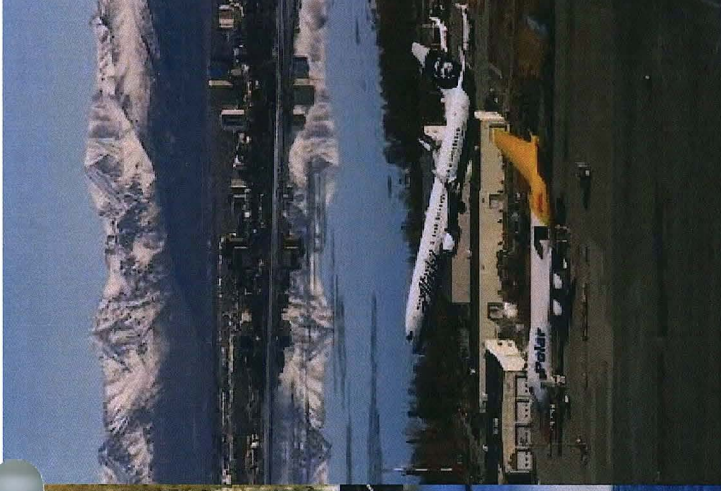
cc: Mike Lesmann, Legislative Liaison, DOT&PF
Darwin Peterson, Legislative Director, Office of the Governor
The Honorable Louise Stutes, Alaska House of Representatives
The Honorable Adam Wool, Alaska House of Representatives



Jim Szczesniak (says-knee-ak) is the Manager at the Ted Stevens Anchorage International Airport (TSAIA). He is the executive in charge of day-to-day operations of the sixth busiest air cargo airport in the world that processes 5-million enplaned passengers per year.

Prior to his position in Anchorage, Mr. Szczesniak was Deputy Commissioner of Aviation for the Chicago O'Hare and Midway International Airports. He was responsible for the development of O'Hare's new \$200-million, 940,000 sq. ft. air cargo complex. He led an international trade mission to increase Chicago's air cargo market and worked closely with Chicago's air cargo stakeholders to improve air cargo facilities and workforce development.

Mr Szcznesiak holds a MBA from the University of Chicago and a Bachelor's in aviation management from Southern Illinois University. He is also a licensed commercial pilot and aircraft mechanic.



Alaska
International Airport
System
AeroNexus®

Ted Stevens Anchorage International Airport

Jim Szczesniak - Airport Manager

2/20/2018

To Keep Alaska Flying and Thriving



Ted Stevens Anchorage International Airport

Fast Facts & Figures

- 2.5 million tons of cargo annually
 - Ranked #2 in North America
 - Ranked #6 in the world
- 5 million enplaned passengers per year
- 1 in 10 jobs in Anchorage are airport related
 - Over 9,000 direct jobs
 - Over 6,000 indirect jobs
 - Employment earnings \$1 billion

