

ALASKA LEGISLATURE SPECIAL COMMITTEE/SUBJECT FILES 8672
2463 SCOMM 103: HOUSE SPEC. COMM. INTL. TRADE & TOURISM, 1997-98

Anchorage International Airport Redevelopment Program

Airline Rates and Fees

	Low	Most Likely	High	Low %	High %	Mean	Standard Deviation	Current Selection
Landing Fees (Calculated)								
1995		N/A						N/A
1996		N/A						N/A
1997	0.00%	0.00%	0.00%	5	95	0.00%	0.00%	0.00%
1998	0.00%	0.00%	0.00%	5	95	0.00%	0.00%	0.00%
1999	0.00%	0.00%	0.00%	5	95	0.00%	0.00%	0.00%
2000	0.00%	0.00%	0.00%	5	95	0.00%	0.00%	0.00%
2001	0.00%	0.00%	0.00%	5	95	0.00%	0.00%	0.00%
2002 +	0.00%	0.00%	0.00%	5	95	0.00%	0.00%	0.00%
Terminal Building Rents (Calculated)								
1995		N/A						N/A
1996		N/A						N/A
1997	0.00%	0.00%	0.00%	5	95	0.00%	0.00%	0.00%
1998	0.00%	0.00%	0.00%	5	95	0.00%	0.00%	0.00%
1999	0.00%	0.00%	0.00%	5	95	0.00%	0.00%	0.00%
2000	0.00%	0.00%	0.00%	5	95	0.00%	0.00%	0.00%
2001	0.00%	0.00%	0.00%	5	95	0.00%	0.00%	0.00%
2002 +	0.00%	0.00%	0.00%	5	95	0.00%	0.00%	0.00%
Fuel Flowage Fees								
1995		10,561,802						10,561,802
1996		11,508,500						11,508,500
1997		12,730,000						12,730,000
1998		13,300,000						13,300,000
1999	3.00%	4.00%	5.00%	5	95	4.00%	0.81%	4.00%
2000	3.00%	4.00%	5.00%	5	95	4.00%	0.81%	4.00%
2001 +	3.00%	4.00%	5.00%	5	95	4.00%	0.81%	4.00%
2011 +	2.00%	3.00%	4.00%	5	95	3.00%	0.81%	3.00%
Aircraft Docking Fees								
1995		1,124,500						1,124,500
1996		1,284,000						1,284,000
1997		1,600,000						1,600,000
1998		1,700,000						1,700,000
1999	3.00%	4.00%	5.00%	5	95	4.00%	0.81%	4.00%
2000	3.00%	4.00%	5.00%	5	95	4.00%	0.81%	4.00%
2001 +	3.00%	4.00%	5.00%	5	95	4.00%	0.81%	4.00%
2011 +	2.00%	3.00%	4.00%	5	95	3.00%	0.81%	3.00%

Federal Inspection Fees

1995		450,769						450,769
1996		299,166						299,166
1997		216,000						216,000
1998		276,000						276,000
1999	3.00%	4.00%	5.00%	5	95	4.00%	0.61%	4.00%
2000	3.00%	4.00%	5.00%	5	95	4.00%	0.61%	4.00%
2001 +	3.00%	4.00%	5.00%	5	95	4.00%	0.61%	4.00%
2011 +	2.00%	3.00%	4.00%	5	95	3.00%	0.61%	3.00%

Source: State of Alaska International Airport System Audited Financial Statements - FY 98

Anchorage International Airport Redevelopment Program

Terminal Rent Calculations (Calculated System Wide - AIA and FIA)

	(Actual) 1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
AIA Main Terminal											
Allocated Operation & Maintenance Expense	8,002,763	8,475,400	8,678,850	8,939,218	9,207,392	9,483,614	9,768,122	10,061,166	10,363,001	10,673,891	10,994,108
Amortization of Assets Financed from IARF	3,939,661	3,990,540	4,383,000	4,752,000	5,481,000	5,481,000	5,481,000	5,481,000	5,481,000	5,481,000	5,481,000
Debt Service on Outstanding Revenue Bonds	5,320,548	5,329,000	5,330,000	5,351,000	4,539,000	2,814,371	2,613,260	2,617,730	2,617,895	2,622,765	2,617,873
Debt Service on Proposed Revenue Bonds	0	0	0	5,255,508	13,739,093	13,729,553	13,727,948	13,718,291	13,710,895	13,704,018	13,697,188
Total Main Terminal Expense	17,262,972	17,794,940	18,391,850	24,297,723	32,966,484	31,308,537	31,560,330	31,678,187	32,172,391	32,481,673	32,789,968
AIA International Terminal											
Allocated Operation & Maintenance Expense (50,000 reserve)	4,634,343	5,109,200	5,245,050	5,403,902	5,567,519	5,738,044	5,908,625	6,086,414	6,272,567	6,462,244	6,657,811
Amortization of Assets Financed from IARF	2,124,101	2,149,840	2,337,000	2,377,000	2,384,000	2,384,000	2,384,000	2,384,000	2,384,000	2,384,000	2,384,000
Debt Service on Outstanding Revenue Bonds	61,247	61,000	61,000	62,000	43,000	0	0	0	0	0	0
Debt Service on Proposed Revenue Bonds	0	0	0	0	0	0	0	0	0	0	0
Total International Terminal Expense	7,019,691	7,319,840	7,643,050	7,842,902	7,994,519	8,120,044	8,293,625	8,472,414	8,656,567	8,846,244	9,041,811
FIA											
Allocated Operation & Maintenance Expense	2,504,202	2,737,000	2,776,000	2,832,000	2,887,000	2,887,000	2,887,000	2,887,000	2,887,000	2,887,000	2,887,000
Amortization of Assets Financed from IARF	790,311	797,188	803,000	809,000	822,000	822,000	822,000	822,000	822,000	822,000	822,000
Debt Service on Outstanding Revenue Bonds	92,948	93,000	93,000	93,000	66,000	0	0	0	0	0	0
Debt Service on Proposed Revenue Bonds	0	0	0	0	0	0	0	0	0	0	0
Total FIA Terminal Expense	3,387,461	3,627,188	3,672,000	3,734,000	3,775,000	3,709,000	3,709,000	3,709,000	3,709,000	3,709,000	3,709,000
Total System Terminal Expense	27,670,125	28,741,968	29,708,900	35,874,625	44,738,003	43,137,581	43,592,955	44,059,601	44,537,957	45,036,917	45,540,579
Less: System Auto Parking Revenue											
AIA	3,292,316	3,686,000	3,780,000	3,910,400	4,066,816	4,229,489	4,368,668	4,574,615	4,757,800	4,947,903	5,145,820
FIA	467,769	360,000	364,000	371,000	378,000	378,000	378,000	378,000	378,000	378,000	378,000
Total	3,760,085	4,046,000	4,124,000	4,281,400	4,444,816	4,607,489	4,776,668	4,952,615	5,135,800	5,325,903	5,523,820
Prior Year Carryover Adjustment	(42,012)	537,429	350,000	0	0	0	0	0	0	0	0
Total System Terminal Requirement	23,868,028	25,233,395	25,932,900	31,593,225	40,291,187	38,530,093	38,816,287	39,106,986	39,402,356	39,711,013	40,016,759
Total Usable Space (sf)											
(Existing Space Allocation)											
Main Terminal Building - AIA	383,324	383,324	383,324	383,324	383,324	383,324	383,324	645,793	645,793	645,793	645,793
International Terminal Building - AIA	287,161	287,161	287,161	287,161	287,161	287,161	287,161	287,161	287,161	287,161	287,161
Terminal Building - FIA	128,391	128,391	128,391	128,391	128,391	128,391	128,391	128,391	128,391	128,391	128,391
Total	798,876	798,876	798,876	798,876	798,876	798,876	798,876	1,061,345	1,061,345	1,061,345	1,061,345
Average Cost per sf (average rental rate)	29.86	31.59	32.46	39.55	50.43	48.23	48.59	36.85	37.12	37.42	37.70
Airline Rentable Space (sf)											
(Existing Space Allocation)											
Main Terminal Building - AIA	151,582	150,240	150,757	150,757	150,757	150,757	150,757	268,503	268,503	268,503	268,503
International Terminal Building - AIA	41,412	38,478	32,949	32,949	32,949	32,949	32,949	32,949	32,949	32,949	32,949
Terminal Building - FIA	47,769	47,769	47,903	47,903	47,903	47,903	47,903	47,903	47,903	47,903	47,903
Airline Terminal Requirement											
Main Terminal Building - AIA 100% Occupancy	4,528,817	4,745,499	4,893,834	5,062,001	7,603,406	7,271,067	7,325,075	9,893,431	9,968,155	10,048,240	10,123,588
International Terminal Building - AIA 100% Occupancy	1,237,267	1,215,308	1,098,582	1,303,037	1,661,778	1,599,143	1,600,947	1,214,080	1,223,229	1,232,811	1,242,303
Terminal Building - FIA 80% Occupancy	1,141,756	1,207,070	1,244,012	1,515,540	1,832,784	1,848,304	1,862,033	1,412,051	1,422,716	1,433,661	1,444,901
Total Airline Terminal Building Rental	6,907,840	7,167,877	7,207,427	8,780,578	11,107,968	10,708,514	10,788,055	12,519,542	12,614,101	12,712,912	12,810,792

**Anchorage International Airport
Redevelopment Program**

Terminal Rent Calculations (Calculated System Wide -

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
AIA Main Terminal											
Allocated Operation & Maintenance Expense	11,323,931	11,063,649	12,013,558	12,373,985	12,745,184	13,127,539	13,521,366	13,927,008	14,344,817	14,775,161	15,218,416
Amortization of Assets Financed from IARF	5,481,000	5,481,000	5,481,000	5,481,000	5,481,000	5,481,000	5,481,000	5,481,000	5,481,000	5,481,000	5,481,000
Debt Service on Outstanding Revenue Bonds	2,622,000	2,621,168	2,622,650	2,629,613	2,635,663	2,640,825	2,643,925	2,650,450	2,654,688	2,661,225	0
Debt Service on Proposed Revenue Bonds	13,688,989	13,671,290	13,668,658	13,648,673	13,639,038	13,627,853	13,618,945	13,605,943	13,584,888	13,568,828	13,551,713
Total Main Terminal Expense	33,115,919	33,441,127	33,785,866	34,133,450	34,500,884	34,876,917	35,265,236	35,684,399	36,065,492	36,486,014	34,251,129
AIA International Terminal											
Allocated Operation & Maintenance Expense (50,000 reserve)	6,658,839	7,066,104	7,279,568	7,499,475	7,725,959	7,959,238	8,199,515	8,447,001	8,701,911	8,964,488	9,234,902
Amortization of Assets Financed from IARF	2,384,000	2,384,000	2,384,000	2,384,000	2,384,000	2,384,000	2,384,000	2,384,000	2,384,000	2,384,000	2,384,000
Debt Service on Outstanding Revenue Bonds	0	0	0	0	0	0	0	0	0	0	0
Debt Service on Proposed Revenue Bonds	0	0	0	0	0	0	0	0	0	0	0
Total International Terminal Expense	9,242,839	9,450,104	9,663,568	9,883,475	10,109,959	10,343,238	10,583,515	10,831,001	11,085,911	11,348,488	11,618,902
FIA											
Allocated Operation & Maintenance Expense	2,887,000	2,887,000	2,887,000	2,887,000	2,887,000	2,887,000	2,887,000	2,887,000	2,887,000	2,887,000	2,887,000
Amortization of Assets Financed from IARF	822,000	822,000	822,000	822,000	822,000	822,000	822,000	822,000	822,000	822,000	822,000
Debt Service on Outstanding Revenue Bonds	0	0	0	0	0	0	0	0	0	0	0
Debt Service on Proposed Revenue Bonds	0	0	0	0	0	0	0	0	0	0	0
Total FIA Terminal Expense	3,709,000	3,709,000	3,709,000	3,709,000	3,709,000	3,709,000	3,709,000	3,709,000	3,709,000	3,709,000	3,709,000
Total System Terminal Expense	46,067,759	46,602,231	47,158,453	47,725,926	48,319,844	48,929,155	49,557,751	50,204,400	50,860,403	51,543,482	49,579,031
Less: System Auto Parking Revenue											
AIA	5,351,652	5,585,719	5,788,347	6,019,681	6,200,478	6,386,492	6,578,067	6,775,429	6,978,692	7,188,053	7,403,694
FIA	378,000	378,000	378,000	378,000	378,000	378,000	378,000	378,000	378,000	378,000	378,000
Total	5,729,652	5,963,719	6,166,347	6,397,681	6,578,478	6,764,492	6,956,067	7,153,429	7,356,692	7,566,053	7,781,694
Prior Year Carryover Adjustment	0	0	0	0	0	0	0	0	0	0	0
Total System Terminal Requirement	40,338,106	40,638,513	40,992,106	41,328,044	41,741,366	42,164,663	42,601,664	43,050,971	43,503,711	43,977,429	41,797,336
Total Usable Space (sf)											
Main Terminal Building - AIA	645,793	645,793	645,793	645,793	645,793	645,793	645,793	645,793	645,793	645,793	645,793
International Terminal Building - AIA	287,161	287,161	287,161	287,161	287,161	287,161	287,161	287,161	287,161	287,161	287,161
Terminal Building - FIA	128,391	128,391	128,391	128,391	128,391	128,391	128,391	128,391	128,391	128,391	128,391
Total	1,061,345	1,061,345	1,061,345	1,061,345	1,061,345	1,061,345	1,061,345	1,061,345	1,061,345	1,061,345	1,061,345
Average Cost per sf (average rental rate)	38.01	38.31	38.62	38.94	39.33	39.73	40.14	40.56	40.99	41.44	39.38
Airline Rentable Space (sf)											
Main Terminal Building - AIA	268,503	268,503	268,503	268,503	268,503	268,503	268,503	268,503	268,503	268,503	268,503
International Terminal Building - AIA	32,949	32,949	32,949	32,949	32,949	32,949	32,949	32,949	32,949	32,949	32,949
Terminal Building - FIA	47,903	47,903	47,903	47,903	47,903	47,903	47,903	47,903	47,903	47,903	47,903
Airline Terminal Requirement											
Main Terminal Building - AIA 100% Occupancy	10,204,884	10,285,942	10,370,335	10,455,322	10,559,888	10,666,973	10,777,527	10,891,194	11,005,730	11,125,573	10,574,045
International Terminal Building - AIA 100% Occupancy	1,252,279	1,262,229	1,272,582	1,283,011	1,295,843	1,308,984	1,322,550	1,336,499	1,350,554	1,365,280	1,297,580
Terminal Building - FIA 80% Occupancy	1,458,504	1,468,073	1,480,118	1,492,248	1,507,172	1,522,456	1,538,235	1,554,458	1,570,806	1,587,910	1,509,193
Total Airline Terminal Building Rental	12,915,667	13,016,244	13,123,036	13,230,581	13,362,901	13,498,413	13,638,313	13,782,152	13,927,090	14,078,744	13,380,819

**Anchorage International Airport
Redevelopment Program**

Draft - Confidential

Terminal Rent Calculations (Calculated System Wide -

	2018	2019	2020	2021	2022	2023	2024	2025
AIA Main Terminal								
Allocated Operation & Maintenance Expense	15,674,968	16,145,218	16,629,574	17,128,461	17,642,315	18,171,565	18,716,732	19,278,234
Amortization of Assets Financed from IARF	5,481,000	5,481,000	5,481,000	5,481,000	5,481,000	5,481,000	5,481,000	5,481,000
Debt Service on Outstanding Revenue Bonds	0	0	0	0	0	0	0	0
Debt Service on Proposed Revenue Bonds	13,537,185	13,518,028	13,499,465	13,478,828	13,455,960	13,433,168	13,407,591	0
Total Main Terminal Expense	34,693,153	35,144,245	35,610,039	36,088,289	36,579,275	37,085,732	37,605,323	24,759,234
AIA International Terminal								
Allocated Operation & Maintenance Expense (50,000 reserve)	9,513,449	9,600,353	10,095,863	10,400,239	10,713,746	11,036,659	11,369,259	11,711,836
Amortization of Assets Financed from IARF	2,384,000	2,384,000	2,384,000	2,384,000	2,384,000	2,384,000	2,384,000	2,384,000
Debt Service on Outstanding Revenue Bonds	0	0	0	0	0	0	0	0
Debt Service on Proposed Revenue Bonds	0	0	0	0	0	0	0	0
Total International Terminal Expense	11,897,449	12,184,353	12,479,863	12,784,239	13,097,746	13,420,659	13,753,259	14,095,836
FIA								
Allocated Operation & Maintenance Expense	2,887,000	2,887,000	2,887,000	2,887,000	2,887,000	2,887,000	2,887,000	2,887,000
Amortization of Assets Financed from IARF	822,000	822,000	822,000	822,000	822,000	822,000	822,000	822,000
Debt Service on Outstanding Revenue Bonds	0	0	0	0	0	0	0	0
Debt Service on Proposed Revenue Bonds	0	0	0	0	0	0	0	0
Total FIA Terminal Expense	3,709,000	3,709,000	3,709,000	3,709,000	3,709,000	3,709,000	3,709,000	3,709,000
Total System Terminal Expense	50,299,613	51,037,598	51,798,902	52,561,527	53,386,022	54,215,411	55,067,582	42,564,070
Less: System Auto Parking Revenue								
AIA	7,625,605	7,854,579	8,090,217	8,332,923	8,582,911	8,840,398	9,105,610	9,378,779
FIA	378,000	378,000	378,000	378,000	378,000	378,000	378,000	378,000
Total	8,003,605	8,232,579	8,468,217	8,710,923	8,960,911	9,218,398	9,483,610	9,756,779
Prior Year Carryover Adjustment	0	0	0	0	0	0	0	0
Total System Terminal Requirement	42,295,807	42,805,018	43,330,686	43,870,603	44,425,110	44,997,013	45,583,972	32,807,292
Total Usable Space (sq)								
Main Terminal Building - AIA	645,793	645,793	645,793	645,793	645,793	645,793	645,793	645,793
International Terminal Building - AIA	287,161	287,161	287,161	287,161	287,161	287,161	287,161	287,161
Terminal Building - FIA	128,391	128,391	128,391	128,391	128,391	128,391	128,391	128,391
Total	1,061,345	1,061,345	1,061,345	1,061,345	1,061,345	1,061,345	1,061,345	1,061,345
Average Cost per sq (average rental rate)	39.85	40.33	40.83	41.33	41.86	42.40	42.95	30.91
Airline Rentable Space (sq)								
Main Terminal Building - AIA	268,503	268,503	268,503	268,503	268,503	268,503	268,503	268,503
International Terminal Building - AIA	32,949	32,949	32,949	32,949	32,949	32,949	32,949	32,949
Terminal Building - FIA	47,903	47,903	47,903	47,903	47,903	47,903	47,903	47,903
Airline Terminal Requirement								
Main Terminal Building - AIA 100% Occupancy	10,700,150	10,828,973	10,961,958	11,098,548	11,238,829	11,383,511	11,532,002	8,299,711
International Terminal Building - AIA 100% Occupancy	1,313,055	1,328,663	1,345,183	1,361,944	1,379,156	1,396,913	1,415,135	1,018,488
Terminal Building - FIA 80% Occupancy	1,527,191	1,545,578	1,564,558	1,584,053	1,604,075	1,624,725	1,645,918	1,184,586
Total Airline Terminal Building Rental	13,540,397	13,703,414	13,871,999	14,044,545	14,222,063	14,405,149	14,593,056	10,502,785

**Anchorage International Airport
Redevelopment Program**

Draft - Confidential

Landing Fees (Calculated System Wide - AIA and FIA)

Full Calculation		(Actual) 1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Airport System Requirement												
Operation and Maintenance Expenses												
Anchorage International	Calculated	28,105,298	30,157,000	31,208,000	32,145,270	33,109,628	34,102,917	35,128,004	36,179,785	37,265,178	38,383,133	39,534,627
Fairbanks International		8,870,741	9,387,000	9,813,000	9,806,000	9,998,000	10,297,940	10,608,878	10,925,085	11,252,837	11,590,422	11,938,135
Revenue Bond Debt Service												
Outstanding and Proposed Bonds	Calculated	5,672,951	5,680,934	5,681,327	10,960,375	16,527,121	16,343,924	16,341,208	16,336,021	16,328,390	16,326,783	16,314,861
Amortization of Assets												
Funded from AIRF	(2% Growth)	15,362,790	15,767,813	17,366,813	18,820,813	19,842,813	20,239,669	20,644,463	21,057,352	21,478,499	21,908,069	22,348,230
Duty Free Requirement	Calculated	688,550	1,104,500	1,128,500	1,177,193	1,230,166	1,285,524	1,343,372	1,403,824	1,468,998	1,533,011	1,591,285
Management Incentive Fee	(3% Growth)	1,407,085	1,589,700	1,631,600	1,680,800	1,710,624	1,761,943	1,814,801	1,869,245	1,925,322	1,983,082	2,042,575
O & M Reserve Account	(2% Growth)	278,494	643,000	318,750	203,000	205,000	209,100	213,282	217,548	221,899	226,337	230,863
Total Airport System Requirement		60,365,887	64,329,947	66,946,990	74,573,450	84,623,352	84,241,016	86,090,008	87,988,859	89,939,121	91,950,837	93,998,556
Airport System Credits												
Revenue from Sources other than Airline Rates and Charges												
Anchorage International	Calculated	12,093,191	14,037,000	14,313,000	14,841,625	15,391,174	15,961,487	16,554,439	17,169,939	17,809,935	18,475,411	19,145,930
Fairbanks International	(2% Growth)	1,977,454	1,880,000	2,003,000	2,021,000	2,050,000	2,091,000	2,132,820	2,175,476	2,218,968	2,263,366	2,308,633
Subtotal		14,070,645	15,897,000	16,316,000	16,862,625	17,441,174	18,052,487	18,687,259	19,345,416	20,028,921	20,738,778	21,454,563
Airline Terminal Rents and Fees												
Anchorage International												
Main Terminal	Calculated	4,157,454	4,745,499	4,893,834	5,982,001	7,603,406	7,271,067	7,325,075	9,893,431	9,968,155	10,046,240	10,123,588
International Terminal	Calculated	908,595	1,040,308	890,582	1,116,877	1,468,171	1,387,792	1,391,542	998,279	998,737	997,280	997,329
International Terminal Docking Fees	(Growth)	1,284,000	1,600,000	1,700,000	1,800,000	1,900,000	1,938,000	1,976,760	2,016,295	2,056,821	2,097,754	2,139,709
FIS Fees	Calculated	299,166	216,000	276,000	287,040	298,522	310,482	322,881	335,796	349,228	363,197	377,725
Fairbanks International		1,303,382	1,107,000	1,144,000	1,160,000	1,167,000	1,167,000	1,167,000	1,167,000	1,167,000	1,167,000	1,167,000
Loading Bridge Fees		44,280	50,000	48,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000
FIS Fees		34,825	22,000	29,000	32,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000
Subtotal		8,012,682	8,780,807	8,961,415	10,401,919	12,512,099	12,149,322	12,258,258	14,483,801	14,612,741	14,746,450	14,880,351
Fuel Flowage Fees												
Anchorage International	Calculated	11,508,500	12,730,000	13,300,000	13,832,000	14,385,280	14,960,691	15,559,119	16,181,484	16,828,743	17,501,893	18,201,988
Fairbanks International		878,715	885,000	885,000	885,000	885,000	885,000	885,000	885,000	885,000	885,000	885,000
Subtotal		12,385,215	13,615,000	14,185,000	14,717,000	15,270,280	15,845,691	16,444,119	17,066,484	17,713,743	18,386,893	19,086,988
Prepaid Airline Revenue		10,084,400	10,837,100	5,500,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Total Airport System Credits		44,552,942	49,129,907	44,982,415	51,981,544	55,223,553	56,047,500	57,389,638	60,895,700	62,355,405	63,872,119	65,421,882
Airline Landing Fee Requirement	Calculated	15,812,945	15,200,040	21,964,575	22,591,908	29,399,799	28,193,516	28,700,372	27,093,159	27,583,716	28,078,718	28,578,674
Prior Year Carryover Adjustment		(4,072,000)	(4,615,084)	(8,000,000)	0	0	0	0	0	0	0	0
Total Landing Fee Requirement		11,740,945	10,584,956	15,964,575	22,591,908	29,399,799	28,193,516	28,700,372	27,093,159	27,583,716	28,078,718	28,578,674

**Anchorage International Airport
Redevelopment Program**

Draft - Confidential

Landing Fees (Calculated System Wide - AIA and FIA)

		(Actual) 1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Full Calculation												
Total Takeoff Weight (1,000 pound units)												
Anchorage International	Calculated	20,421,798	22,594,000	23,590,000	24,533,600	25,514,944	26,535,542	27,598,963	28,700,842	29,848,876	31,042,831	32,284,544
Fairbanks International		2,317,432	2,300,000	2,320,000	2,362,000	2,362,000	2,409,240	2,457,425	2,508,573	2,558,705	2,607,639	2,659,998
Subtotal Takeoff Weight (1,000 pound units)		22,739,230	24,894,000	25,910,000	26,895,600	27,876,944	28,944,782	30,054,388	31,207,415	32,405,580	33,650,670	34,944,540
Signatory Airline Landing Fee Rate (per 1,000 pound unit)		0.62	0.43	0.62	0.64	1.05	0.97	0.95	0.87	0.85	0.83	0.82
Alternate Calculation												
Operating Budget												
Anchorage	Calculated	28,105,298	30,157,000	31,209,000	32,145,270	33,109,628	34,102,917	35,126,004	36,179,785	37,265,178	38,383,133	39,534,627
Fairbanks		8,870,741	9,387,000	9,613,000	9,608,000	9,998,000	10,297,940	10,608,878	10,925,085	11,252,837	11,590,422	11,938,135
System Office		475,000	475,000	475,000	475,000	475,000	475,000	475,000	475,000	475,000	475,000	475,000
Inter-Agency Charges		980,000	980,000	980,000	980,000	980,000	980,000	980,000	980,000	980,000	980,000	980,000
Bad Debts		0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Subtotal		38,431,037	41,099,000	42,377,000	43,308,270	44,662,628	45,955,857	47,287,883	48,658,869	50,073,015	51,528,556	53,027,782
Capital Projects Expensed for Financial Statements												
Environmental Assessment and Cleanup		1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
Terminal Roof Repairs		1,200,000	0	0	0	0	0	0	0	0	0	0
C Concourse Relocation		750,000	0	0	0	0	0	0	0	0	0	0
Other		400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
		4,150,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000
Required Bond Coverage (1.3x)		7,374,836	7,385,214	7,385,725	14,248,487	24,085,257	21,247,101	21,243,570	21,238,828	21,228,907	21,224,817	21,209,319
Total Requirements		49,955,873	50,684,214	51,982,725	59,754,757	70,947,885	69,402,957	70,731,452	72,098,697	73,499,922	74,953,373	76,437,081
Less:												
Non-Airline Revenues	Calculated	14,070,645	15,697,000	16,316,000	16,862,825	17,441,174	18,052,487	18,687,259	19,345,418	20,028,921	20,738,776	21,454,563
Airline Terminal Rents and Fees	Calculated	8,012,662	8,780,807	8,981,415	10,401,919	12,512,099	12,149,322	12,258,258	14,483,801	14,612,741	14,746,450	14,860,351
Fuel Flowage	Calculated	12,385,215	13,615,000	14,185,000	14,717,000	15,270,280	15,845,991	16,444,119	17,068,484	17,713,743	18,388,893	19,088,998
Subtotal		34,468,522	38,092,807	39,482,415	41,981,544	45,223,553	46,047,500	47,389,636	50,895,700	52,355,405	53,872,119	55,421,882
Net Requirement		15,487,351	12,591,408	12,480,310	17,773,213	25,724,332	23,355,457	23,341,816	21,200,997	21,144,517	21,081,254	21,015,199
Estimated Gross Takeoff Weight		22,739,230	24,894,000	25,910,000	26,895,600	27,876,944	28,944,782	30,054,388	31,207,415	32,405,580	33,650,670	34,944,540
Landing Fee (per 1,000 pound unit)		0.68	0.50	0.48	0.66	0.92	0.81	0.78	0.68	0.65	0.63	0.60
Actual Unit Landing Fee:												
Maximum of Primary and Alternate Calculations		0.68	0.50	0.62	0.64	1.05	0.97	0.95	0.87	0.85	0.83	0.82

**Anchorage International Airport
Redevelopment Program**

Draft - Confidential

Landing Fees (Calculated System Wide - AIA and

Full Calculation		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Airport System Requirement												
Operation and Maintenance Expenses												
Anchorage International	Calculated	40,720,666	41,942,286	43,200,555	44,496,572	45,831,469	47,208,413	48,622,605	50,081,283	51,583,722	53,131,233	54,725,170
Fairbanks International		12,296,279	12,665,167	13,045,122	13,436,476	13,839,570	14,254,757	14,682,400	15,122,872	15,576,558	16,043,855	16,525,171
Revenue Bond Debt Service												
Outstanding and Proposed Bonds	Calculated	16,310,989	16,298,478	16,291,308	16,278,486	16,274,701	16,268,378	16,262,870	16,256,393	16,239,676	16,229,853	13,551,713
Amortization of Assets												
Funded from AIRF	(2% Growth)	22,793,155	23,249,018	23,713,998	24,188,278	24,672,044	25,165,485	25,668,794	26,182,170	26,705,814	27,239,930	27,784,729
Duty Free Requirement	Calculated	1,651,733	1,714,499	1,779,650	1,847,277	1,908,390	1,967,394	2,030,351	2,095,322	2,162,372	2,231,568	2,302,978
Management Incentive Fee	(3% Growth)	2,103,852	2,166,967	2,231,978	2,298,936	2,367,904	2,438,941	2,512,109	2,587,472	2,665,096	2,745,049	2,827,401
O & M Reserve Account	(2% Growth)	235,481	240,190	244,994	249,894	254,892	259,990	265,189	270,493	275,903	281,421	287,049
Total Airport System Requirement		96,112,155	98,276,608	100,507,604	102,795,918	105,146,968	107,561,357	110,044,319	112,598,006	115,209,141	117,902,910	118,004,211
Airport System Credits												
Revenue from Sources other than Airline Rates and Charges												
Anchorage International	Calculated	19,842,240	20,565,339	21,316,266	22,096,099	22,739,521	23,402,482	24,085,578	24,786,415	25,514,628	26,281,867	27,031,799
Fairbanks International	(2% Growth)	2,354,806	2,401,902	2,449,940	2,498,939	2,548,917	2,599,896	2,651,894	2,704,931	2,759,030	2,814,211	2,870,495
Subtotal		22,197,045	22,967,241	23,766,206	24,595,037	25,288,438	26,002,378	26,737,469	27,494,346	28,273,658	29,076,077	29,902,294
Airline Terminal Rents and Fees												
Anchorage International												
Main Terminal	Calculated	10,204,684	10,285,942	10,370,335	10,455,322	10,559,886	10,668,973	10,777,527	10,891,194	11,005,730	11,125,573	10,574,045
International Terminal	Calculated	997,506	997,262	997,020	996,427	1,000,660	1,004,946	1,009,391	1,013,945	1,018,324	1,023,063	945,117
International Terminal Docking Fees (Growth)		2,182,503	2,226,153	2,270,676	2,316,069	2,362,411	2,409,659	2,457,853	2,507,010	2,557,150	2,608,293	2,660,459
FIS Fees	Calculated	392,834	408,547	424,889	441,885	455,141	468,798	482,660	497,345	512,266	527,634	543,463
Fairbanks International		1,167,000	1,167,000	1,167,000	1,167,000	1,167,000	1,167,000	1,167,000	1,167,000	1,167,000	1,167,000	1,167,000
Loading Bridge Fees		44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000
FIS Fees		31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000
Subtotal		15,019,727	15,159,904	15,304,920	15,451,723	15,620,999	15,792,374	15,969,631	16,151,495	16,335,470	16,526,563	15,965,084
Fuel Flowage Fees												
Anchorage International	Calculated	18,930,047	19,687,249	20,474,739	21,293,729	21,932,540	22,590,517	23,268,232	23,956,279	24,665,267	25,425,825	26,168,600
Fairbanks International		885,000	885,000	885,000	885,000	885,000	885,000	885,000	885,000	885,000	885,000	885,000
Subtotal		19,815,047	20,572,249	21,359,739	22,178,729	22,817,540	23,475,517	24,153,232	24,851,279	25,570,267	26,310,825	27,073,600
Prepaid Airline Revenue		10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Total Airport System Credits		67,031,819	68,699,394	70,430,865	72,225,489	73,728,077	75,270,268	76,860,332	78,497,120	80,179,395	81,913,466	82,940,978
Airline Landing Fee Requirement	Calculated	29,080,335	29,577,212	30,076,738	30,570,429	31,420,891	32,291,069	33,183,986	34,098,686	35,029,746	35,989,444	35,063,233
Prior Year Carryover Adjustment		0	0	0	0	0	0	0	0	0	0	0
Total Landing Fee Requirement		29,080,335	29,577,212	30,076,738	30,570,429	31,420,891	32,291,069	33,183,986	34,098,686	35,029,746	35,989,444	35,063,233

**Anchorage International Airport
Redevelopment Program**

Draft - Confidential

Landing Fees (Calculated System Wide - AIA and

Full Calculation		2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total Takeoff Weight (1,000 pound units)												
Anchorage International	Calculated	33,575,926	34,818,963	36,315,721	37,768,350	38,901,401	40,088,443	41,270,498	42,508,811	43,783,869	45,097,385	46,450,307
Fairbanks International		2,713,196	2,767,459	2,822,809	2,879,285	2,936,850	2,995,587	3,055,499	3,116,809	3,178,941	3,242,520	3,307,370
Subtotal Takeoff Weight (1,000 pound units)		36,289,121	37,586,422	39,138,530	40,647,615	41,838,251	43,084,030	44,325,995	45,625,220	46,962,810	48,339,905	49,757,677
Signatory Airline Landing Fee Rate (per 1,000 pound unit)		0.80	0.78	0.77	0.75	0.75	0.75	0.75	0.75	0.75	0.74	0.70
Alternate Calculation												
Operating Budget												
Anchorage	Calculated	40,720,696	41,942,286	43,200,555	44,496,572	45,831,469	47,208,413	48,622,805	50,081,283	51,583,722	53,131,233	54,725,170
Fairbanks		12,296,279	12,665,167	13,045,122	13,436,476	13,839,570	14,254,757	14,682,400	15,122,872	15,576,558	16,043,856	16,525,171
System Office		475,000	475,000	475,000	475,000	475,000	475,000	475,000	475,000	475,000	475,000	475,000
Inter-Agency Charges		980,000	980,000	980,000	980,000	980,000	980,000	980,000	980,000	980,000	980,000	980,000
Bad Debts		100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Subtotal		54,571,945	56,162,454	57,600,677	59,488,047	61,226,039	63,016,170	64,860,005	66,759,155	68,715,280	70,730,088	72,805,341
Capital Projects Expensed for Financial Statements												
Environmental Assessment and Cleanup		1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
Terminal Roof Repairs		0	0	0	0	0	0	0	0	0	0	0
C Concourse Relocation		0	0	0	0	0	0	0	0	0	0	0
Other		400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
		2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000
Required Bond Coverage (1.3x)		21,204,265	21,188,021	21,178,700	21,162,031	21,157,111	21,148,891	21,141,731	21,133,310	21,111,578	21,088,808	17,617,226
Total Requirements		77,976,231	79,550,475	81,179,377	82,850,079	84,583,150	86,365,061	88,201,736	90,092,466	92,026,858	94,028,897	92,622,567
Less:												
Non-Airline Revenues	Calculated	22,197,045	22,967,241	23,766,206	24,595,037	25,288,438	26,002,378	26,737,469	27,494,346	28,273,658	29,078,077	29,902,294
Airline Terminal Rents and Fees	Calculated	15,019,727	15,159,904	15,304,920	15,451,723	15,620,099	15,792,374	15,969,631	16,151,495	16,335,470	16,526,563	16,965,084
Fuel Flowsage	Calculated	19,815,047	20,572,249	21,359,739	22,178,729	22,817,540	23,475,517	24,153,232	24,851,279	25,570,267	26,310,825	27,073,600
Subtotal		57,031,819	58,699,394	60,430,865	62,225,489	63,726,077	65,270,268	66,860,332	68,497,120	70,179,395	71,913,466	72,940,978
Net Requirement		20,944,411	20,851,081	20,748,512	20,624,590	20,857,072	21,094,792	21,341,404	21,605,346	21,847,463	22,115,431	19,681,589
Estimated Gross Takeoff Weight		36,289,121	37,586,422	39,138,530	40,647,615	41,838,251	43,084,030	44,325,995	45,625,220	46,962,810	48,339,905	49,757,677
Landing Fee (per 1,000 pound unit)		0.58	0.55	0.53	0.51	0.50	0.49	0.48	0.47	0.47	0.46	0.40
Actual Unit Landing Fee:												
Maximum of Primary and Alternate Calculations		0.80	0.78	0.77	0.75	0.75	0.75	0.75	0.75	0.75	0.74	0.70

**Anchorage International Airport
Redevelopment Program**

Draft - Confidential

Landing Fees (Calculated System Wide - AIA and

Full Calculation		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Airport System Requirement												
Operation and Maintenance Expenses												
Anchorage International	Calculated	56,366,926	56,057,933	56,799,671	61,593,661	63,441,471	65,344,715	67,305,057	69,324,209	71,403,935	73,546,053	75,752,434
Fairbanks International		17,020,926	17,531,554	18,057,500	18,569,225	19,157,202	19,731,918	20,323,875	20,933,592	21,561,599	22,208,447	22,874,701
Revenue Bond Debt Service												
Outstanding and Proposed Bonds	Calculated	13,537,195	13,518,026	13,499,465	13,478,626	13,455,960	13,433,166	13,407,591	0	0	0	0
Amortization of Assets												
Funded from AIRF	(2% Growth)	26,340,423	26,907,232	27,485,376	30,075,064	30,676,586	31,290,117	31,915,920	32,554,236	33,205,323	33,869,429	34,546,618
Duty Free Requirement	Calculated	2,376,674	2,452,727	2,531,215	2,612,213	2,695,604	2,782,070	2,871,096	2,962,971	3,057,766	3,155,636	3,256,616
Management Incentive Fee	(3% Growth)	2,912,223	2,999,590	3,089,577	3,182,265	3,277,732	3,376,064	3,477,346	3,581,667	3,689,117	3,799,790	3,913,764
O & M Reserve Account	(2% Growth)	292,790	296,646	304,619	310,712	316,926	323,264	329,730	336,324	343,051	349,912	356,910
Total Airport System Requirement		120,847,157	123,765,709	126,767,424	129,851,966	133,021,661	136,261,317	139,630,615	129,693,001	133,260,611	136,929,267	140,701,263
Airport System Credits												
Revenue from Sources other than Airline Rates and Charges												
Anchorage International	Calculated	27,825,115	28,642,525	29,484,762	30,352,579	31,246,756	32,166,091	33,117,412	34,095,569	35,103,436	36,141,922	37,211,953
Fairbanks International	(2% Growth)	2,927,905	2,986,463	3,046,192	3,107,116	3,169,256	3,232,643	3,297,296	3,363,242	3,430,507	3,499,117	3,569,100
Subtotal		30,753,020	31,628,988	32,530,954	33,459,695	34,416,014	35,400,735	36,414,709	37,458,811	38,533,945	39,641,040	40,761,052
Airline Terminal Rents and Fees												
Anchorage International												
Main Terminal	Calculated	10,700,150	10,628,973	10,561,956	11,096,546	11,236,629	11,383,511	11,532,002	8,299,711	8,464,109	8,633,440	8,807,850
International Terminal	Calculated	950,018	954,935	960,037	965,244	970,557	976,054	981,850	571,999	578,776	585,760	592,953
International Terminal Docking Fees	(Growth)	2,713,666	2,767,941	2,823,300	2,879,766	2,937,361	2,996,109	3,056,031	3,117,151	3,179,494	3,243,064	3,307,946
FIS Fees	Calculated	559,767	576,560	593,856	611,672	630,022	648,923	668,391	688,442	709,096	730,366	752,279
Fairbanks International		1,167,000	1,167,000	1,167,000	1,167,000	1,167,000	1,167,000	1,167,000	1,167,000	1,167,000	1,167,000	1,167,000
Loading Bridge Fees		44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000	44,000
FIS Fees		31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000	31,000
Subtotal		16,165,603	16,370,409	16,561,151	16,797,230	17,018,770	17,246,596	17,480,073	13,919,303	14,173,477	14,434,653	14,703,026
Fuel Flowage Fees												
Anchorage International	Calculated	26,974,256	27,783,486	28,616,991	29,475,500	30,359,765	31,270,556	32,206,675	33,174,935	34,170,163	35,195,269	36,251,147
Fairbanks International		885,000	885,000	885,000	885,000	885,000	885,000	885,000	885,000	885,000	885,000	885,000
Subtotal		27,859,256	28,668,486	29,501,991	30,360,500	31,244,765	32,155,556	33,093,675	34,059,935	35,055,163	36,080,269	37,136,147
Prepaid Airline Revenue		10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Total Airport System Credits		64,777,881	66,667,882	68,614,095	69,617,426	72,679,549	74,802,669	76,966,457	65,436,049	67,762,605	100,155,961	102,620,226
Airline Landing Fee Requirement	Calculated	36,069,276	37,097,827	38,153,329	39,234,561	40,342,132	41,478,427	42,642,156	34,254,951	35,498,206	36,773,286	38,081,035
Prior Year Carryover Adjustment		0	0	0	0	0	0	0	0	0	0	0
Total Landing Fee Requirement		36,069,276	37,097,827	38,153,329	39,234,561	40,342,132	41,478,427	42,642,156	34,254,951	35,498,206	36,773,286	38,081,035