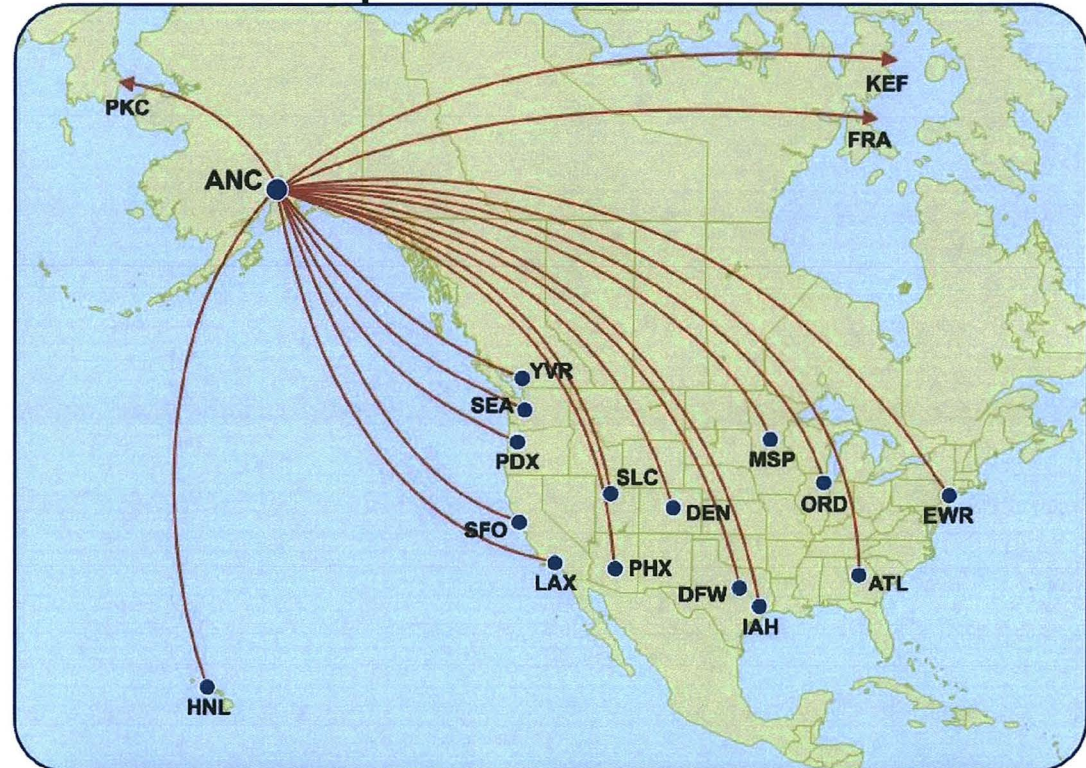
Self-sustaining Enterprise

- No General Funds used
- Revenue generated at the airport must be used at the airport
 - Over \$2 Million in property taxes to Municipality of Anchorage.

Interstate Destinations

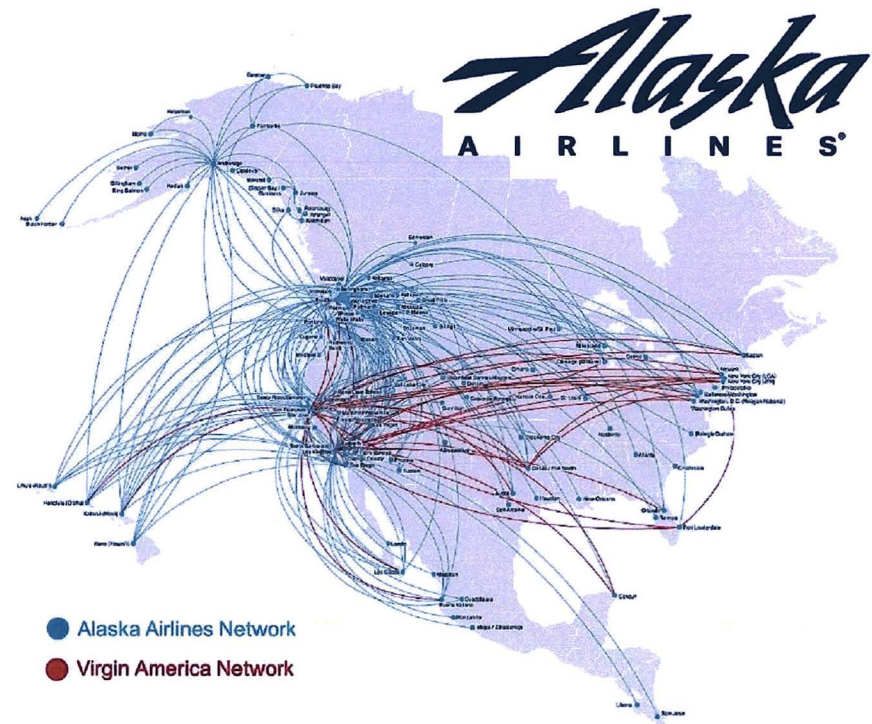
18 Non-Stop Interstate Destinations

- 5 million passengers
- Top passenger markets
 - Seattle
 - Los Angeles
 - Portland
 - Phoenix
 - Minneapolis
- International non-stop
 - Air Canada
 - Icelandair
 - Frankfort
 - Condor
 - Petropavlovsk Russia