**Anchorage International Airport
Redevelopment Program**

Draft - Confidential

Landing Fees (Calculated System Wide - AIA and

Full Calculation		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Total Takeoff Weight (1,000 pound units)												
Anchorage International	Calculated	47,843,816	49,279,130	50,757,504	52,280,229	53,848,636	55,464,095	57,128,018	58,841,859	60,607,114	62,425,328	64,298,088
Fairbanks International		3,373,518	3,440,988	3,509,806	3,580,004	3,651,804	3,724,636	3,799,129	3,875,111	3,952,814	4,031,888	4,112,299
Subtotal Takeoff Weight (1,000 pound units)		51,217,333	52,720,118	54,267,312	55,860,233	57,500,240	59,188,731	60,927,147	62,716,970	64,559,928	66,456,984	68,410,387
Signatory Airline Landing Fee Rate (per 1,000 pound unit)		0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.55	0.55	0.55	0.56
Alternate Calculation												
Operating Budget												
Anchorage	Calculated	56,366,926	58,057,933	59,799,671	61,593,661	63,441,471	65,344,715	67,305,057	69,324,209	71,403,935	73,546,053	75,752,434
Fairbanks		17,020,926	17,531,554	18,057,500	18,599,225	19,157,202	19,731,918	20,323,875	20,933,592	21,561,599	22,208,447	22,874,701
System Office		475,000	475,000	475,000	475,000	475,000	475,000	475,000	475,000	475,000	475,000	475,000
Inter-Agency Charges		980,000	980,000	980,000	980,000	980,000	980,000	980,000	980,000	980,000	980,000	980,000
Bad Debts		100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Subtotal		74,942,851	77,144,487	79,412,171	81,747,887	84,153,673	86,631,633	89,183,932	91,812,800	94,520,534	97,309,500	100,182,135
Capital Projects Expensed for Financial Statements												
Environmental Assessment and Cleanup		1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
Terminal Roof Repairs		0	0	0	0	0	0	0	0	0	0	0
C Concourse Relocation		0	0	0	0	0	0	0	0	0	0	0
Other		400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
		2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000	2,200,000
Required Bond Coverage (1.3x)		17,598,354	17,573,436	17,549,305	17,522,474	17,492,748	17,463,118	17,429,899	0	0	0	0
Total Requirements		94,741,205	96,917,923	99,161,476	101,470,361	103,846,421	106,294,751	108,813,801	94,012,800	96,720,534	99,509,500	102,382,135
Less:												
Non-Airline Revenues	Calculated	30,753,020	31,628,988	32,530,954	33,459,895	34,418,014	35,400,735	36,414,709	37,458,811	38,533,945	39,641,040	40,781,052
Airline Terminal Fairs and Fees	Calculated	16,165,603	16,370,409	16,581,151	16,797,230	17,018,770	17,246,596	17,480,073	13,919,303	14,173,477	14,434,653	14,703,028
Fuel Flowage	Calculated	27,859,258	28,668,486	29,501,991	30,360,500	31,244,765	32,155,558	33,093,875	34,059,935	35,055,183	36,080,289	37,136,147
Subtotal		74,777,881	76,667,882	78,614,095	80,617,426	82,679,549	84,802,669	86,988,457	85,438,049	87,762,605	90,155,981	92,620,228
Net Requirement		19,963,324	20,250,040	20,547,381	20,852,935	21,166,872	21,491,862	21,825,344	8,574,751	8,957,929	9,353,519	9,781,907
Estimated Gross Takeoff Weight		51,217,333	52,720,118	54,267,312	55,860,233	57,500,240	59,188,731	60,927,147	62,716,970	64,559,928	66,456,984	68,410,387
Landing Fee (per 1,000 pound unit)		0.39	0.38	0.38	0.37	0.37	0.36	0.36	0.14	0.14	0.14	0.14
Actual Unit Landing Fee:												
Maximum of Primary and Alternate Calculations		0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.55	0.55	0.55	0.56

Anchorage International Airport Redevelopment Program

Non-Airline Revenue Projections

	Low	Most Likely	High	Low %	High %	Mean	Standard Deviation	Current Selection
Airfield Area:								
Aircraft Parking Fees								
1995		494,398						494,398
1996		519,483						519,483
1997		567,000						567,000
1998		575,000						575,000
1999		575,000						575,000
2000		575,000						575,000
2001 +		575,000						575,000
2011 +		575,000						575,000
General Aviation Fuel Flowage Fees								
1995		17,173						17,173
1996		20,188						20,188
1997		25,000						25,000
1998		25,000						25,000
1999		25,000						25,000
2000		25,000						25,000
2001 +		25,000						25,000
2011 +		25,000						25,000
Main Terminal Area:								
Automobile Parking Fees								
1995		3,172,428						3,172,428
1996		3,292,316						3,292,316
1997		3,686,000						3,686,000
1998		3,760,000						3,760,000
1999	3.00%	4.00%	5.00%	5	95	4.00%	0.61%	4.00%
2000	3.00%	4.00%	5.00%	5	95	4.00%	0.61%	4.00%
2001 +	3.00%	4.00%	5.00%	5	95	4.00%	0.61%	4.00%
2011 +	2.00%	3.00%	4.00%	5	95	3.00%	0.61%	3.00%
Allowance for Terminal Building Rentals								
1995		24,086						24,086
1996		24,431						24,431
1997		25,000						25,000
1998		26,000						26,000
1999		27,000						27,000
2000		28,000						28,000
2001		29,000						29,000
2002 +		30,000						30,000

Concession Fees:

Food and Beverage

1995		701,618						701,618
1996		730,344						730,344
1997		757,000						757,000
1998		772,000						772,000
1999	3.00%	4.00%	5.00%	5	95	4.00%	0.61%	4.00%
2000	3.00%	4.00%	5.00%	5	95	4.00%	0.61%	4.00%
2001 +	3.00%	4.00%	5.00%	5	95	4.00%	0.61%	4.00%
2011 +	2.00%	3.00%	4.00%	5	95	3.00%	0.61%	3.00%

News/Gifts

1995		756,897						756,897
1996		749,805						749,805
1997		773,000						773,000
1998		788,000						788,000
1999	3.00%	4.00%	5.00%	5	95	4.00%	0.61%	4.00%
2000	3.00%	4.00%	5.00%	5	95	4.00%	0.61%	4.00%
2001 +	3.00%	4.00%	5.00%	5	95	4.00%	0.61%	4.00%
2011 +	2.00%	3.00%	4.00%	5	95	3.00%	0.61%	3.00%

Rental Cars

1995		2,870,643						2,870,643
1996		2,681,210						2,681,210
1997		2,944,000						2,944,000
1998		3,003,000						3,003,000
1999	3.00%	4.00%	5.00%	5	95	4.00%	0.61%	4.00%
2000	3.00%	4.00%	5.00%	5	95	4.00%	0.61%	4.00%
2001 +	3.00%	4.00%	5.00%	5	95	4.00%	0.61%	4.00%
2011 +	2.00%	3.00%	4.00%	5	95	3.00%	0.61%	3.00%

Ground Transportation

1995		20,893						20,893
1996		44,985						44,985
1997		21,000						21,000
1998		21,000						21,000
1999		21,000						21,000
2000		21,000						21,000
2001		21,000						21,000
2002 +		21,000						21,000

Display Advertising

1995		158,849						158,849
1996		156,435						156,435
1997		173,000						173,000
1998		178,000						178,000
1999	3.00%	4.00%	5.00%	5	95	4.00%	0.61%	4.00%
2000	3.00%	4.00%	5.00%	5	95	4.00%	0.61%	4.00%
2001 +	3.00%	4.00%	5.00%	5	95	4.00%	0.61%	4.00%
2011 +	2.00%	3.00%	4.00%	5	95	3.00%	0.61%	3.00%

Telephone

1995		190,783						190,783
1996		194,622						194,622
1997		214,000						214,000
1998		218,000						218,000
1999	3.00%	4.00%	5.00%	5	95	4.00%	0.61%	4.00%
2000	3.00%	4.00%	5.00%	5	95	4.00%	0.61%	4.00%
2001 +	3.00%	4.00%	5.00%	5	95	4.00%	0.61%	4.00%
2011 +	2.00%	3.00%	4.00%	5	95	3.00%	0.61%	3.00%

Other									
1995		30,931						30,931	
1996		27,913						27,913	
1997		47,000						47,000	
1998		48,000						48,000	
1999		49,000						49,000	
2000		50,000						50,000	
2001	-1.00%	0.00%	1.00%	5	95	0.00%	0.61%	0.00%	
2002 +	-1.00%	0.00%	1.00%	5	95	0.00%	0.61%	0.00%	
International Terminal Area:									
Terminal Building Rentals									
1995		122,893						122,893	
1996		160,249						160,249	
1997		175,000						175,000	
1998		179,000						179,000	
1999	3.00%	4.00%	5.00%	5	95	4.00%	0.61%	4.00%	
2000	3.00%	4.00%	5.00%	5	95	4.00%	0.61%	4.00%	
2001 +	3.00%	4.00%	5.00%	5	95	4.00%	0.61%	4.00%	
2011 +	2.00%	3.00%	4.00%	5	95	3.00%	0.61%	3.00%	
Concession Fees:									
Food and Beverage									
1995		85,890						85,890	
1996		66,323						66,323	
1997		70,000						70,000	
1998		71,000						71,000	
1999	3.00%	4.00%	5.00%	5	95	4.00%	0.61%	4.00%	
2000	3.00%	4.00%	5.00%	5	95	4.00%	0.61%	4.00%	
2001 +	3.00%	4.00%	5.00%	5	95	4.00%	0.61%	4.00%	
2011 +	2.00%	3.00%	4.00%	5	95	3.00%	0.61%	3.00%	
Duty Free									
1995		1,125,408						1,125,408	
1996		1,337,100						1,337,100	
1997		2,209,000						2,209,000	
1998		2,253,000						2,253,000	
1999 +	4.00%	4.50%	6.00%	5	95	4.83%	0.71%	4.50%	
2000 +	3.00%	3.80%	5.00%	5	95	3.93%	0.65%	3.80%	
2011	2.00%	3.20%	4.00%	5	95	3.07%	0.57%	3.20%	
2012 +	2.00%	3.20%	4.00%	5	95	3.07%	0.57%	3.20%	
Other (Concession)									
1995		22,280						22,280	
1996		27,856						27,856	
1997		43,000						43,000	
1998		44,000						44,000	
1999	3.00%	4.00%	5.00%	5	95	4.00%	0.61%	4.00%	
2000	3.00%	4.00%	5.00%	5	95	4.00%	0.61%	4.00%	
2001 +	3.00%	4.00%	5.00%	5	95	4.00%	0.61%	4.00%	
2011 +	2.00%	3.00%	4.00%	5	95	3.00%	0.61%	3.00%	
Other Miscellaneous Revenue									
1995		208,195						208,195	
1996		229,504						229,504	
1997		190,000						190,000	
1998		194,000						194,000	
1999	0.00%	0.00%	0.00%	5	95	0.00%	0.00%	0.00%	
2000	0.00%	0.00%	0.00%	5	95	0.00%	0.00%	0.00%	
2001	0.00%	0.00%	0.00%	5	95	0.00%	0.00%	0.00%	
2002 +	0.00%	0.00%	0.00%	5	95	0.00%	0.00%	0.00%	

Land Rentals

Year	Value	Value	Value
1996	1,736,161		1,736,161
1998	1,830,447		1,830,447
1997	2,118,000		2,118,000
1998	2,160,000		2,160,000
1999	2,00%	5	0.61%
2000	2,00%	5	0.61%
2001	2,00%	5	0.61%
2002 +	2,00%	5	0.61%

Source: Alaska Department of Transportation and Public Facilities; Alaska International Airport System FY1998 Airlines Rates and Fees

Anchorage International Airport Redevelopment Program

Operation and Maintenance Expense Projections

		Low	Most Likely	High	Low %	High %	Mean	Standard Deviation	Current Selection
Expenses by Component:									
Administration									
1995			3,908,048						3,908,048
1996			3,897,036						3,897,036
1997			4,485,000						4,485,000
1998			4,742,000						4,742,000
1999	2.00%		3.00%	4.00%	5	95	3.00%	0.61%	3.00%
2000	2.00%		3.00%	4.00%	5	95	3.00%	0.61%	3.00%
2001	2.00%		3.00%	4.00%	5	95	3.00%	0.61%	3.00%
2002 +	2.00%		3.00%	4.00%	5	95	3.00%	0.61%	3.00%
Field Maintenance									
1995			4,694,097						4,694,097
1996			4,732,158						4,732,158
1997			4,986,000						4,986,000
1998			5,172,000						5,172,000
1999	2.00%		3.00%	4.00%	5	95	3.00%	0.61%	3.00%
2000	2.00%		3.00%	4.00%	5	95	3.00%	0.61%	3.00%
2001	2.00%		3.00%	4.00%	5	95	3.00%	0.61%	3.00%
2002 +	2.00%		3.00%	4.00%	5	95	3.00%	0.61%	3.00%
Building Maintenance									
1995			5,569,340						5,569,340
1996			5,732,636						5,732,636
1997			5,946,000						5,946,000
1998			5,870,000						5,870,000
1999	2.00%		3.00%	4.00%	5	95	3.00%	0.61%	3.00%
2000	2.00%		3.00%	4.00%	5	95	3.00%	0.61%	3.00%
2001	2.00%		3.00%	4.00%	5	95	3.00%	0.61%	3.00%
2002 +	2.00%		3.00%	4.00%	5	95	3.00%	0.61%	3.00%
Safety									
1995			5,360,451						5,360,451
1996			5,726,315						5,726,315
1997			5,945,000						5,945,000
1998			6,310,000						6,310,000
1999	2.00%		3.00%	4.00%	5	95	3.00%	0.61%	3.00%
2000	2.00%		3.00%	4.00%	5	95	3.00%	0.61%	3.00%
2001	2.00%		3.00%	4.00%	5	95	3.00%	0.61%	3.00%
2002 +	2.00%		3.00%	4.00%	5	95	3.00%	0.61%	3.00%

Custodial									
1995		3,497,062						3,497,062	
1996		3,464,646						3,464,646	
1997		3,479,000						3,479,000	
1998		3,631,000						3,631,000	
1999	2.00%	3.00%	4.00%	5	95	3.00%	0.61%	3.00%	
2000	2.00%	3.00%	4.00%	5	95	3.00%	0.61%	3.00%	
2001	2.00%	3.00%	4.00%	5	95	3.00%	0.61%	3.00%	
2002 +	2.00%	3.00%	4.00%	5	95	3.00%	0.61%	3.00%	
Equipment Maintenance									
1995		1,612,881						1,612,881	
1996		1,554,817						1,554,817	
1997		1,886,000						1,886,000	
1998		1,813,000						1,813,000	
1999	2.00%	3.00%	4.00%	5	95	3.00%	0.61%	3.00%	
2000	2.00%	3.00%	4.00%	5	95	3.00%	0.61%	3.00%	
2001	2.00%	3.00%	4.00%	5	95	3.00%	0.61%	3.00%	
2002 +	2.00%	3.00%	4.00%	5	95	3.00%	0.61%	3.00%	
Operations									
1995		1,299,929						1,299,929	
1996		1,765,734						1,765,734	
1997		2,155,000						2,155,000	
1998		2,338,000						2,338,000	
1999	2.00%	3.00%	4.00%	5	95	3.00%	0.61%	3.00%	
2000	2.00%	3.00%	4.00%	5	95	3.00%	0.61%	3.00%	
2001	2.00%	3.00%	4.00%	5	95	3.00%	0.61%	3.00%	
2002 +	2.00%	3.00%	4.00%	5	95	3.00%	0.61%	3.00%	
Equipment Less Than \$100,000									
1995		331,046						331,046	
1996		297,748						297,748	
1997		350,000						350,000	
1998		350,000						350,000	
1999	2.00%	3.00%	4.00%	5	95	3.00%	0.61%	3.00%	
2000	2.00%	3.00%	4.00%	5	95	3.00%	0.61%	3.00%	
2001	2.00%	3.00%	4.00%	5	95	3.00%	0.61%	3.00%	
2002 +	2.00%	3.00%	4.00%	5	95	3.00%	0.61%	3.00%	
Administrative Overhead									
1995		839,990						839,990	
1996		934,206						934,206	
1997		945,000						945,000	
1998		983,000						983,000	
1999	2.00%	3.00%	4.00%	5	95	3.00%	0.61%	3.00%	
2000	2.00%	3.00%	4.00%	5	95	3.00%	0.61%	3.00%	
2001	2.00%	3.00%	4.00%	5	95	3.00%	0.61%	3.00%	
2002 +	2.00%	3.00%	4.00%	5	95	3.00%	0.61%	3.00%	

Source: Alaska Department of Transportation and Public Facilities; Alaska International Airport System FY1996 Airlines Rates and Fees

**Anchorage International Airport
Redevelopment Program**

Terminal Rent Calculations (O & M Allocations)

		1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
AIA Main Terminal														
Administration	30%	1,169,111	1,345,500	1,422,800	1,465,278	1,509,238	1,554,513	1,601,149	1,648,183	1,696,959	1,749,619	1,802,107	1,856,170	1,911,855
Administrative Overhead	30%	280,262	283,500	294,900	303,747	312,859	322,245	331,913	341,670	352,128	362,860	373,570	384,778	396,321
Field Maintenance	0%	0	0	0	0	0	0	0	0	0	0	0	0	0
Building Maintenance	60%	3,439,582	3,567,600	3,622,000	3,627,800	3,736,490	3,848,584	3,964,042	4,082,963	4,205,452	4,331,618	4,461,564	4,595,411	4,733,273
Security	10%	572,632	594,500	631,000	649,930	669,428	689,511	710,198	731,502	753,447	776,050	799,332	823,312	848,011
Custodial	55%	1,905,555	1,913,450	1,997,050	2,056,982	2,118,870	2,182,230	2,247,697	2,315,128	2,384,582	2,456,120	2,529,803	2,605,667	2,683,868
Equipment Maintenance	10%	155,482	166,600	181,300	186,739	192,341	198,111	204,055	210,176	216,482	222,976	229,665	236,555	243,652
Operations	25%	441,434	538,750	584,500	602,035	620,096	638,669	657,860	677,596	697,924	718,861	740,427	762,640	785,519
Equipment and Replacement	13%	38,707	45,500	45,500	48,885	48,271	49,719	51,211	52,747	54,329	55,959	57,636	59,367	61,148
Total		8,002,763	8,475,400	8,678,850	8,939,216	9,207,392	9,483,614	9,768,122	10,061,166	10,363,001	10,673,891	10,994,108	11,323,931	11,663,649
AIA International Terminal														
Administration	20%	779,407	897,000	948,400	978,852	1,006,158	1,036,342	1,067,433	1,099,456	1,132,439	1,166,412	1,201,405	1,237,447	1,274,570
Administrative Overhead	20%	186,841	189,000	198,800	202,468	208,573	214,830	221,275	227,913	234,751	241,793	249,047	256,518	264,214
Field Maintenance	0%	0	0	0	0	0	0	0	0	0	0	0	0	0
Building Maintenance	30%	1,719,791	1,783,800	1,781,000	1,813,830	1,866,245	1,924,292	1,982,021	2,041,482	2,102,726	2,165,806	2,230,782	2,297,708	2,366,637
Security	5%	286,316	297,250	315,500	324,965	334,714	344,755	355,098	365,751	376,723	388,025	399,666	411,656	424,006
Custodial	45%	1,559,091	1,565,550	1,633,950	1,682,969	1,733,458	1,785,481	1,839,025	1,894,196	1,951,022	2,009,552	2,069,839	2,131,934	2,195,892
Equipment Maintenance	10%	155,482	166,600	181,300	186,739	192,341	198,111	204,055	210,176	216,482	222,976	229,665	236,555	243,652
Operations	10%	178,573	215,500	233,800	240,814	248,038	255,480	263,144	271,038	279,169	287,545	296,171	305,056	314,208
Equipment and Replacement	7%	20,842	24,500	24,500	25,235	25,992	26,772	27,575	28,402	29,254	30,132	31,036	31,967	32,926
Total		4,884,343	5,159,200	5,295,050	5,453,902	5,617,519	5,786,044	5,959,625	6,138,414	6,322,567	6,512,244	6,707,611	6,908,639	7,116,104
Airfield														
Administration	45%	1,753,666	2,018,250	2,133,900	2,197,917	2,263,855	2,331,770	2,401,723	2,473,775	2,547,988	2,624,428	2,703,161	2,784,255	2,867,783
Administrative Overhead	45%	420,393	425,250	442,350	455,621	469,289	483,368	497,869	512,805	528,189	544,035	560,356	577,168	594,481
Field Maintenance	90%	4,258,942	4,487,400	4,654,800	4,794,444	4,938,277	5,086,426	5,239,018	5,396,189	5,558,075	5,724,617	5,896,561	6,073,458	6,255,662
Building Maintenance	0%	0	0	0	0	0	0	0	0	0	0	0	0	0
Security	80%	4,581,052	4,756,000	5,048,000	5,199,440	5,355,423	5,516,086	5,681,568	5,852,016	6,027,578	6,208,403	6,394,655	6,586,495	6,784,090
Custodial	0%	0	0	0	0	0	0	0	0	0	0	0	0	0
Equipment Maintenance	80%	1,243,854	1,492,800	1,450,400	1,493,912	1,536,729	1,584,891	1,632,438	1,681,411	1,731,853	1,783,809	1,837,323	1,892,443	1,949,216
Operations	50%	882,667	1,077,500	1,169,000	1,204,070	1,240,192	1,277,368	1,315,720	1,355,191	1,395,847	1,437,723	1,480,854	1,525,280	1,571,038
Equipment and Replacement	80%	238,198	280,000	280,000	288,400	297,052	305,964	315,142	324,597	334,335	344,365	354,696	365,336	376,297
Total		13,378,972	14,537,200	15,178,450	15,633,604	16,102,818	16,585,902	17,083,479	17,595,964	18,123,863	18,667,579	19,227,806	19,804,435	20,398,568
Building and Ground Area														
Administration	5%	194,852	224,250	237,100	244,213	251,539	259,086	266,858	274,864	283,110	291,603	300,351	309,362	318,643
Administrative Overhead	5%	46,710	47,250	49,150	50,825	52,143	53,708	55,319	56,978	58,688	60,448	62,262	64,130	66,053
Field Maintenance	10%	473,216	498,600	517,200	532,716	548,697	565,158	582,113	599,577	617,564	636,091	655,173	674,829	695,074
Building Maintenance	10%	573,284	594,800	587,000	604,610	622,748	641,431	660,674	680,494	700,909	721,938	743,594	765,902	788,879
Security	5%	286,316	297,250	315,500	324,965	334,714	344,755	355,098	365,751	376,723	388,025	399,666	411,656	424,006
Custodial	0%	0	0	0	0	0	0	0	0	0	0	0	0	0
Equipment Maintenance	0%	0	0	0	0	0	0	0	0	0	0	0	0	0
Operations	15%	264,860	323,250	350,700	361,221	372,058	383,219	394,716	406,557	418,754	431,317	444,256	457,584	471,311
Equipment and Replacement	0%	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		1,839,217	1,985,200	2,056,650	2,118,350	2,181,900	2,247,357	2,314,778	2,384,221	2,455,748	2,529,420	2,605,303	2,683,462	2,763,966