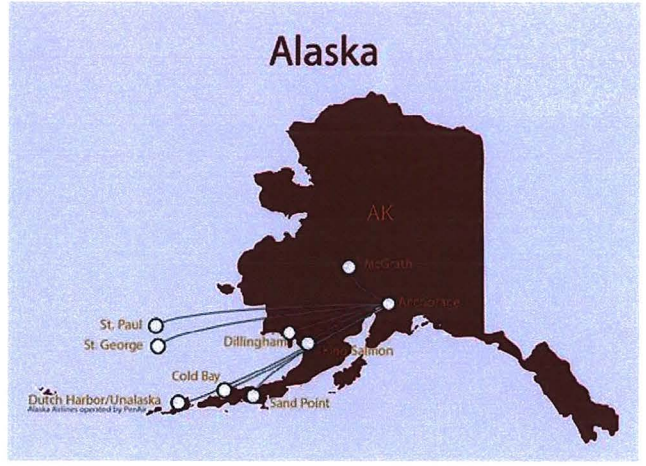


Meeting the Need

1 stop service to all top-50 large U.S. cities



Intrastate Flights

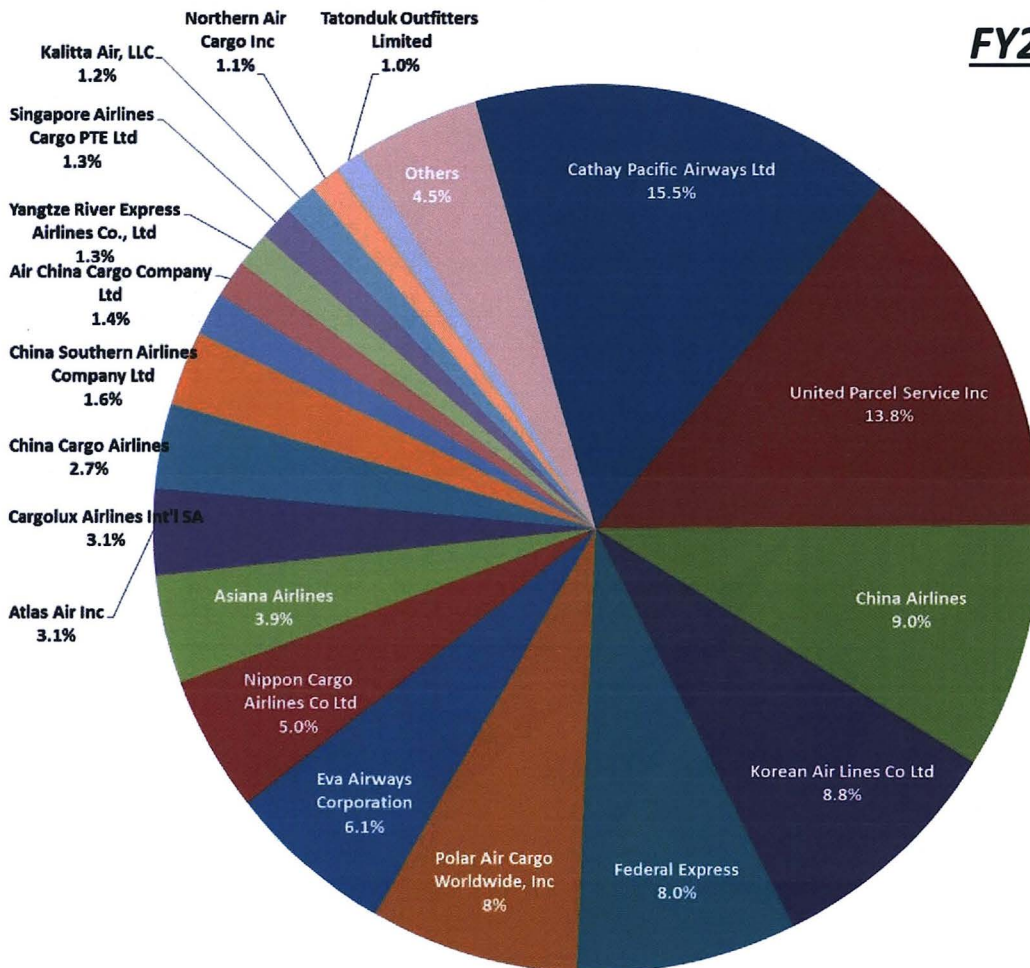


Concessions

- # 3 in the U.S. in revenue per passenger
 - \$13.93
- Alaskan businesses
 - \$13.1 million in gross sales
- Concessions are 10% of total revenue



Diversified Air Cargo Base



FY2017 Carrier Market Share by CMGTW
(Certified Maximum Gross Takeoff Weight)