Totals																
Administration	100%	3,897,036	4,485,000	4,742,000	4,884,260	5,030,788	5,181,711	5,337,163	5,497,278	5,662,198	5,832,062	6,007,024	6,187,234	6,372,851		
Administrative Overhead	100%	934,208	945,000	983,000	1,012,480	1,042,885	1,074,151	1,108,375	1,139,568	1,173,753	1,208,968	1,245,235	1,282,592	1,321,070		
Field Maintenance	100%	4,732,158	4,988,000	5,172,000	5,327,160	5,488,975	5,651,584	5,821,132	5,995,768	6,175,838	6,360,908	6,551,735	6,748,287	6,950,738		
Building Maintenance	100%	5,732,636	5,948,000	6,870,000	6,046,100	6,227,483	6,414,307	6,608,737	6,804,939	7,008,087	7,219,380	7,435,940	7,658,019	7,888,789		
Security	100%	5,728,315	5,945,000	6,310,000	6,499,300	6,694,279	6,895,107	7,101,981	7,315,019	7,534,470	7,760,504	7,993,319	8,233,119	8,480,112		
Custodial	100%	3,484,848	3,479,000	3,631,000	3,739,830	3,852,128	3,967,992	4,086,722	4,209,324	4,335,604	4,465,672	4,599,642	4,737,631	4,879,760		
Equipment Maintenance	100%	1,554,617	1,868,000	1,813,000	1,887,360	1,923,412	1,981,114	2,040,547	2,101,784	2,164,817	2,229,781	2,296,654	2,365,554	2,436,520		
Operations	100%	1,785,734	2,155,000	2,336,000	2,408,140	2,480,384	2,554,796	2,631,440	2,710,383	2,791,694	2,875,445	2,961,708	3,050,580	3,142,076		
Equipment and Replacement	100%	297,748	350,000	350,000	360,500	371,315	382,454	393,928	405,748	417,918	430,456	443,370	456,871	470,371		
Total		28,105,298	30,157,000	31,209,000	32,145,270	33,109,628	34,102,817	35,126,004	36,179,785	37,265,178	38,383,133	39,534,627	40,720,668	41,942,288		

Anchorage International Airport Redevelopment Program

Terminal Rent Calculations (O &

		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
AIA Main Terminal														
Administration	30%	1,989,211	2,026,267	2,069,136	2,151,810	2,216,364	2,262,855	2,351,341	2,421,881	2,494,538	2,569,374	2,646,455	2,725,849	2,807,624
Administrative Overhead	30%	408,211	420,457	433,071	448,063	459,445	473,228	487,425	502,048	517,109	532,622	548,601	565,059	582,011
Field Maintenance	0%	0	0	0	0	0	0	0	0	0	0	0	0	0
Building Maintenance	60%	4,875,272	5,021,530	5,172,178	5,327,341	5,487,161	5,651,778	5,821,329	5,995,999	6,175,848	6,361,124	6,551,957	6,748,516	6,950,972
Security	10%	873,452	899,655	926,645	954,444	983,077	1,012,570	1,042,947	1,074,235	1,106,462	1,139,656	1,173,846	1,209,081	1,245,333
Custodial	55%	2,764,384	2,847,316	2,932,735	3,020,717	3,111,339	3,204,679	3,300,819	3,399,844	3,501,839	3,606,894	3,715,101	3,826,554	3,941,351
Equipment Maintenance	10%	250,962	258,490	266,245	274,233	282,459	290,933	299,661	308,651	317,911	327,448	337,271	347,360	357,611
Operations	25%	809,085	833,357	858,358	884,109	910,632	937,951	966,089	995,072	1,024,924	1,055,672	1,087,342	1,119,982	1,153,661
Equipment and Replacement	13%	62,963	64,872	66,818	68,823	70,888	73,014	75,205	77,461	79,785	82,178	84,643	87,183	89,798
Total		12,013,558	12,373,965	12,745,184	13,127,539	13,521,396	13,927,006	14,344,817	14,775,161	15,218,416	15,674,968	16,145,216	16,629,574	17,128,461
AIA International Terminal														
Administration	20%	1,312,607	1,352,192	1,392,757	1,434,540	1,477,576	1,521,904	1,567,561	1,614,588	1,663,025	1,712,916	1,764,303	1,817,232	1,871,749
Administrative Overhead	20%	272,140	280,305	288,714	297,375	306,296	315,485	324,950	334,698	344,739	355,081	365,734	376,709	388,007
Field Maintenance	0%	0	0	0	0	0	0	0	0	0	0	0	0	0
Building Maintenance	30%	2,437,636	2,510,765	2,588,066	2,663,671	2,743,561	2,825,868	2,910,665	2,997,965	3,087,824	3,180,562	3,275,979	3,374,256	3,475,486
Security	5%	436,726	449,828	463,322	477,222	491,539	506,285	521,473	537,118	553,231	569,826	586,923	604,531	622,667
Custodial	45%	2,261,769	2,329,622	2,399,511	2,471,498	2,545,641	2,622,010	2,700,670	2,781,691	2,865,141	2,951,095	3,039,626	3,130,817	3,224,742
Equipment Maintenance	10%	250,962	258,490	266,245	274,233	282,459	290,933	299,661	308,651	317,911	327,448	337,271	347,360	357,611
Operations	10%	323,634	333,343	343,343	353,643	364,253	375,180	386,436	398,029	409,970	422,269	434,937	447,965	461,425
Equipment and Replacement	7%	33,914	34,931	35,979	37,058	38,170	39,315	40,495	41,710	42,961	44,250	45,577	46,945	48,353
Total		7,329,568	7,549,475	7,775,959	8,009,238	8,249,515	8,497,001	8,751,911	9,014,468	9,284,902	9,563,449	9,850,353	10,145,863	10,450,239
Airfield														
Administration	45%	2,953,817	3,042,431	3,133,704	3,227,715	3,324,547	3,424,263	3,527,012	3,632,822	3,741,807	3,854,061	3,969,683	4,088,773	4,211,436
Administrative Overhead	45%	612,316	630,685	649,608	669,094	689,167	709,842	731,137	753,071	775,663	798,933	822,901	847,588	873,016
Field Maintenance	90%	6,443,332	6,636,632	6,835,731	7,040,803	7,252,027	7,469,588	7,693,675	7,924,485	8,162,220	8,407,087	8,659,299	8,919,076	9,186,650
Building Maintenance	0%	0	0	0	0	0	0	0	0	0	0	0	0	0
Security	80%	6,987,613	7,197,241	7,413,158	7,635,553	7,864,620	8,100,556	8,343,575	8,593,682	8,851,699	9,117,250	9,390,767	9,672,490	9,962,665
Custodial	0%	0	0	0	0	0	0	0	0	0	0	0	0	0
Equipment Maintenance	80%	2,007,693	2,067,924	2,129,961	2,193,860	2,259,676	2,327,466	2,397,290	2,469,209	2,543,265	2,619,564	2,698,171	2,779,116	2,862,490
Operations	50%	1,618,169	1,666,714	1,716,716	1,768,217	1,821,264	1,875,902	1,932,179	1,990,144	2,048,849	2,111,344	2,174,684	2,239,925	2,307,123
Equipment and Replacement	80%	387,585	399,213	411,189	423,525	436,231	449,318	462,797	476,661	490,962	505,711	520,882	536,509	552,604
Total		21,010,525	21,840,840	22,290,066	22,958,768	23,647,531	24,356,956	25,087,665	25,840,295	26,615,604	27,413,999	28,236,366	29,083,480	29,955,964
Building and Ground Area														
Administration	5%	328,202	338,048	348,189	358,635	369,394	380,478	391,890	403,647	415,758	428,229	441,076	454,306	467,937
Administrative Overhead	5%	68,035	70,076	72,178	74,344	76,574	78,871	81,237	83,675	86,185	88,770	91,433	94,176	97,002
Field Maintenance	10%	715,926	737,404	759,526	782,311	805,781	829,954	854,853	880,498	906,913	934,121	962,144	991,009	1,020,739
Building Maintenance	10%	812,545	836,922	862,029	887,860	914,527	941,963	970,222	999,328	1,029,308	1,060,167	1,091,993	1,124,753	1,158,495
Security	5%	436,726	449,828	463,322	477,222	491,539	506,285	521,473	537,118	553,231	569,826	586,923	604,531	622,667
Custodial	0%	0	0	0	0	0	0	0	0	0	0	0	0	0
Equipment Maintenance	0%	0	0	0	0	0	0	0	0	0	0	0	0	0
Operations	15%	485,451	500,014	515,015	530,465	546,379	562,771	579,654	597,043	614,955	633,403	652,405	671,977	692,137
Equipment and Replacement	0%	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		2,848,885	2,932,291	3,020,260	3,110,868	3,204,194	3,300,319	3,399,329	3,501,309	3,606,348	3,714,539	3,825,975	3,940,754	4,058,977

Draft - Confidential

Totals															
Administration	100%	6,564,037	6,760,958	6,963,787	7,172,700	7,387,881	7,609,518	7,837,803	8,072,938	8,315,126	8,564,579	8,821,517	9,086,162	9,358,747	
Administrative Overhead	100%	1,360,702	1,401,523	1,443,569	1,486,676	1,531,482	1,577,426	1,624,749	1,673,492	1,723,696	1,775,407	1,828,670	1,883,530	1,940,036	
Field Maintenance	100%	7,159,256	7,374,035	7,595,256	7,823,114	8,057,807	8,299,542	8,548,526	8,804,984	9,069,133	9,341,207	9,621,444	9,910,087	10,207,369	
Building Maintenance	100%	6,125,453	6,369,216	6,620,293	6,878,902	7,145,269	7,419,627	7,702,216	7,993,282	8,293,061	8,601,873	8,919,829	9,247,527	9,584,953	
Security	100%	6,734,516	6,998,551	7,268,448	7,544,441	7,830,774	8,125,098	8,429,499	8,742,353	9,064,623	9,396,562	9,738,459	10,090,813	10,453,331	
Custodial	100%	5,026,153	5,176,938	5,332,246	5,492,213	5,656,980	5,826,669	6,001,490	6,181,534	6,366,960	6,557,990	6,754,730	6,957,371	7,166,093	
Equipment Maintenance	100%	2,509,616	2,584,904	2,662,452	2,742,325	2,824,595	2,909,333	2,996,613	3,086,511	3,179,106	3,274,480	3,372,714	3,473,895	3,578,112	
Operations	100%	3,236,339	3,333,429	3,433,432	3,536,435	3,642,528	3,751,604	3,864,356	3,980,268	4,099,697	4,222,668	4,349,369	4,479,850	4,614,245	
Equipment and Replacement	100%	484,482	499,016	513,987	529,406	545,289	561,647	578,497	595,852	613,727	632,139	651,103	670,636	690,755	
Total		43,200,555	44,496,572	45,831,469	47,206,413	48,622,605	50,081,263	51,563,722	53,131,233	54,725,170	56,366,926	58,067,933	59,799,671	61,563,661	

**Anchorage International Airport
Redevelopment Program**

Terminal Rent Calculations (O &

		2022	2023	2024	2025	2026	2027	2028
AIA Main Terminal								
Administration	30%	2,881,853	2,978,608	3,067,987	3,160,008	3,254,808	3,352,450	3,453,024
Administrative Overhead	30%	599,471	617,455	635,979	655,058	674,710	694,951	715,800
Field Maintenance	0%	0	0	0	0	0	0	0
Building Maintenance	60%	7,159,501	7,374,288	7,595,514	7,823,380	8,058,061	8,299,824	8,548,818
Security	10%	1,282,693	1,321,174	1,360,809	1,401,633	1,443,682	1,486,993	1,531,603
Custodial	55%	4,059,591	4,181,379	4,308,821	4,438,025	4,569,106	4,706,179	4,847,365
Equipment Maintenance	10%	368,548	378,602	390,990	402,720	414,801	427,245	440,063
Operations	25%	1,188,168	1,223,813	1,260,528	1,298,343	1,337,294	1,377,413	1,418,735
Equipment and Replacement	13%	92,492	95,267	98,125	101,089	104,101	107,224	110,440
Total		17,642,315	18,171,585	18,716,732	19,278,234	19,856,581	20,452,279	21,065,847
AIA International Terminal								
Administration	20%	1,927,902	1,985,739	2,045,311	2,108,670	2,169,871	2,234,987	2,302,018
Administrative Overhead	20%	399,647	411,637	423,986	436,705	449,807	463,301	477,200
Field Maintenance	0%	0	0	0	0	0	0	0
Building Maintenance	30%	3,579,750	3,687,143	3,797,757	3,911,690	4,029,041	4,149,912	4,274,409
Security	5%	641,347	660,587	680,405	700,817	721,841	743,496	765,801
Custodial	45%	3,321,484	3,421,128	3,523,762	3,629,475	3,738,359	3,850,510	3,966,026
Equipment Maintenance	10%	368,548	378,602	390,990	402,720	414,801	427,245	440,063
Operations	10%	475,267	488,525	504,211	519,337	534,917	550,985	567,494
Equipment and Replacement	7%	49,803	51,298	52,836	54,422	56,054	57,736	59,468
Total		10,763,748	11,068,659	11,419,259	11,761,838	12,114,691	12,478,132	12,852,476
Airfield								
Administration	45%	4,337,779	4,487,913	4,601,950	4,740,009	4,882,209	5,028,675	5,179,535
Administrative Overhead	45%	899,208	926,183	953,968	982,587	1,012,000	1,042,427	1,073,700
Field Maintenance	90%	9,462,250	9,746,118	10,038,501	10,339,658	10,649,846	10,969,341	11,298,421
Building Maintenance	0%	0	0	0	0	0	0	0
Security	80%	10,281,545	10,569,391	10,886,473	11,213,067	11,549,459	11,895,943	12,252,821
Custodial	0%	0	0	0	0	0	0	0
Equipment Maintenance	80%	2,948,365	3,036,616	3,127,920	3,221,758	3,318,410	3,417,983	3,520,501
Operations	50%	2,378,336	2,447,820	2,521,055	2,598,687	2,674,587	2,754,825	2,837,470
Equipment and Replacement	80%	569,182	586,258	603,846	621,961	640,620	659,836	679,633
Total		30,854,664	31,780,304	32,733,713	33,715,724	34,727,196	35,769,012	36,842,082
Building and Ground Area								
Administration	5%	481,975	498,435	511,328	528,668	542,488	558,742	575,504
Administrative Overhead	5%	99,912	102,909	105,999	109,178	112,452	115,825	119,300
Field Maintenance	10%	1,051,381	1,082,902	1,115,389	1,148,851	1,183,316	1,218,816	1,255,380
Building Maintenance	10%	1,193,250	1,229,048	1,265,919	1,303,897	1,343,014	1,383,304	1,424,803
Security	5%	641,347	660,587	680,405	700,817	721,841	743,496	765,801
Custodial	0%	0	0	0	0	0	0	0
Equipment Maintenance	0%	0	0	0	0	0	0	0
Operations	15%	712,901	734,288	756,317	779,006	802,378	826,448	851,241
Equipment and Replacement	0%	0	0	0	0	0	0	0
Total		4,180,748	4,308,168	4,435,353	4,568,414	4,705,466	4,846,830	4,992,029

Totals									
Administration	100%	9,639,510	9,928,695	10,228,556	10,533,352	10,849,353	11,174,634	11,510,079	
Administrative Overhead	100%	1,998,237	2,058,184	2,119,929	2,183,527	2,249,033	2,316,504	2,385,999	
Field Maintenance	100%	10,513,611	10,829,019	11,153,890	11,488,507	11,833,162	12,188,157	12,553,802	
Building Maintenance	100%	11,632,601	12,290,478	12,659,191	13,038,966	13,430,135	13,833,040	14,248,031	
Security	100%	12,826,931	13,211,739	13,608,091	14,018,334	14,438,824	14,869,928	15,318,026	
Custodial	100%	7,381,075	7,602,508	7,830,583	8,065,500	8,307,465	8,558,689	8,813,390	
Equipment Maintenance	100%	3,685,456	3,798,019	3,909,900	4,027,197	4,148,013	4,272,453	4,400,627	
Operations	100%	4,752,673	4,895,253	5,042,110	5,193,374	5,349,175	5,508,650	5,674,940	
Equipment and Replacement	100%	711,478	732,822	754,807	777,451	800,775	824,798	849,542	
Total		63,441,471	65,344,715	67,305,057	69,324,209	71,403,935	73,546,053	75,752,434	

**Anchorage International Airport
Redevelopment Program**

FIA Fund Transfer

	Low	Most Likely	High	Low %	High %	Mean	Standard Deviation	Current Selection
FIA Operating Subsidy								
1995		4,000,000						4,000,000
1996		3,500,000						3,500,000
1997	0.00%	0.00%	0.00%	5	95	0.00%	0.00%	0.00%
1998	0.00%	0.00%	0.00%	5	95	0.00%	0.00%	0.00%
1999	0.00%	0.00%	0.00%	5	95	0.00%	0.00%	0.00%
2000	0.00%	0.00%	0.00%	5	95	0.00%	0.00%	0.00%
2001	0.00%	0.00%	0.00%	5	95	0.00%	0.00%	0.00%
2002 +	0.00%	0.00%	0.00%	5	95	0.00%	0.00%	0.00%

**Anchorage International Airport
Redevelopment Program**

Draft - Confidential

**FY 99
Transaction Summary**

Sources of Funds

AIP Grants-in-Aid	0
PFCs	0
IARF	0
Airport Capital Allocation	6,400,000
Bond Principal	173,555,000
Plus Premium / Less OID	0
Accrued Interest	0
Total Sources of Funds	179,955,000

Uses of Funds

Building Costs:	
Terminal Construction Fund	174,793,680
Financing Costs:	
Net Capitalized Interest Fund	0
Debt Service Reserve Fund	0
DSRF Surety Premium	483,772
Bond Insurance Premium	2,072,967
Costs of Issuance	2,603,325
Accrued Interest	0
Rounding	1,257
Total Uses of Funds	179,955,000

Key Assumptions

Dated Date	10/1/98
Delivery Date	10/1/98
First Interest Date	4/1/99
First Principal Payment Date	10/1/99
Last Principal Payment Date	10/1/23
First Capitalized Interest	10/1/98
Last Capitalized Interest	10/1/98

Bullet Principal 0

Bond Insurance Premium Rate	0.60%
DSRF Surety Premium Rate	3.50%

True Interest Cost / Average Life

Arbitrage TIC	6.31418%
All-in TIC	6.47717%
Average Life of Bonds (yrs.)	15.93

Gross Spread

Management Fee	1.00
Underwriting Fee	0.00
Average Takedown	7.50
Expenses	1.50
Total Gross Spread	10.00

Anchorage International Airport
Redevelopment Program

Draft - Confidential

FY 99
Bond Amortization

Date	Coupon	Yield	Amortized Principal	Interest	Capitalized Interest	Net Debt Service	Net Annual Debt Service	Net Annual Fiscal Year Debt Service
10/1/98								
4/1/99				5,255,508	-	5,255,508		5,255,508
10/1/99	4.95%	4.95%	3,310,000	5,255,508	-	8,565,508	13,821,015	
4/1/00				5,173,585	-	5,173,585		13,739,093
10/1/00	5.05%	5.05%	3,470,000	5,173,585	-	8,643,585	13,817,170	
4/1/01				5,085,968	-	5,085,968		13,729,553
10/1/01	5.15%	5.15%	3,650,000	5,085,968	-	8,735,968	13,821,935	
4/1/02				4,991,980	-	4,991,980		13,727,948
10/1/02	5.25%	5.25%	3,835,000	4,991,980	-	8,826,980	13,818,980	
4/1/03				4,891,311	-	4,891,311		13,718,291
10/1/03	5.30%	5.30%	4,035,000	4,891,311	-	8,926,311	13,817,623	
4/1/04				4,784,384	-	4,784,384		13,710,695
10/1/04	5.40%	5.40%	4,250,000	4,784,384	-	9,034,384	13,818,768	
4/1/05				4,689,634	-	4,689,634		13,704,018
10/1/05	5.45%	5.45%	4,480,000	4,689,634	-	9,149,634	13,819,268	
4/1/06				4,547,554	-	4,547,554		13,697,188
10/1/06	5.55%	5.55%	4,725,000	4,547,554	-	9,272,554	13,820,108	
4/1/07				4,416,435	-	4,416,435		13,688,969
10/1/07	5.60%	5.60%	4,985,000	4,416,435	-	9,401,435	13,817,870	
4/1/08				4,276,855	-	4,276,855		13,678,290
10/1/08	5.70%	5.70%	5,285,000	4,276,855	-	9,541,855	13,818,710	
4/1/09				4,128,803	-	4,128,803		13,668,658
10/1/09	6.10%	6.10%	5,585,000	4,128,803	-	9,691,803	13,818,605	
4/1/10				3,957,070	-	3,957,070		13,648,873
10/1/10	6.10%	6.10%	5,905,000	3,957,070	-	9,862,070	13,819,140	
4/1/11				3,776,968	-	3,776,968		13,639,038
10/1/11	6.10%	6.10%	6,285,000	3,776,968	-	10,041,968	13,818,935	
4/1/12				3,585,885	-	3,585,885		13,627,853
10/1/12	6.10%	6.10%	6,650,000	3,585,885	-	10,235,885	13,821,770	
4/1/13				3,383,080	-	3,383,080		13,618,945
10/1/13	6.10%	6.10%	7,055,000	3,383,080	-	10,438,080	13,821,120	
4/1/14				3,167,883	-	3,167,883		13,605,943
10/1/14	6.30%	6.30%	7,485,000	3,167,883	-	10,652,883	13,820,765	
4/1/15				2,932,105	-	2,932,105		13,584,988
10/1/15	6.30%	6.30%	7,955,000	2,932,105	-	10,887,105	13,819,210	
4/1/16				2,681,523	-	2,681,523		13,568,628
10/1/16	6.30%	6.30%	8,455,000	2,681,523	-	11,136,523	13,818,045	
4/1/17				2,415,190	-	2,415,190		13,551,713
10/1/17	6.30%	6.30%	8,990,000	2,415,190	-	11,405,190	13,820,380	
4/1/18				2,132,005	-	2,132,005		13,537,195
10/1/18	6.30%	6.30%	9,555,000	2,132,005	-	11,687,005	13,819,010	
4/1/19				1,831,023	-	1,831,023		13,518,028
10/1/19	6.35%	6.35%	10,160,000	1,831,023	-	11,991,023	13,822,045	
4/1/20				1,508,443	-	1,508,443		13,499,465
10/1/20	6.35%	6.35%	10,805,000	1,508,443	-	12,313,443	13,821,885	
4/1/21				1,165,384	-	1,165,384		13,478,826
10/1/21	6.35%	6.35%	11,490,000	1,165,384	-	12,655,384	13,820,768	
4/1/22				800,576	-	800,576		13,455,960
10/1/22	6.35%	6.35%	12,220,000	800,576	-	13,020,576	13,821,153	
4/1/23				412,591	-	412,591		13,433,168
10/1/23	6.35%	6.35%	12,995,000	412,591	-	13,407,591	13,820,183	
4/1/24								13,407,591
10/1/24								
4/1/25								
10/1/25								
4/1/26								
10/1/26								
4/1/27								
10/1/27								
4/1/28								
10/1/28								
4/1/29								
10/1/29								
			173,555,000	171,939,438	0	345,494,438	345,494,438	345,494,438

Anchorage International Airport
Redevelopment Program

Draft - Confidential

FY 99
Construction Fund

Date	Beginning Balance	Deposit From Bond Proceeds	Transfer From Revenues	AIA Contribution	Construction Draw	Interest Earnings @ 6.00%	Ending Balance
10/1/98	(0)	(174,793,680)			2,522,222	(861,357)	(173,132,815)
11/1/98	(173,132,815)				2,522,222	(853,053)	(171,463,645)
12/1/98	(171,463,645)				2,522,222	(844,707)	(169,786,130)
1/1/99	(169,786,130)				2,522,222	(836,320)	(168,100,228)
2/1/99	(168,100,228)				2,522,222	(827,890)	(166,405,895)
3/1/99	(166,405,895)				2,522,222	(819,418)	(164,703,082)
4/1/99	(164,703,082)				2,522,222	(810,904)	(162,991,774)
5/1/99	(162,991,774)				2,522,222	(802,348)	(161,271,890)
6/1/99	(161,271,890)				2,522,222	(793,748)	(159,543,425)
7/1/99	(159,543,425)				2,900,000	(783,217)	(157,426,842)
8/1/99	(157,426,842)				2,900,000	(772,633)	(155,299,276)
9/1/99	(155,299,276)				2,900,000	(761,998)	(153,161,272)
10/1/99	(153,161,272)				2,900,000	(751,308)	(151,012,578)
11/1/99	(151,012,578)				2,900,000	(740,563)	(148,853,141)
12/1/99	(148,853,141)				2,900,000	(729,766)	(146,682,907)
1/1/00	(146,682,907)				2,900,000	(718,915)	(144,501,822)
2/1/00	(144,501,822)				2,900,000	(708,008)	(142,309,831)
3/1/00	(142,309,831)				2,900,000	(697,048)	(140,108,880)
4/1/00	(140,108,880)				2,900,000	(686,034)	(137,892,914)
5/1/00	(137,892,914)				2,900,000	(674,965)	(135,667,879)
6/1/00	(135,667,879)				2,900,000	(663,839)	(133,431,718)
7/1/00	(133,431,718)				3,786,867	(648,325)	(130,313,377)
8/1/00	(130,313,377)				3,786,867	(632,734)	(127,179,444)
9/1/00	(127,179,444)				3,786,867	(617,064)	(124,029,841)
10/1/00	(124,029,841)				3,786,867	(601,316)	(120,864,490)
11/1/00	(120,864,490)				3,786,867	(585,489)	(117,683,313)
12/1/00	(117,683,313)				3,786,867	(569,583)	(114,488,229)
1/1/01	(114,488,229)				3,786,867	(553,598)	(111,273,180)
2/1/01	(111,273,180)				3,786,867	(537,532)	(108,044,026)
3/1/01	(108,044,026)				3,786,867	(521,387)	(104,798,746)
4/1/01	(104,798,746)				3,786,867	(505,160)	(101,537,240)
5/1/01	(101,537,240)				3,786,867	(488,853)	(98,259,426)
6/1/01	(98,259,426)				3,786,867	(472,464)	(94,965,223)
7/1/01	(94,965,223)				4,050,000	(454,576)	(91,369,799)
8/1/01	(91,369,799)				4,050,000	(436,599)	(87,756,398)
9/1/01	(87,756,398)				4,050,000	(418,532)	(84,124,930)
10/1/01	(84,124,930)				4,050,000	(400,375)	(80,475,305)
11/1/01	(80,475,305)				4,050,000	(382,127)	(76,807,432)
12/1/01	(76,807,432)				4,050,000	(363,787)	(73,121,219)
1/1/02	(73,121,219)				4,050,000	(345,356)	(69,418,575)
2/1/02	(69,418,575)				4,050,000	(326,833)	(65,693,406)
3/1/02	(65,693,406)				4,050,000	(308,217)	(61,951,825)
4/1/02	(61,951,825)				4,050,000	(289,506)	(58,191,133)
5/1/02	(58,191,133)				4,050,000	(270,708)	(54,411,838)
6/1/02	(54,411,838)				4,050,000	(251,809)	(50,613,646)
7/1/02	(50,613,646)				3,091,867	(237,610)	(47,759,591)
8/1/02	(47,759,591)				3,091,867	(223,340)	(44,891,264)
9/1/02	(44,891,264)				3,091,867	(208,998)	(42,006,595)
10/1/02	(42,006,595)				3,091,867	(194,585)	(39,111,513)
11/1/02	(39,111,513)				3,091,867	(180,099)	(36,199,946)
12/1/02	(36,199,946)				3,091,867	(165,541)	(33,273,820)
1/1/03	(33,273,820)				3,091,867	(150,911)	(30,333,065)
2/1/03	(30,333,065)				3,091,867	(136,207)	(27,377,805)
3/1/03	(27,377,805)				3,091,867	(121,430)	(24,407,368)
4/1/03	(24,407,368)				3,091,867	(106,579)	(21,422,280)
5/1/03	(21,422,280)				3,091,867	(91,653)	(18,422,266)
6/1/03	(18,422,266)				3,091,867	(76,653)	(15,407,252)
7/1/03	(15,407,252)				2,800,000	(64,036)	(12,871,289)
8/1/03	(12,871,289)				2,800,000	(51,356)	(10,322,645)
9/1/03	(10,322,645)				2,800,000	(38,613)	(7,761,258)
10/1/03	(7,761,258)				2,800,000	(25,806)	(5,187,065)
11/1/03	(5,187,065)				2,800,000	(12,935)	(2,600,000)
12/1/03	(2,600,000)				2,800,000	-	-
		(174,793,680)	0	0	204,000,000	(29,208,320)	

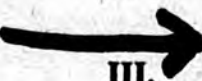
Anchorage International Airport
Redevelopment Program

FY 99
Capitalized Interest Fund

Date	Beginning Balance	Deposit From Bond Proceeds	Interest Earnings @ 4.50%	DSRF Earnings	Capitalized Interest Payments	Ending Balance
10/1/98	.	.	.	.	.	.
4/1/99	.	.	.	.	.	.
10/1/99	.	.	.	.	.	.
4/1/00	.	.	.	.	.	.
10/1/00	.	.	.	.	.	.
4/1/01	.	.	.	.	.	.
10/1/01	.	.	.	.	.	.
4/1/02	.	.	.	.	.	.
10/1/02	.	.	.	.	.	.
4/1/03	.	.	.	.	.	.
10/1/03	.	.	.	.	.	.
4/1/04	.	.	.	.	.	.
10/1/04	.	.	.	.	.	.
4/1/05	.	.	.	.	.	.
10/1/05	.	.	.	.	.	.
4/1/06	.	.	.	.	.	.
10/1/06	.	.	.	.	.	.
4/1/07	.	.	.	.	.	.
10/1/07	.	.	.	.	.	.
4/1/08	.	.	.	.	.	.
10/1/08	.	.	.	.	.	.
4/1/09	.	.	.	.	.	.
10/1/09	.	.	.	.	.	.
4/1/10	.	.	.	.	.	.
10/1/10	.	.	.	.	.	.
4/1/11	.	.	.	.	.	.
10/1/11	.	.	.	.	.	.
4/1/12	.	.	.	.	.	.
10/1/12	.	.	.	.	.	.
4/1/13	.	.	.	.	.	.
10/1/13	.	.	.	.	.	.
4/1/14	.	.	.	.	.	.
10/1/14	.	.	.	.	.	.
4/1/15	.	.	.	.	.	.
10/1/15	.	.	.	.	.	.
4/1/16	.	.	.	.	.	.
10/1/16	.	.	.	.	.	.
4/1/17	.	.	.	.	.	.
10/1/17	.	.	.	.	.	.
4/1/18	.	.	.	.	.	.
10/1/18	.	.	.	.	.	.
4/1/19	.	.	.	.	.	.
10/1/19	.	.	.	.	.	.
4/1/20	.	.	.	.	.	.
10/1/20	.	.	.	.	.	.
4/1/21	.	.	.	.	.	.
10/1/21	.	.	.	.	.	.
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- A. 1983 – HB 321 – Anchorage International Airport
 - B. Letter to Senator Stevens - PFC*
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* Included in all ITT committee member packets

** A portion of letters included in all ITT committee member packets



Anchorage International Airport

Letter of Intent Application

The Anchorage International Airport is a public facility owned and operated by the State of Alaska. The Airport is located in Anchorage, Alaska, and is the largest airport in the state. The Airport is a major hub for air travel in Alaska and the Pacific Northwest. The Airport is a vital link to the rest of the world and is a source of pride for the State of Alaska.





**Anchorage
International
Airport**

State of Alaska DOT & PF
P.O. Box 196960
Anchorage, Alaska
USA 99519-6960
(907) 266-2525
FAX (907) 243-0663

March 2, 1998

Mr. Ronnie V. Simpson
Airports Division Manager, Alaska Region
Federal Aviation Administration
222 West 7th Avenue, Box 14
Anchorage, Alaska 99513

Re: Anchorage International Airport Letter of Intent Application

Dear Mr. Simpson:

We are pleased to transmit the enclosed LOI Application for Anchorage International Airport. We are seeking LOI funding for the following projects:

- Cargo/Terminal Apron
- Remain Overnight Parking Positions/Cargo Apron Reconstruction
- Cargo Fueling Apron Expansion
- Runway 6L/24R Reconstruction
- Domestic Terminal Redevelopment Project (to be funded with entitlements only)

The present value of the benefit of the ramp projects and runway construction (\$70.2 million) exceeds the present value of their cost (\$48.4 million), as demonstrated in the accompanying Benefit-Cost Analyses. The positive net present value of \$21.8 million demonstrates that issuance of the requested LOI will comply with federal investment guidelines.

The positive net present values of the individual projects (\$6.2 million for the ramp projects and \$15.6 million for the runway reconstruction) indicate that they have significant individual merit and should be accepted in their own right. Their combined positive net present value indicate the magnitude of the economic value added by their acceptance.

For the LOI Projects to proceed, the Airport respectfully requests that the FAA issue a LOI to provide federal funding in the amount of \$48.05 million in discretionary funds, as such funds become available, to reimburse the Airport for allowable costs of the LOI Projects. Additionally, the Airport will commit 75.0 percent of its passenger entitlements to those eligible portions of the Terminal Redevelopment Project (TRP). The requested schedule for receipt of LOI Funds is as follows:



YEAR	ENTITLEMENT	DISCRETIONARY	LOI TOTAL
1999	\$1,950,000	\$4,675,000	\$6,625,000
2000	1,950,000	4,675,000	6,625,000
2001	1,950,000	3,950,000	5,900,000
2002	1,950,000	4,155,000	6,105,000
2003	1,950,000	4,370,000	6,320,000
2004	1,950,000	4,600,000	6,550,000
2005	1,950,000	4,845,000	6,795,000
2006	1,950,000	5,105,000	7,055,000
2007	1,950,000	5,380,000	7,330,000
2008	1,950,000	6,295,000	8,245,000
TOTAL	\$19,500,000	\$48,050,000	\$67,550,000

The requested amount of discretionary funding represents approximately 19.4 percent of the total estimated cost for both the LOI Projects and the TRP and approximately 9.1 percent of the Airport Development Program for the next 10 years. The remainder of the investments necessary to balance capacity requirements will be funded from Airport cash flow, from Federal Highway Administration funds, Airport revenue bonds and user fees. As the attached analysis indicates, a substantial share of the total benefits will accrue to both airline passengers and the airlines that service the Airport. These economically justifiable projects will strengthen ANC's position in the global cargo market.

If, after reviewing our application, you need any supplemental information or clarification, please contact us immediately.

We are looking forward to working successfully with you on these projects, all of which will have important, positive impacts locally, nationally and globally.

Sincerely,

Morton V. Plumb, Jr.
Director

Enclosure

APPLICATION FOR FEDERAL ASSISTANCE

OMB Approval No. 0348-0043

1. TYPE OF SUBMISSION: Application ☒ Construction ☐ Non-Construction Preapplication ☐ Construction ☐ Non-Construction		2. DATE SUBMITTED 3/2/98		Applicant Identifier 52415	
		3. DATE RECEIVED BY STATE		State Application Identifier	
		4. DATE RECEIVED BY FEDERAL AGENCY		Federal Identifier	
5. APPLICANT INFORMATION					
Legal Name State of Alaska			Organizational Unit: Dept. of Transportation & Public Facilities		
Address (give city, county, state, and zip code): P.O. Box 196960 Anchorage, Alaska 99519-6960			Name and telephone number of the person to be contacted on matters involving this application (give area code): Richard Wilson (Development Manager) (907) 266-2694		
6. EMPLOYER IDENTIFICATION NUMBER (EIN): N/A			7. TYPE OF APPLICANT: (enter appropriate letter in box) ☒ A		
8. TYPE OF APPLICATION: ☒ New ☐ Continuation ☐ Revision If Revision, enter appropriate letter(s) in box(es): ☐ A ☐ B ☐ C A. Increase Award B. Decrease Award C. Increase Duration D. Decrease Duration Other (specify):			H. Independent School Dist. I. State Controlled Institution of Higher Learning J. Private University K. Indian Tribe L. Individual M. Profit Organization N. Other (Specify):		
			9. NAME OF FEDERAL AGENCY: Department of Transportation, Federal Aviation Administration		
10. CATALOG OF FEDERAL DOMESTIC ASSISTANCE NUMBER: 2 0 1 0 6			11. DESCRIPTIVE TITLE OF APPLICANT'S PROJECT: Anchorage International Airport Letter of Intent Projects		
12. AREAS AFFECTED BY PROJECT (cities, counties, states, etc.): Anchorage Metropolitan Area					
13. PROPOSED PROJECT:		14. CONGRESSIONAL DISTRICTS OF:			
Start Date 7/98	Ending Date 5/04	a. Applicant 01		b. Project 01	
15. ESTIMATED FUNDING:		16. IS APPLICATION SUBJECT TO REVIEW BY STATE EXECUTIVE ORDER 12372 PROCESS?			
a. Federal \$ 67,550,000 .00		a. YES THIS PREAPPLICATION/APPLICATION WAS MADE AVAILABLE TO THE STATE EXECUTIVE ORDER 12372 PROCESS FOR REVIEW ON: DATE			
b. Applicant \$ 154,138,000 .00		b. NO. ☒ PROGRAM IS NOT COVERED BY E.O. 12372			
c. State \$.00		☐ OR PROGRAM HAS NOT BEEN SELECTED BY STATE FOR REVIEW			
d. Local \$.00					
e. Other FHWA \$ 26,300,000 .00					
f. Program Income \$.00		17. IS THE APPLICANT DELINQUENT ON ANY FEDERAL DEBT?			
g. TOTAL \$ 247,988,000 .00		☐ Yes ☒ No If "Yes," attach an explanation.			
18. TO THE BEST OF MY KNOWLEDGE AND BELIEF, ALL DATA IN THIS APPLICATION/PREAPPLICATION ARE TRUE AND CORRECT. THE DOCUMENT HAS BEEN DULY AUTHORIZED BY THE GOVERNING BODY OF THE APPLICANT AND THE APPLICANT WILL COMPLY WITH THE ATTACHED ASSURANCES IF THE ASSISTANCE IS AWARDED					
a. Typed Name of Authorized Representative Morton V. Plumb Jr.		b. Title Director		c. Telephone number 907/ 266-2525	
d. Signature of Authorized Representative				e. Date Signed 3/2/98	

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Standard Form 424 (REV 4-88)
 Prescribed by OMB Circular A-103

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Airline Vote

Airlines Contributing 89% of Domestic Passenger Airline Revenue Voted YES

Airlines Representing 84% of Departing Domestic Passengers Voted YES

<u>Domestic Passenger Airlines</u>	<u>Vote</u>	<u>Domestic Airline Revenue</u>	<u>% of Total</u>	<u>Departing Passengers</u>	<u>% of Total</u>	<u>Samples of Increase per Departing Passenger*</u>
Alaska Airlines	Yes	\$3,687,952	45%	947,421	53%	\$0.96
Northwest Airlines	Yes	\$1,657,866	20%	129,380	7%	\$1.02
Delta Airlines	Yes	\$965,639	12%	215,627	12%	
United Airlines	Yes	\$851,133	10%	151,479	8%	
Reno Air	Yes	\$162,049	2%	61,616	3%	
America West	Yes	\$8,519	0%	3,479	0%	
Era Aviation	No	\$418,539	5%	201,012	11%	\$0.58
Reeve Aleutian	No	\$358,033	4%	39,593	2%	
Peninsula Airways	No	\$139,477	2%	42,697	2%	
		\$8,249,207	100%	1,792,304	100%	

**Based on flatline projection of FY 97 activity and rates*

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I. EXECUTIVE SUMMARY

Anchorage International Airport ("ANC" or the "Airport") is applying for a Letter of Intent ("LOI") to fund capital improvements that, when completed, will increase the efficiency of air transportation system regionally, nationally and globally. In consideration of the Airport's vital importance to the national airport system, its vast financial commitment to the proposed expansion plan and the financial benefits to be derived from these projects, ANC respectfully requests a commitment from the Federal Aviation Administration ("FAA") in the form of an LOI. By approving the Airport's LOI Application, the FAA will support the implementation of the U.S. Department of Transportation's ("USDOT") International Air Transport Policy, which is designed to aid the nation's participation in the globalization of the air cargo industry.