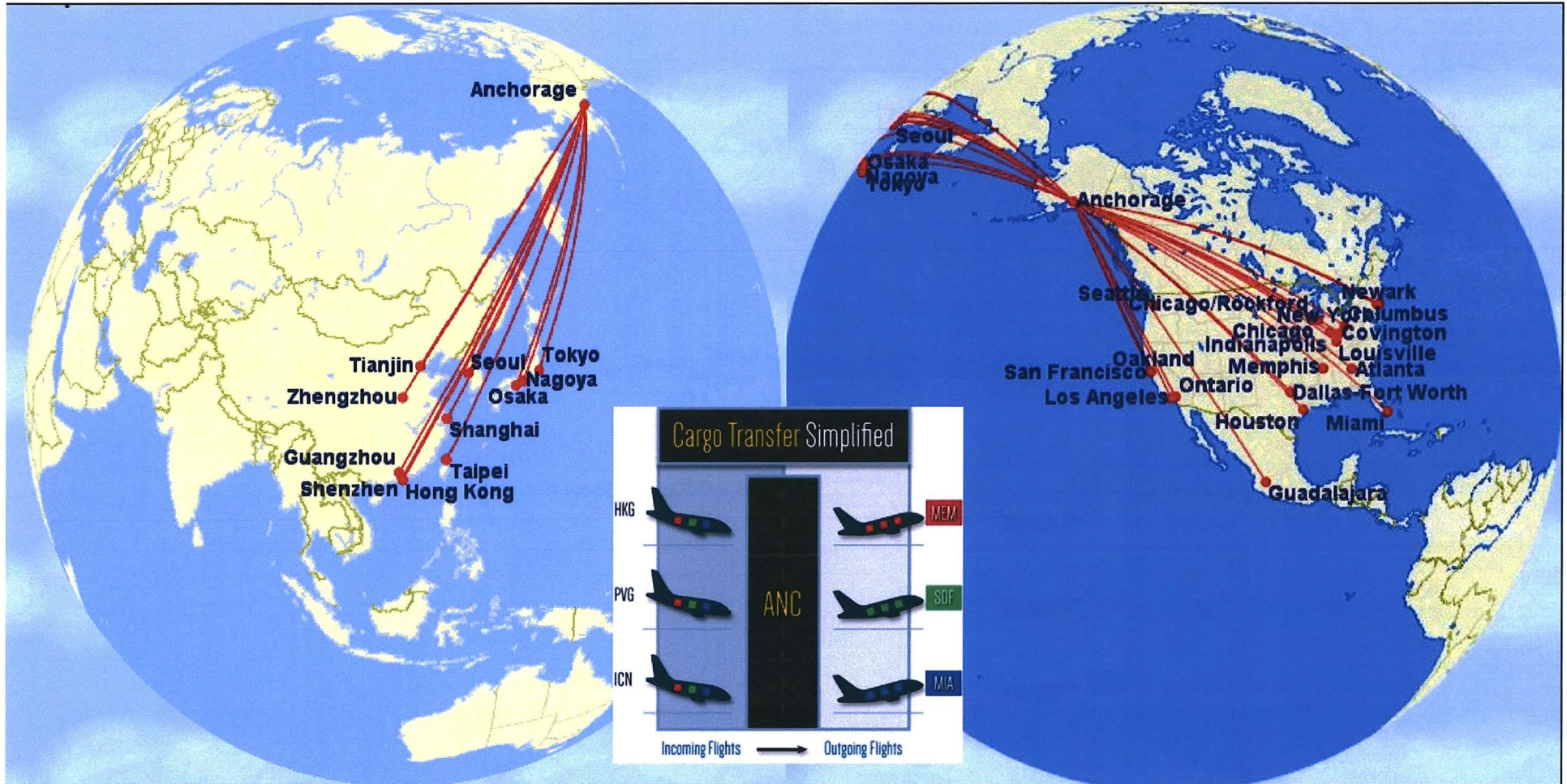
- International cargo hub for FedEx, UPS, Korean Air, Nippon, China Airlines, Polar Air Cargo and Atlas Air

5 consecutive years winning air cargo airport excellence award for North America.



(1) AIAS airline reported FY16 records. Totals may not add due to rounding.

Int'l Air Cargo Markets



* CY2015 ANC Cargo City Pairs w/frequency > 140 flights/year

Lake Hood

- World's Busiest Seaplane Base
- \$42M Economic impact
 - \$25M direct
 - \$17M indirect
- \$14M in labor income
- 230 direct and indirect jobs
- 23,000 non-Alaskan tourist purchased flightseeing tours





Future Vision

Future Development

Near Term

- New hanger
 - Alaska Airlines
 - \$40M
 - Two B737
- \$100M+ construction
- On-airport hotel
 - Spring RFP
 - 150+ rooms
- New concessions
 - Alaska focused
- Pharma Certification

Planning for the Future

- Maintenance-Repair-Overhaul (MRO) facility
 - Working with UAA and military
- New cargo development
 - Parking positions
 - Warehouses
- Supportive Development