Alaska possesses a unique geographical advantage in that it is essentially equidistant from the world's major population centers in North America, Europe and Asia and the principal cargo origin and destination points in the Northern Hemisphere (see **Exhibit I-1**). Alaska also lies on a direct route between the key business centers of Latin America and principal Asian markets. The air cargo activity growth among these economies has been vigorous over the last several years, and the Airport is ideally positioned to continue as a global cargo hub and transfer point for this traffic.

As a medium hub domestic passenger airport, ANC has completed a detailed Passenger Terminal Needs Assessment which documents substantial deficiencies in service levels, including jet and regional gates and apron. The FAA's Terminal Area Forecast (TAF) projects annual growth in air carrier enplanements of 3.6% for the 20-year period through 2017. A Terminal Redevelopment Project (TRP) of \$231.6 million has been identified to address passenger terminal needs.

Because of its location, the Airport is well positioned to reap significant economic benefits for the U.S. national airport system. Although ANC is currently the top-ranked U.S. cargo airport, its role in the regional, national and global airport system is dependent upon its maintaining appropriate facilities to efficiently accommodate growing demand. If the Airport is unable to serve as the transit or transfer point for the international cargo market because of a lack of adequate facilities, another airport (most likely outside of the United States) would eventually accommodate the traffic. For the Airport to maintain its percentage of the U.S. and international cargo and passenger markets, the LOI Projects must be completed in a timely manner.

Accordingly, this document demonstrates that a federal investment of \$67.6 million in entitlement and discretionary funds through the FAA's LOI Program, when leveraged with significant state and federal highway funding contributions will result in substantial returns on the investments for the U.S. economy. At the present time, Passenger Facility Charges ("PFCs") are not collected at the Airport. Airport management has vigorously pursued a course of action that identifies all funding alternatives with potential emphasis on PFCs. Currently, Airport management is working with the FAA, state officials and the airlines to resolve this important issue.

ANC proposes that the LOI be structured in two stages to help fund its expansion over the next 10 years. The Phase I LOI Projects are depicted in **Exhibit I-2** and include the following:

- Terminal Apron Replacement
- Remain Overnight ("RON")/Cargo Apron Reconstruction
- Cargo Fueling Apron Expansion
- Runway 6L/24R Reconstruction
- Terminal Redevelopment Project (portions of terminal to be funded with entitlements only)

The present value of the benefit of the LOI Projects (\$70.2 million) exceeds the present value of their cost (\$48.4 million), as demonstrated in the accompanying Benefit-Cost Analyses ("BCA"), as required by the FAA in its Airport Benefit-Cost Analysis Guidance document dated June 2, 1997 ("BCA Guidance"). The positive net present value of \$21.8 million demonstrates that issuance of the requested LOI will comply with federal investment guidelines.

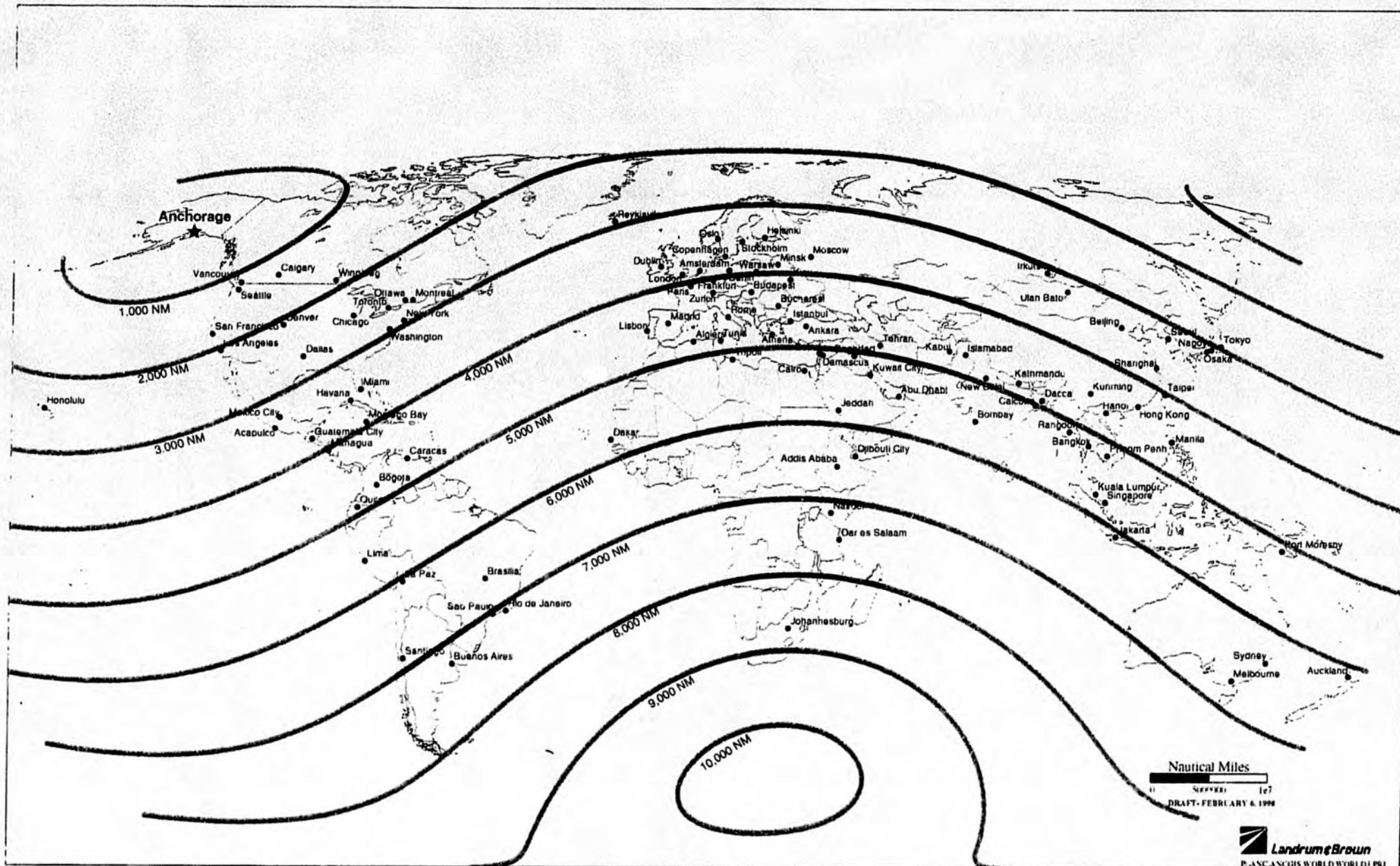
The positive net present values of the individual projects (\$6.2 million for the ramp projects and \$15.6 million for the runway reconstruction) indicate that they have significant individual merit and should be accepted in their own right. Their combined positive net present value indicates the magnitude of the economic value added by their acceptance.

In addition to providing substantial local and system benefits, the LOI projects are compatible with the Airport's Master Plan, and as such, will help the Airport achieve its transportation mission within the State and U.S. airport system. Further, these projects will complement other components of the Airport's future capital program, thereby maximizing the benefit of current and future investments.

For the LOI Projects to proceed, the Airport respectfully requests that the FAA issue a LOI to provide federal funding in the amount of \$48.05 million in discretionary funds, as such funds become available, to reimburse the Airport for allowable costs of the LOI Projects. Additionally, the Airport will commit 75.0 percent of its passenger entitlements to those eligible portions of the TRP. The requested schedule for receipt of LOI Funds is as follows:

YEAR	ENTITLEMENT	DISCRETIONARY	LOI TOTAL
1999	\$1,950,000	\$4,675,000	\$6,625,000
2000	1,950,000	4,675,000	6,625,000
2001	1,950,000	3,950,000	5,900,000
2002	1,950,000	4,155,000	6,105,000
2003	1,950,000	4,370,000	6,320,000
2004	1,950,000	4,600,000	6,550,000
2005	1,950,000	4,845,000	6,795,000
2006	1,950,000	5,105,000	7,055,000
2007	1,950,000	5,380,000	7,330,000
2008	1,950,000	6,295,000	8,245,000
TOTAL	\$19,500,000	\$48,050,000	\$67,550,000

The requested amount of discretionary funding represents approximately 19.4 percent of the total estimated cost for both the LOI Projects and the TRP and approximately 9.1 percent of the Airport Development Program ("ADP") for the next 10 years. The remainder of the investments necessary to balance Airport requirements will be funded from Airport cash flow, Federal Highway Administration ("FHWA") funds, Airport revenue bonds and user fees. As the attached analysis indicates, a substantial share of the total benefits will accrue to both airline passengers and the airlines that service the Airport. These economically justifiable projects will strengthen ANC's position in the global cargo market.

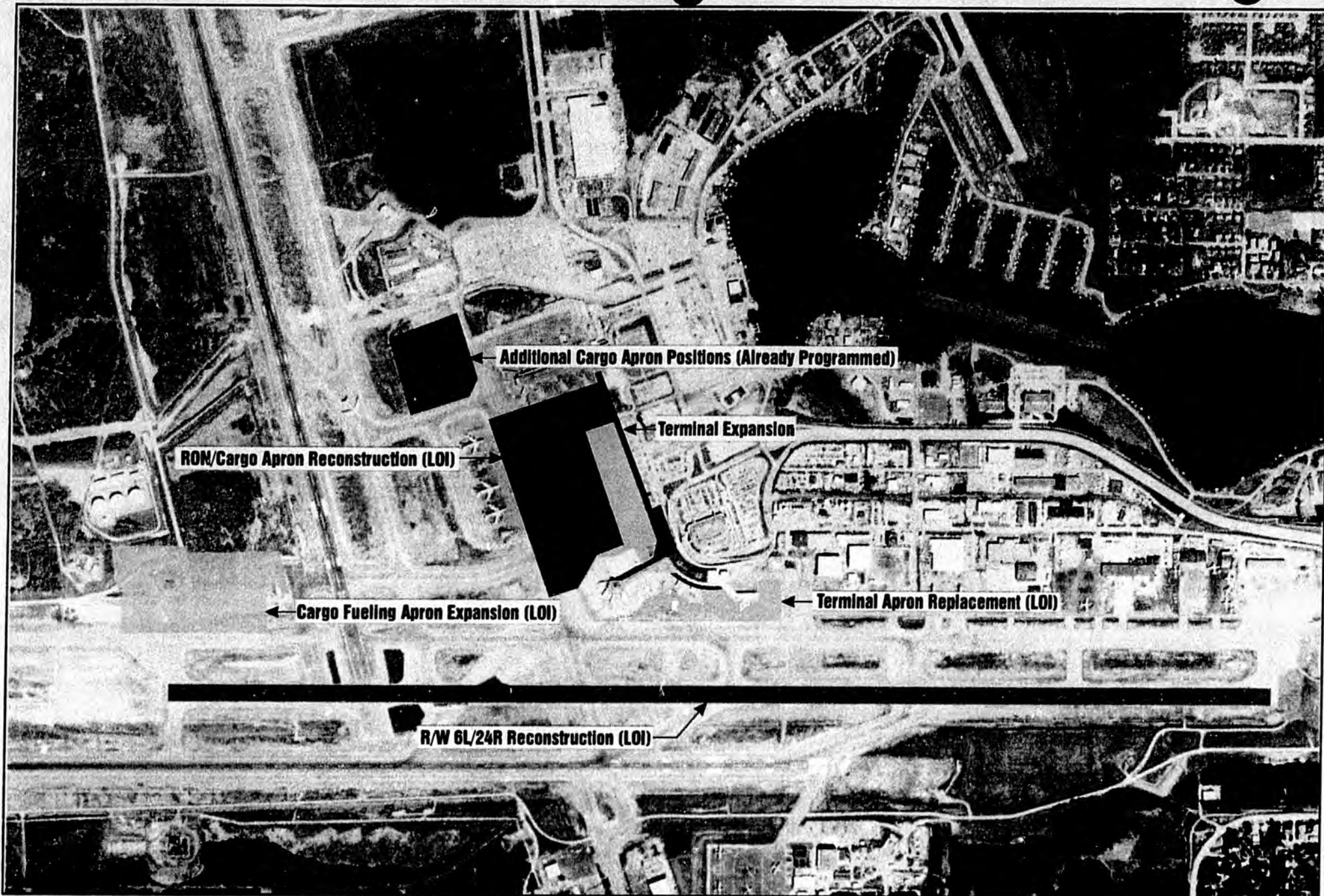


**Anchorage
International
Airport**

Great Circle Distance From Anchorage to Major Cities World Wide

Exhibit

I-1



II. ANCHORAGE INTERNATIONAL AIRPORT

"Protecting the Airport's distinct competitive advantage is our primary objective."

On November 1, 1996, the USDOT issued Final Order 96-11-2, granting certain blanket authority to foreign air carriers to conduct expanded cargo transfer activities at international airports in the State of Alaska. This action recognized Alaska's ideal location for a global cargo hub operation and has had the intended effect of stimulating interest in utilization of ANC as a cargo hub by both foreign flag and domestic carriers.

The USDOT's ruling expanded cargo transfer authority for foreign carriers transiting at ANC, including carrier-to-carrier transfer, co-mingling of foreign and domestic cargo from various origination points, change of gauge and starburst (i.e., multiple change of gauge operations). This blanket cargo transfer authority is found nowhere else in the world.

ANC's location allows carriers to maximize payload with their fleets. This fact alone is reason enough for the double-digit growth in fuel stops at ANC as time-sensitive freight increases with the globalization of business and commerce. Concurrently, international freight transfers at the mid-point in Anchorage are increasing rapidly. While major express carriers have relied on ANC as their interline hub, the heavy freight carriers, for various reasons, have held back. One factor is a matter of clarifying the intent of the USDOT in granting full transfer authority. The State of Alaska, through ANC, is working to achieve this clarification and expects resolution in the near future. Successful conclusion in January 1998 of the U.S.-Japan bilateral negotiations extended to Japanese cargo carriers the broad transfer authority granted to other foreign flag carriers in the 1996 USDOT ruling. The significant role that Japan Airlines ("JAL") and Nippon Cargo Airlines ("NCA") already play at ANC makes this an important development and one that will only increase the need for additional airside facilities.

Most international freight traffic at the Airport is generated by transload operations. An international transload typically occurs when a carrier has scheduled two or more aircraft to arrive at ANC from different international cities, each with a final destination to other international cities. At ANC, the carrier will transload cargo from and between the aircraft.

In a transload operation, the cargo is physically deplaned from one aircraft and enplaned onto a second aircraft. The transload may take place over a few hours or over the course of a few days. Depending upon a particular carrier's type of operation, if a transload of two or more aircraft is performed simultaneously, then sufficient apron space must be available in close proximity to facilitate the transload operation. If the transload takes place over a few days, then sufficient warehouse space must be available for storage and/or sorting.

Responding to world competitive pressures, nine cargo carriers completed or initiated expansion or improvement programs at the Airport in 1997, partly based on the increased transloading opportunity granted under the USDOT ruling. For example, Polar Air Cargo anticipates transferring 70 percent of its cargo between aircraft at the Airport. Northwest Airlines and United Worldwide Cargo anticipate 50 percent transfer between aircraft. Furthermore, United anticipates that a substantial portion of this activity will be interlining with foreign carriers.

As more transit flights begin to transfer cargo between aircraft at the Airport, longer turnaround times at the refueling aprons will occur. These longer turnaround times alone mean even more congestion in the future on the existing cargo aprons. This congestion will continue to intensify

as cargo activity is forecasted by Keiser & Associates to increase at an average annual rate of 8.4 percent over the next five years. Continued growth at lower rates is forecasted in years 6 through 20.

Additionally, as the shift to interline hubbing takes place, it will place even greater pressure on the requirements for apron parking and fueling positions. With its current facilities, ANC is not equipped to meet this demand. Carriers have indicated that they are hesitant to transform transit operations into transfer operations without the availability of sufficient facilities.

Cargo aircraft generally arrive and depart within a limited time frame because of curfews and "slots" in Asia, Europe and the Lower 48 States. Focusing on customer service and time of delivery, carriers schedule many flights to arrive in Narita Airport in Tokyo as soon as the curfew has ended to deliver packages that business day. Similarly, the later in the day a flight can leave Narita before the evening curfew, the more business the carrier can pick up and still make the morning deliveries to New York, Chicago or Los Angeles.

A carrier's missing these narrow windows can cause it to delay deliveries, miss the day's business or experience other impacts downstream. While curfews drive the overall system, missing slots causes substantial airline adjustment costs, whether it means diverting to another airport or losing a day altogether. These basic constraints in Asia (and at European airports as well) result in two primary peak cargo periods at ANC: 3 a.m. to 6 a.m. and 9 a.m. to noon. ANC is experiencing congestion at these times and, based on the cargo forecasts, these peaks are expected to widen. The situation will not change significantly in the near term.

Some airports being developed in Asia are planned for 24 hour operations, a change intended to ease some of the curfew and slot restrictions. However, this is not proposed for Narita, which is expected to remain the largest air cargo destination in Asia with continued reliance on curfews and slots into the foreseeable future. Moreover, new Pacific Rim airports in Shanghai, Guangzhou and Korda are not likely to open for at least five to 10 years.

At ANC, cargo carriers use seven hardstand positions adjacent to the terminal apron, and overflow parking is provided on an "as available" basis at passenger gates on the International Terminal. International passenger and cargo peak periods frequently coincide (such as from 3 a.m. to 6 a.m.), reducing the availability of passenger gates on the International Terminal for cargo operations, further restricting efficient cargo operations.

A demand/capacity analysis for the current positions indicates the deficiency of ANC's fueling/cargo transfer positions will exceed 13 by 2006.¹ To efficiently serve forecast demand, the terminal apron is in urgent need of expansion.

The Airport and its tenants have 31 all-cargo hydrant fueling hardstands and two non-hydrant positions that are fully occupied during peak periods. Three new positions are scheduled to go online by August 1998, and the proposed cargo fueling apron expansion will add five more hydrant fueling cargo positions in a new location. These five positions will replace two lost cargo positions on the site of Concourse C and three positions that will be lost temporarily during the construction of the mixed use RON/Cargo Apron adjacent to the terminal. These three new positions and the five replacement positions are needed to handle the immediate demand, while requirements for further additions are being examined in detail through the Cargo Marketing Project and the Cargo/Airfield Master Plan.

¹ Demand/Capacity Analysis for apron romeo by Keiser Associates, Inc. February 24, 1998.

In the future, congestion-induced delays could slow growth in international cargo operations and reduce the Airport's ability to capitalize on the growing cargo transfer market. Furthermore, delays may eventually weaken ANC's position in the international air transportation system and could encourage the growth in cargo traffic at airports outside of the United States. Other airports, primarily in central and eastern Russia and potentially in western Canada, are actively competing for the same growing market.

Northwest Airlines, Cathay Pacific, JAL and NCA, as well as other carriers serving Asia, Europe and North America have begun to shift cargo transfers to ANC from Narita, Hong Kong and other foreign airports. Incheon in Korea and the Confederation of Independent States airports (including Tashkent, Novosibirsk, Petro-Pavlov and Yuzno-Sakhalinsk) are making proposals for larger roles in world cargo transfers. While ANC has the advantage at this point, the success of competing Russian airports will depend in large measure on ANC's capacity to handle growing demands for facilities. Realizing the Airport's full potential as a global cargo hub will take active development of additional cargo facilities. In this respect, ANC is the nation's best aeronautical resource to compete for future cargo international hubbing opportunities, i.e., multiple carriers cooperating to effectively create a "hub and spoke" system centered in Anchorage.

The following sections provide a detailed description of the Airport's aviation activity and facilities, the planned airport capital improvements, including the projects to be funded in part under the proposed LOI, the Airport's financial plan and the FAA-required BCAs.

1. HISTORICAL AVIATION ACTIVITY

a. Domestic and International Enplanements

The Airport continues to enjoy an extremely high level of domestic passenger service from major carriers and regional commuters, averaging over 160 domestic passenger flights per day. Two factors drive this service: (i) Alaskans fly three times more frequently than the national average because many Alaskan communities do not have road connections and (ii) Alaska remains an attractive tourist destination.

During the peak summer season, Anchorage enjoys daily nonstop passenger service to multiple West Coast and Midwest points by Alaska Airlines, America West, Continental Airlines, Delta Air Lines, Northwest Airlines, Reno Air and United Airlines. Alaska Airlines, Reno Air and Northwest Airlines provide in-state jet service, and the regional carriers, Era Aviation, Peninsula Airways, Southcentral Air and Yute Airlines, provide a high level of air service between communities.

International transit activity at ANC, which declined from 1990 to 1993 with the advent of the 747-400 and other long-range aircraft, has begun to rebound, increasing approximately 6 percent between 1994 and 1995. The Airport is an important international transit point for Asian-North American passenger service. From 1995 to 2000, international traffic is expected to increase by 12.8 percent. All of the transit carriers contributed to this increase: Aeroflot, Air China, Asiana Airlines, Cathay Pacific, China Airlines, Eva and Korean Air. ANC is a scheduled stop for international passenger flights serving Hong Kong, Taipei, Seoul, Guangzhou and Shanghai and points in North America.

ANC enjoys scheduled year-round international passenger service from Korea (Korean Air), Russia (Aeroflot and Alaska Airlines) and Taipei (China Airlines). In addition,

both Swissair and Condor, the charter arm of Lufthansa, provide healthy May-September weekly service to Switzerland and Germany, respectively.

Northwest Airlines announced that it would operate scheduled Tokyo-Anchorage service on Boeing 747 aircraft from June to September 1998. Unlike much of the Airport's international passenger service, which is transit, Northwest markets its turnaround service to the Japanese traveler to Alaska.

b. Airline Service

Following a period of relatively slow growth that corresponded to the recession from 1988 to 1993, world air cargo traffic increased more than 12 percent in 1994. This overall growth rate slowed somewhat in 1995, to only 7.7 percent overall. However, the international segment exceeded 1994 by 22.0 percent. In 1996, world air freight traffic grew by 6.9 percent rate, while preliminary International Air Transport Association reports indicate that international cargo traffic for 1997 has increased 11 percent. Total international air express traffic increased by 15.7 percent in 1997 over 1996 levels. For the first 11 months of 1997, domestic air cargo increased by 5.6 percent over 1996 for the same period, while international cargo volume increased by 15.8 percent.

Six of the top 10 airlines and 15 of the top 25 airlines in the world have scheduled operations at ANC. As of December 1997, there were 35 scheduled airlines operating at the Airport, and 11 airlines conducting regular seasonal charter service. Twenty airlines are engaged exclusively in international air cargo operations; seven airlines are engaged exclusively in domestic air cargo operations; and six airlines operate both international and domestic cargo operations (Alaska Airlines, FedEx, United, Polar, Northwest and United Parcel Service ("UPS")).

Alaska Airlines holds the largest market share at the Airport. In 1997, Alaska Airlines enplaned in excess of 1 million passengers, or nearly half of all domestic enplanements at the Airport. Delta Air Lines holds the second-largest domestic market share, enplaning approximately 234,000, or 11 percent of domestic enplanements in 1997. ERA Aviation holds the third-largest market share, enplaning approximately 190,000 passengers in 1997, or 9 percent of total domestic enplanements. Northwest and United hold the fourth- and fifth-largest market shares, enplaning approximately 133,000 and 107,000 domestic passengers, respectively. Together, Northwest and United enplaned approximately 11 percent of total domestic enplanements in 1997. The remaining scheduled domestic carriers include Reno Air, America West, Peninsula Airways and Reeve Aleutian Airways, which together enplaned approximately 11 percent of domestic passengers in 1997. Non-scheduled domestic carriers accounted for approximately 10 percent of domestic enplanements in 1997.

2. FORECAST AVIATION ACTIVITY

a. Benefit-Cost Analyses Forecasts

The FAA's BCA policy requires the use of the FAA's Terminal Area Forecast ("TAF") for forecasting an airport's future activity levels. In conducting the BCAs for this LOI Application, the Airport evaluated both the TAF and its own forecasts. The following sections discuss the differences between the Airport's forecast and the TAF for enplanements and operations. Both forecasts have been extrapolated to 2017, providing

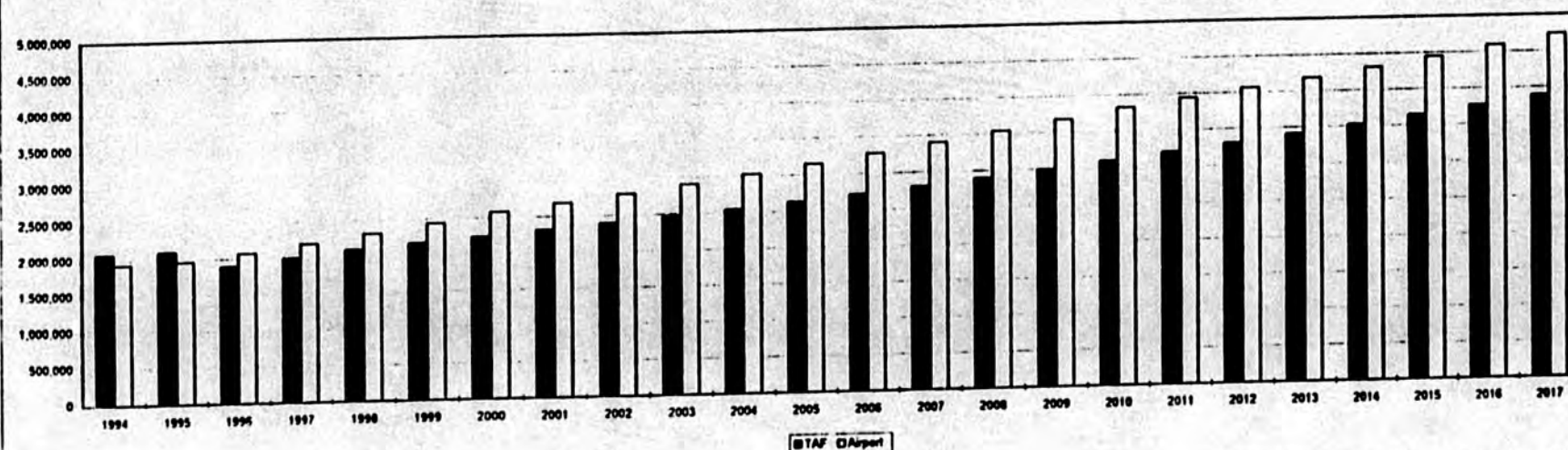
a 20-year forecast period. For the BCAs and the financial plan, the TAF enplanement forecast was used with no adjustments. The TAF operations forecast was adjusted for cargo freighter operations and general aviation activity. A recent cargo operations forecast prepared by the Airport has been included in the Revised TAF. The rationale and methodology for making these adjustments is discussed in Section 3c of this chapter. The Airport is working with FAA regionally and nationally to adjust the TAF.

b. Enplanement Forecasts

1. Airport Forecast

The Airport forecast was originally prepared for the period of 1996 to 2015. The growth rates from 2015 for the air carrier and commuter categories were extrapolated to complete a 20-year forecast period, extending the forecast to 2017. To be consistent with the TAF format, the commuter and charter enplaned passenger categories were combined. Transit passengers are also included in the Airport forecast. Total transit passengers reported in 1996 were 666,698 and are expected to increase to approximately 1.4 million in 2017 (see Table II-1). Because this category is not included in the TAF enplaned passenger forecast, Airport forecast totals with and without transit passengers have been shown. The Airport forecast is based upon 1996 USDOT data, the most current data available at the time this forecast was prepared. The average annual compound growth rate for air carriers from 2000 to 2005 is approximately 4.5 percent for air carrier airlines and 2.3 percent for commuter airlines, growing from approximately 2.0 million to 2.6 million and 500,000 to 560,000, respectively. For the period 2005 to 2010, air carriers' and commuters' average annual compound growth rates are approximately 4.2 percent and 2.7 percent, yielding approximately 3.2 million air carrier and 640,000 commuter enplanements in 2010. Based on the Airport's forecast of 1997 to 2017, air carrier, commuter and total enplanements are expected to increase from approximately 1.7 million, 452,000 and 2.1 million enplanements in 1997 to 4.1 million, 598,000, and 4.7 million in 2017, respectively. Average annual growth rates in these segments are 4.4 percent, 1.4 percent and 3.9 percent, respectively. (See Table II-1.)

Table II-1
Anchorage International Airport
Enplanement Forecast



TAF (1)					Airport Forecast (2)							Variance [TAF - Airport]	% Variance [TAF/ Airport]	
		Air Carrier	Commuter	Total	% Change		Air Carrier	Commuter	Transit	Total w/ Transit	Total w/o Transit	% Change		
Actual	1994	1,790,855	288,251	2,079,106	--	Actual	1,536,662	397,832	571,957	2,506,451	1,934,494	--	144,612	7.5%
	1995	1,784,924	319,245	2,104,169	1.2%		1,543,796	422,324	636,999	2,603,119	1,966,120	1.6%	138,049	7.0%
Forecast	1996	1,627,154	267,799	1,894,953	-9.9%	Forecast	1,638,644	436,828	666,698	2,742,170	2,075,472	5.6%	-180,519	-8.7%
	1997	1,718,074	275,451	1,993,525	5.2%		1,739,319	451,830	697,781	2,888,930	2,191,149	5.6%	-197,624	-9.0%
	1998	1,812,242	283,104	2,095,346	5.1%		1,846,180	467,348	730,314	3,043,842	2,313,528	5.6%	-218,182	-9.4%
	1999	1,875,344	290,756	2,166,100	3.4%		1,959,606	483,398	764,363	3,207,367	2,443,004	5.6%	-276,904	-11.3%
	2000	1,940,515	298,408	2,238,923	3.4%		2,080,000	500,000	800,000	3,380,000	2,580,000	5.6%	-341,077	-13.2%
	2001	2,010,380	306,060	2,316,440	3.5%		2,171,255	511,462	833,139	3,517,856	2,684,717	4.1%	-368,277	-13.7%
	2002	2,077,089	313,713	2,390,802	3.2%		2,270,690	523,187	867,650	3,661,527	2,793,877	4.1%	-403,075	-14.4%
	2003	2,141,754	321,365	2,463,119	3.1%		2,372,494	535,181	901,590	3,811,265	2,907,675	4.1%	-442,546	-15.2%
	2004	2,214,510	329,017	2,543,527	3.2%		2,478,861	547,450	941,020	3,967,333	3,026,313	4.1%	-482,786	-16.0%
	2005	2,289,692	336,670	2,626,362	3.1%		2,590,000	560,000	980,000	4,110,000	3,150,000	4.1%	-523,638	-16.6%
	2006	2,367,565	344,322	2,711,887	3.1%		2,699,366	575,157	1,011,860	4,286,383	3,274,523	4.0%	-562,636	-17.2%
	2007	2,450,108	351,974	2,802,082	3.1%		2,813,349	590,724	1,044,756	4,448,829	3,404,073	4.0%	-601,991	-17.7%
	2008	2,535,517	359,627	2,895,144	3.1%		2,932,146	606,713	1,078,721	4,617,580	3,538,859	4.0%	-643,715	-18.2%
	2009	2,623,952	367,279	2,991,231	3.1%		3,055,959	623,134	1,113,790	4,792,883	3,679,093	4.0%	-687,862	-18.7%
	2010	2,715,243	374,931	3,090,174	3.1%		3,185,000	640,000	1,150,000	4,975,000	3,825,000	4.0%	-734,826	-19.2%
2011	2,809,710	382,742	3,192,453	3.3%		3,306,388	633,884	1,185,712	5,125,984	3,940,272	3.0%	-747,819	-19.0%	
2012	2,907,464	390,717	3,298,181	3.3%		3,432,402	627,827	1,222,533	5,282,762	4,060,229	3.0%	-762,048	-18.8%	
2013	3,008,619	398,857	3,407,476	3.1%		3,563,219	621,827	1,260,498	5,445,544	4,185,046	3.1%	-777,570	-18.6%	
2014	3,113,293	407,167	3,520,460	3.1%		3,699,022	615,885	1,299,641	5,614,548	4,314,907	3.1%	-794,447	-18.3%	
2015	3,221,609	415,650	3,637,259	3.1%		3,840,000	610,000	1,340,000	5,790,000	4,450,000	3.1%	-812,741	-18.3%	
2016	3,333,691	424,310	3,758,001	3.1%		3,986,351	604,171	1,381,612	5,972,134	4,590,522	3.2%	-832,519	-18.1%	
2017	3,449,677	433,150	3,882,827	3.1%		4,138,281	598,398	1,424,517	6,161,196	4,736,679	3.2%	-853,852	-18.0%	

Source

(1) FAA reported actuals for 1994 to 1996. TAA Terminal Area Forecast for 1997 to 2010, 2011 - 2017 prepared by Landrum & Brown, Inc. The Commuter category includes air taxi activity.

(2) From Airport Records. Airport Forecast of 1996 to 2015 from 1996 Refined TAMS Summary Forecasts, dated 7-01-97, years 2016-2017 provided by Landrum & Brown, Inc. The Commuter category includes charter enplanement activity.

Variance percentages are based upon Totals w/o transit

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2. FAA TAF

The TAF for ANC was prepared for the period 1997 to 2010. To complete the remaining years of the 20-year forecast through 2017, the individual growth rates for the air carrier and commuter categories of approximately 3.5 percent and 2.1 percent from the forecast year 2010 were used. The average annual compound growth rate from 2000 to 2005 for air carriers is approximately 3.4 percent and approximately 2.4 percent for commuters, growing from 1.9 million to 2.3 million and 298,000 to 337,000, respectively (see Table II-1). For the period 2005 to 2010, air carriers' and commuter airlines' average annual compound growth rates are approximately 3.5 percent and 2.2 percent, yielding approximately 2.7 million and 375,000 air carrier and commuter enplanements, respectively. Based on these assumptions, the growth rates depict positive increases for both categories, yet at a decreasing rate for the commuter category. Based on the TAF, air carrier, commuter and total enplaned passengers for the period of 1997 to 2017 are expected to increase to 3.4 million, 433,000 and 3.9 million enplaned passengers, respectively. The average annual growth rates of these segments are 3.6 percent, 2.3 percent and 3.4 percent, respectively (see Table II-1).

3. Comparison of Enplanement Forecasts

The variances in total enplanements between the TAF and the Airport forecast range from approximately 198,000 more enplanements in the Airport's forecast, or 9.0 percent, in 1997 to approximately 854,000 enplanements, or 18.0 percent, in 2017. Although the total variances are significant, total enplanement average annual growth rate for the period 1997 to 2017 is similar, yielding 3.4 percent for the TAF and 3.9 percent for the Airport forecast. The air carrier and commuter activity show greater variances in average annual growth rates. The TAF yields a 3.6 percent average annual growth for air carriers, while the Airport forecast shows 4.4 percent growth. The TAF also yields a 2.3 percent average annual growth rate for the commuter category, in comparison to the Airport's 1.4 percent growth.

Airport management believes there are two factors that may have caused the variances between the air carrier and commuter categories. The air carrier activity shown in the Airport forecast reflects the expected increased growth of enplaned passengers traveling to and from the Pacific Rim and domestically, which currently exceeds the national trends used in the TAF. Also, there may be different reporting criteria by the Airport and the FAA affecting the commuter category. Nevertheless, as previously stated, in conducting the BCAs for this LOI Application, the Airport will use the TAF for enplaned passengers in an effort to show a more conservative growth of enplaned passengers.

c. **Operations Forecasts**

1. **Airport Forecast**

The Airport operations forecast was originally prepared through 2016. Based on the annual growth rates by sector in 2016, operations were extrapolated to 2017, the evaluation period for the BCAs. From 1994 to 1996, the Airport reported a 3.3 percent increase in total aircraft operations (see Table II-2). For this same period, air carrier operations have increased by 5.0 percent, and more specifically, freighter operations have increased by 7.3 percent. The Airport projects total aircraft operations to increase from 220,700 in 1996 to approximately 330,000 in 2017, an average annual growth rate of 2.0 percent.

Since the Airport's Master Plan Update using 1993 forecasts, ANC has experienced significantly higher growth in cargo activity than forecast. In addition, recent activity does not reflect the cargo activity growth reported nationally, and globally, even though 90 percent of trans-Pacific freight services operates via ANC. These events have led Airport management to believe that cargo activity at ANC has been severely underestimated, and therefore Airport management completed a new air cargo forecast. This new forecast reports 57,764 freighter operations in 1996, an average of over 1,100 all-cargo operations per week, compared to the Airport records of 46,120. A copy of the Preliminary Aircargo Forecasts Report is included in Appendix B. Preliminary estimates indicate that domestic and international freighter aircraft combined were approximately 67,000 operations at the Airport in calendar year 1997, which produces two years of freighter operations increasing by at least 16.0 percent. In fact, the new cargo forecast predicts freighter operations to increase to approximately 93,000 operations by 2001, an increase of 38.5 percent from 1997.

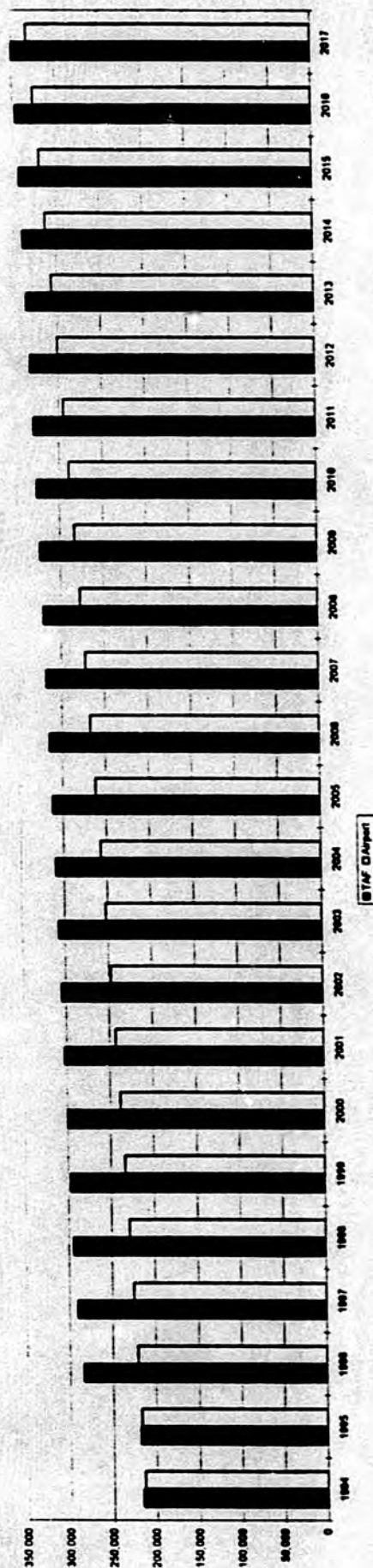
2. **FAA TAF**

According to the TAF, total aircraft operations at ANC between 1995 and 1996 increased from 217,768 to 283,611, or 30.2 percent (see Table II-2). This large increase in total aircraft operations was caused primarily by the general aviation segment. For this period, general aviation operations more than doubled, increasing from 43,425 to 96,977. This increase in general aviation operations significantly differs from the Airport's general aviation operations number of approximately 45,000 for 1996, which is based on ANC's Tower Stat Reports.

The forecast period for the TAF is from 1997 through 2010. For the BCAs, the TAF has been extrapolated to 2017 based on the growth rate utilized in the TAF for 2009 and 2010. The extended TAF projects total aircraft operations to increase at an average annual growth rate of approximately 1.0 percent from 1997 to 2017. Operations are expected to increase from approximately 290,000 in 1997 to 350,000 in 2017. The TAF includes air carrier and commuter operations, as well as cargo freighter operations.