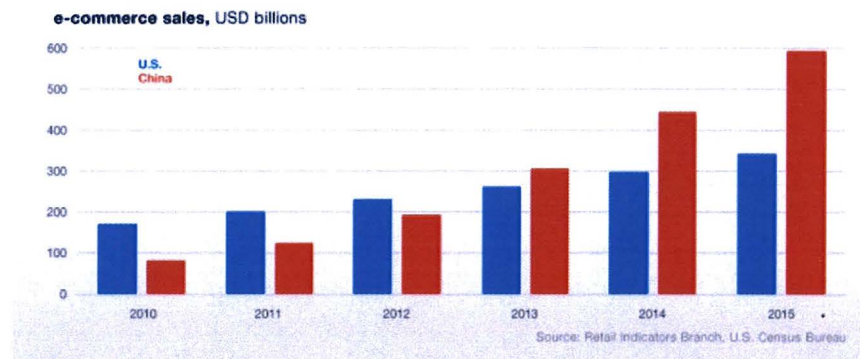
AEDC
Anchorage Economic
Development Corporation



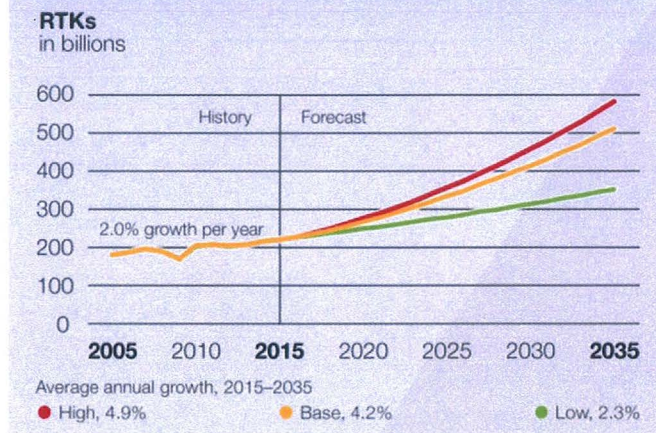
Air Cargo Forecast

- E-commerce
 - China growth
 - Larger than US market
 - Increasing 20% per year
 - US Growth
 - 17% of all retail sales by 2022
 - 13% growth in 2017

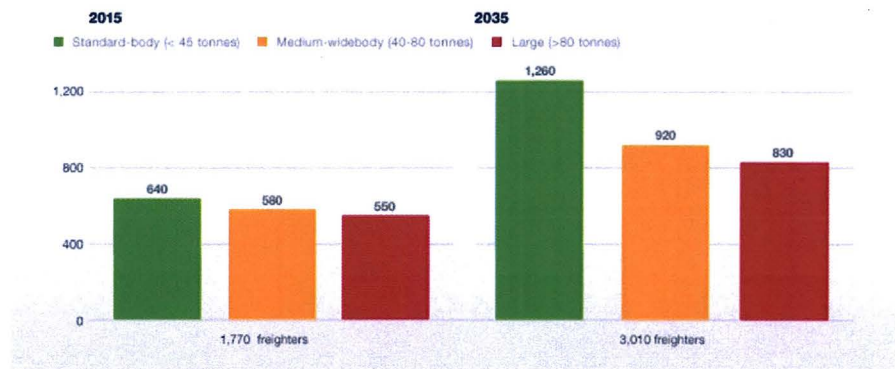
China online retail sales have overtaken the U.S. to become world's largest national e-commerce market



World air cargo traffic will more than double over the next 20 years

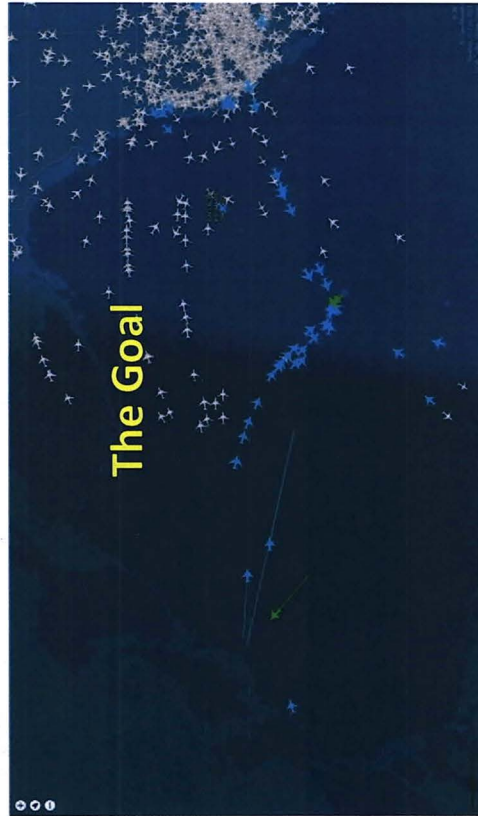


Freighter fleet will increase by more than half – Standard-body freighters gain share



Asia Strategy

- Tour operators
- Consulates
- Airlines
- Governments





Questions?