In the base year of the TAF, 1996, the TAF reports total air carrier operations at 105,593, which includes passenger air carriers and freighter operations. However, the TAF does not identify each segment separately; therefore, in order

Table II-2
Anchorage International Airport
Aircraft Operations Forecast



	TAF (1)				Airport Forecast (2)				G/A & Military		Total	% Change	Variance [TAF - Airport]	% Variance [TAF / Airport]
	Air Carrier (Pass & Freight)	Commercial	G/A	Military	Air Carrier (Pass & Freight)	Commercial	G/A	Military	Commercial	G/A				
Actual	1994	68,456	45,961	1,817	49,798	213,641	1,0%	1,0%	1994	48,210	61,308	32,276	1,991	0.1%
Forecast	1995	73,500	43,425	3,897	47,222	217,768	10.2%	10.2%	1995	48,115	64,640	31,911	599	28.1%
	1996	77,518	46,977	3,503	100,480	281,611	30.2%	30.2%	1996	48,000	64,040	31,600	62,911	28.9%
	1997	78,365	46,581	3,503	100,084	289,941	2.2%	2.2%	1997	48,000	67,447	31,600	65,018	28.9%
	1998	79,193	46,186	3,503	99,689	294,592	1.6%	1.6%	1998	48,000	68,844	31,600	65,369	27.1%
	1999	80,021	45,791	3,503	99,294	297,089	0.8%	0.8%	1999	48,000	70,151	31,600	63,433	25.8%
	2000	80,849	45,396	3,503	98,899	299,617	0.9%	0.9%	2000	48,000	71,849	31,600	61,411	24.5%
	2001	81,677	45,001	3,503	98,504	302,128	0.9%	0.9%	2001	48,000	73,380	31,600	59,448	24.5%
	2002	82,505	44,606	3,503	98,109	304,716	0.8%	0.8%	2002	48,000	74,977	31,600	57,222	23.1%
	2003	83,333	44,211	3,503	97,714	307,041	0.8%	0.8%	2003	48,000	76,610	31,600	54,777	21.7%
	2004	84,160	43,815	3,503	97,318	309,323	0.9%	0.9%	2004	48,000	78,277	31,600	52,392	20.6%
	2005	84,988	43,420	3,503	96,923	311,714	0.9%	0.9%	2005	48,000	79,981	31,600	50,032	19.1%
	2006	85,816	43,025	3,503	96,528	314,174	0.9%	0.9%	2006	48,000	81,722	31,600	47,638	17.6%
	2007	86,644	42,630	3,503	96,133	317,751	0.9%	0.9%	2007	48,000	83,501	31,600	45,267	16.6%
	2008	87,472	42,235	3,503	95,738	320,679	0.9%	0.9%	2008	48,000	85,319	31,600	42,818	15.0%
	2009	88,300	41,840	3,503	95,343	323,642	0.9%	0.9%	2009	48,000	87,176	31,600	40,390	14.2%
	2010	89,128	41,445	3,503	94,948	326,701	0.9%	0.9%	2010	48,000	89,074	31,600	37,677	13.0%
	2011	89,956	41,052	3,503	94,553	329,798	0.9%	0.9%	2011	48,000	91,013	31,600	34,960	11.9%
	2012	90,784	40,659	3,503	94,158	332,934	1.0%	1.0%	2012	48,000	92,994	31,600	32,196	10.7%
	2013	91,612	40,266	3,503	93,763	336,170	1.0%	1.0%	2013	48,000	95,019	31,600	29,321	9.6%
	2014	92,440	39,873	3,503	93,368	339,446	1.0%	1.0%	2014	48,000	97,087	31,600	26,351	8.4%
	2015	93,268	39,479	3,503	92,973	342,785	1.0%	1.0%	2015	48,000	99,201	31,600	23,290	7.3%
	2016	94,096	39,084	3,503	92,578	346,187	1.0%	1.0%	2016	48,000	101,360	31,600	20,127	6.2%
	2017	94,924	38,689	3,503	92,183	349,632	1.0%	1.0%	2017	48,000	103,566	31,600	16,961	5.1%

Source:
(1) FAA reported actuals for 1994 to 1996, FAA Terminal Area Forecast for 1997 to 2010, 2011 - 2017 prepared by Landrum & Brown, Inc.
(2) From Airport Records - Airport Forecast from Historic & Forecast Aircraft Departures provided by INTB for forecast years 1993 to 2016, year 2017 based upon 2016 growth rate, provided by Landrum & Brown, Inc.
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to utilize the TAF for the BCA, it was necessary to separate the TAF air carrier operations into its components.

The methodology used for deriving TAF passenger air carrier and freighter operations is based on applying ANC's existing 1996 ratio of freighter to total air carrier operations to the TAF total air carrier operations (see **Table II-2A and 2B**). In 1996, ANC records indicate that 29.6 percent of the passenger and freighter landings were commuter, 37.9 percent were passenger air carrier and 32.5 percent were freighter. Using this ratio, the percentage of freighter landings to total air carrier is 46.2 percent. By applying this ratio to the 1996 TAF air carrier operations of 105,593, TAF freighter operations are estimated at 48,740, and passenger air carrier operations are estimated at 56,853.

3. Revised TAF

The Revised TAF differs from the original TAF in two sectors: General Aviation & Military, reflecting a decrease in the base year general aviation activity; and Air Carrier, reflecting higher levels of freighter operations (see **Table II-2A**).

The Airport's general aviation activity is based on the ANC Tower Stat Report. For 1996, general aviation activity operations were estimated at 45,000. Consequently, the TAF was adjusted from 100,480 to 45,000. The original TAF shows general aviation operations declining by less than 1.0 percent over the forecast period. However, because of Alaska's reliance on aviation as a means of transportation, the Airport believes general aviation forecasts will increase annually by at least 1.0 percent and based on the historical actual trend. Therefore, the General Aviation & Military sector in the Revised TAF shows general aviation operations increasing annually at 1.0 percent, with military operations remaining the same as projected in the original TAF.

The number of freighter operations derived from the TAF is substantially lower than in ANC's new cargo forecast. The recent development and expansion of cargo facilities at ANC and the availability of 1997 recent data during the preparation of the Airport's new cargo forecast in comparison to when the TAF was prepared suggests that the Airport's new cargo forecast is a more realistic estimate of future freighter operations.

The Revised TAF contains the same number of passenger air carrier operations throughout the entire forecast period as those contained in the original TAF, which is based on the existing ANC ratio of freighter operations to total air carrier operations (46.2 percent). However, the number of freighter operations derived from the TAF has been replaced with the number of freighter operations forecast in the Airport's new cargo forecast (see **Table II-2C**). For example, in 1998, total air carrier operations in the TAF are 115,710. By using ANC's existing ratio of current freighter operations to total air carrier operations (46.2 percent) to 115,710 total operations, freighter operations are calculated to be 53,410, with passenger air carrier operations at 62,300. The Revised TAF includes 62,300 passenger air carrier operations in 1998; however, the number of

Table II-2A



	TAF (1)										Revised TAF(2) - [See Tables II-2B & II-2C]										Variance [TAF - Revised TAF] (466)	% Variance [TAF - Revised TAF] -2.2%
	Air Carrier					G/A & Military					Total					% Change	Total Operations	G/A & Military				
	Passenger	Freighter	Total	% Change	Actual	Passenger	Freighter	Total	Commuter	G/A	Military	Passenger	Freighter	Total	% Change							
1994	52,434	45,422	97,856	0%	52,434	45,422	97,856	68,456	45,961	3,837	40,798	216,110	3.0%	---	---	---	---					
1995	52,197	49,822	102,019	1.0%	52,197	49,822	102,019	73,500	41,425	3,897	47,322	222,641	8.1%	42,953	42,953	17.8%	17.8%					
1996	56,453	57,764	114,217	30.2%	56,453	57,764	114,217	77,538	45,900	3,503	48,503	240,658	5.7%	35,595	35,595	14.0%	14.0%					
1997	60,010	67,000	127,010	2.2%	60,010	67,000	127,010	78,365	45,400	3,503	48,953	254,348	3.6%	31,092	31,092	9.2%	9.2%					
1998	62,500	72,600	135,100	0.8%	62,500	72,600	135,100	79,193	46,365	3,503	49,467	263,501	3.3%	24,090	24,090	6.5%	6.5%					
1999	63,411	78,800	142,211	0.0%	63,411	78,800	142,211	80,021	46,365	3,503	50,330	281,318	3.5%	18,299	18,299	3.9%	3.9%					
2000	64,539	92,800	157,339	0.0%	64,539	92,800	157,339	82,449	46,827	3,503	50,708	297,040	2.1%	11,248	11,248	2.6%	2.6%					
2001	65,765	96,829	162,594	0.8%	65,765	96,829	162,594	82,505	47,268	3,503	51,271	297,117	2.1%	3,750	3,750	1.2%	1.2%					
2002	66,829	100,372	167,201	0.8%	66,829	100,372	167,201	83,333	48,236	3,503	51,749	309,291	2.2%	309,720	309,720	-1.3%	-1.3%					
2003	68,941	104,387	173,328	0.8%	68,941	104,387	173,328	84,168	48,236	3,503	52,719	316,405	2.2%	(4,231)	(4,231)	-2.6%	-2.6%					
2004	70,135	112,905	183,040	0.9%	70,135	112,905	183,040	85,816	49,708	3,503	53,711	322,289	1.9%	(11,566)	(11,566)	-3.5%	-3.5%					
2005	71,357	116,291	187,648	0.9%	71,357	116,291	187,648	86,644	50,205	3,503	53,708	329,317	1.9%	(14,799)	(14,799)	-4.4%	-4.4%					
2006	72,612	119,781	192,393	0.9%	72,612	119,781	192,393	87,472	50,707	3,503	54,210	335,478	1.9%	(18,118)	(18,118)	-5.3%	-5.3%					
2007	74,015	123,375	197,390	0.9%	74,015	123,375	197,390	88,300	51,214	3,503	54,717	341,780	1.9%	(21,521)	(21,521)	-6.2%	-6.2%					
2008	75,388	127,076	202,464	0.9%	75,388	127,076	202,464	89,128	51,726	3,503	55,229	348,224	1.9%	(25,021)	(25,021)	-7.1%	-7.1%					
2009	76,791	130,888	207,679	0.9%	76,791	130,888	207,679	90,964	52,244	3,503	55,747	354,818	1.9%	(27,305)	(27,305)	-7.6%	-7.6%					
2010	78,220	133,506	211,726	1.0%	78,220	133,506	211,726	90,807	52,766	3,503	56,249	360,258	1.5%	(29,621)	(29,621)	-8.1%	-8.1%					
2011	79,676	136,176	215,852	1.0%	79,676	136,176	215,852	91,659	53,294	3,503	56,797	365,791	1.5%	(31,971)	(31,971)	-8.6%	-8.6%					
2012	81,159	139,000	220,159	1.0%	81,159	139,000	220,159	92,518	53,827	3,503	57,330	371,417	1.5%	(34,353)	(34,353)	-9.6%	-9.6%					
2013	82,669	141,678	224,347	1.0%	82,669	141,678	224,347	93,386	54,363	3,503	57,868	377,160	1.5%	(36,773)	(36,773)	-9.6%	-9.6%					
2014	84,208	144,511	228,719	1.0%	84,208	144,511	228,719	94,262	54,909	3,503	58,412	382,959	1.5%	(39,226)	(39,226)	-10.1%	-10.1%					
2015	85,775	147,401	233,176	1.0%	85,775	147,401	233,176	95,146	55,458	3,503	58,961	388,879	1.5%	---	---	---	---					
2016	87,372	149,653	237,025	1.0%	87,372	149,653	237,025	96,146	56,000	3,503	59,500	393,800	1.5%	---	---	---	---					
2017	88,999	151,905	240,904	1.0%	88,999	151,905	240,904	97,146	56,549	3,503	60,049	398,725	1.5%	---	---	---	---					

Source: (1) FAA reported actuals for 1964 to 1996, FAA Terminal Area Forecast for 1997 to 2010, 2011 - 2017 prepared by Landrum & Dixon, Inc.
(2) See calculations on Tables H-20 & H-21

Table II-2B
Anchorage International Airport
Ratio for the Revised TAF Air Carrier Operations Forecast

	1996 Landings	% of Passenger Landings	% of Total Landings
Passenger Landings	55,422		
Commuter	24,309	43.9%	29.6%
Air Carrier	31,113	56.1%	37.9%
	55,422	100.0%	
Freighter Landings	26,674		32.5%
Total Landings	82,096		100.0%
Total Air Carrier Landings	57,787		
Freighter Landings / Total Air Carrier Landings (Prepared for Tables II-2A & II-2C -- Revised TAF Freighter operations)			46.2%
Source: From Airport Records: Annual Statistics by Fiscal Year (actual data for 1994 to 1996)			
Methodology: Subtract commuters from the passenger landing number to calculate the percentage ratio of freighter landings to the total air carrier landings.			

Table II-2C
Anchorage International Airport
Ratio for Revised FAA TAF Forecast
Air Carrier Operations

1997 FAA-TAF - Air Carrier Operations (1)						Airport's New Cargo Forecast (2)			Revised 1997 FAA-TAF - Air Carrier Operations			Variance		
		%	Passenger (3)	Freighters (3)		Freighter	%	Freighter				(Revised TAF-	% Variance/	
			53.8%	46.2%		Landings	Change	Operations		Passenger	Freighters	Original FAA TAF)	Original FAA TAF	
		Total						(Landings X 2)			Total			
Actual	1994	97,387		52,434	44,953	22,711		45,422		52,434	45,422	97,856	469	0.5%
	1995	96,946	-0.5%	52,197	44,749	24,811	9.2%	49,622		52,197	49,622	101,819	4,873	5.0%
Forecast	1996	105,593	8.9%	56,853	48,740	28,882	16.4%	57,764		56,853	57,764	114,617	9,024	8.5%
	1997	111,494	5.6%	60,030	51,464	33,500	16.0%	67,000		60,030	67,000	127,030	15,536	13.9%
	1998	115,710	3.8%	62,300	53,410	36,300	8.4%	72,600		62,300	72,600	134,900	19,190	16.6%
	1999	117,774	1.8%	63,411	54,363	39,400	8.5%	78,800		63,411	78,800	142,211	24,437	20.7%
	2000	119,869	1.8%	64,539	55,330	42,800	8.6%	85,600		64,539	85,600	150,139	30,270	25.3%
	2001	122,147	1.9%	65,765	56,382	46,400	8.4%	92,800		65,765	92,800	158,565	36,418	29.8%
	2002	124,122	1.6%	66,829	57,293	48,256	4.0%	96,512		66,829	96,512	163,341	39,219	31.6%
	2003	125,994	1.5%	67,837	58,157	50,186	4.0%	100,372		67,837	100,372	168,209	42,215	33.5%
	2004	128,045	1.6%	68,941	59,104	52,194	4.0%	104,387		68,941	104,387	173,328	45,283	35.4%
	2005	130,263	1.7%	70,135	60,128	54,281	4.0%	108,563		70,135	108,563	178,698	48,435	37.2%
	2006	132,533	1.7%	71,357	61,176	56,453	4.0%	112,905		71,357	112,905	184,263	51,730	39.0%
	2007	134,974	1.8%	72,672	62,302	58,146	3.0%	116,293		72,672	116,293	188,964	53,990	40.0%
	2008	137,469	1.8%	74,015	63,454	59,891	3.0%	119,781		74,015	119,781	193,796	56,327	41.0%
	2009	140,019	1.9%	75,388	64,631	61,687	3.0%	123,375		75,388	123,375	198,763	58,744	42.0%
	2010	142,625	1.9%	76,791	65,834	63,538	3.0%	127,076		76,791	127,076	203,867	61,242	42.9%
2011	145,280	1.9%	78,220	67,059	65,444	3.0%	130,888		78,220	130,888	209,109	63,829	43.9%	
2012	147,983	1.9%	79,676	68,307	66,753	2.0%	133,506		79,676	133,506	213,182	65,199	44.1%	
2013	150,738	1.9%	81,159	69,579	68,088	2.0%	136,176		81,159	136,176	217,335	66,598	44.2%	
2014	153,543	1.9%	82,669	70,874	69,450	2.0%	138,900		82,669	138,900	221,569	68,026	44.3%	
2015	156,401	1.9%	84,208	72,193	70,839	2.0%	141,678		84,208	141,678	225,886	69,485	44.4%	
2016	159,312	1.9%	85,775	73,536	72,256	2.0%	144,511		85,775	144,511	230,287	70,975	44.6%	
2017	162,277	1.9%	87,372	74,905	73,701	2.0%	147,401		87,372	147,401	234,773	72,496	44.7%	

Source:

(1) FAA reported actuals for 1994 to 1996; FAA Terminal Area Forecast for 1997 to 2010; 2011 - 2017 prepared by Landrum & Brown, Inc.

(2) From Airport Records: Forecast period 1997 to 2001 provided by Keiser & Associates, Inc. from the Preliminary Air Cargo Forecast Draft dated 02/16/98; years 2002 to 2017 prepared by Landrum & Brown, Inc.

(3) See calculation on Table II-2B.

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freighter operations are replaced with the Airport's new cargo forecast's estimate of 72,600. As a result, total air carrier operations in the Revised TAF are forecast to be 134,900.

For the freighter operations, the forecast period for the Airport's new cargo forecast was 1997 - 2001; therefore, it was necessary to extrapolate the numbers through 2017. Consequently, the annual growth rates for freighter operations are 4 percent from 2002 through 2006, 3 percent from 2007 through 2011 and 2 percent thereafter.

d. Cargo Tonnage

The Airport's new cargo forecast includes forecasts for domestic and international freight and air mail cargo tonnage for the period 1997 - 2001. The forecast cargo tonnage has been extrapolated to 2017 based on the rate of freighter operations: 4 percent for 2002 - 2006, 3 percent for 2007 - 2011 and 2 percent thereafter. Based on this forecast, total air cargo tonnage is expected to increase from 556,000 tons in 1997 to 1.1 million tons in 2017, an average annual increase of 3.5 percent. (See Table II-3).

e. Take-Off Weight

The Airport's take-off weight forecast is based on 1996 actuals. This is a conservative forecast that does not address the adjustments represented in the Revised TAF. Total take-off weight is determined by summing the product of total aircraft landings at the Airport multiplied by each aircraft's certified maximum permissible take-off weight. Based on this approach, from 1996 to 1997, total take-off weight at the Airport is forecast to increase 10.6 percent, from 10.2 million tons to 11.3 million tons. Thereafter, total takeoff weights are forecast to increase to 23.2 million tons in 2017, for an annual average growth rate of approximately 3.7 percent. (See Table II-4.)

3. DESCRIPTION OF AIRPORT FACILITIES

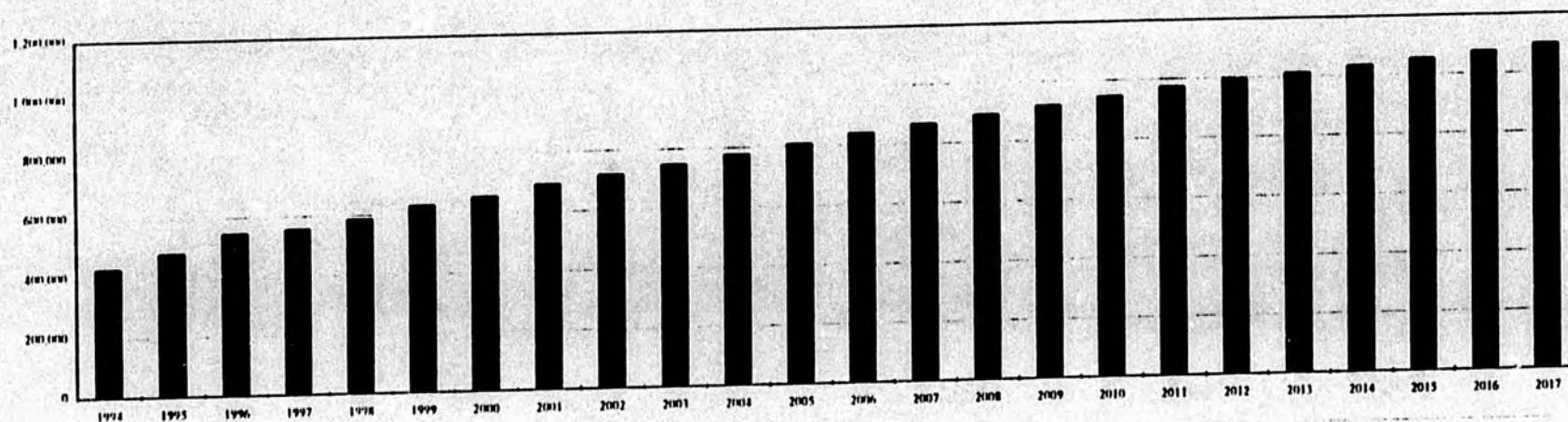
The FAA defines ANC as a medium-sized air traffic hub. The Airport, including the seaplane facilities at Lake Hood and Lake Spenard, occupies approximately 4,480 acres and is located three miles southwest of the Anchorage central business district. The Airport property is owned by the State of Alaska and is administered and operated by the Department of Transportation and Public Facilities.

ANC maintains three runways: two parallel east-west runways separated by 700 feet (Runway 6L/24R and Runway 6R/24L) and a north-south runway (Runway 14/32) located north of the parallel east-west runways. The dimensions of these runways are as follows:

- | | |
|----------------------|-------------------|
| • 6L/24R (east-west) | 10,600 x 150 feet |
| • 6R/24L (east-west) | 10,897 x 150 feet |
| • 14/32 | 11,584 x 150 feet |

ANC operates two terminal buildings. The North (international) Terminal has eight gates, and the South (domestic) Terminal has 19 structural gates and 13 ground-loading positions. Together, the terminals total over 1.2 million square feet. The Airport has four cargo airparks

Table II-3
Anchorage International Airport
Air Cargo Tonnage Forecast

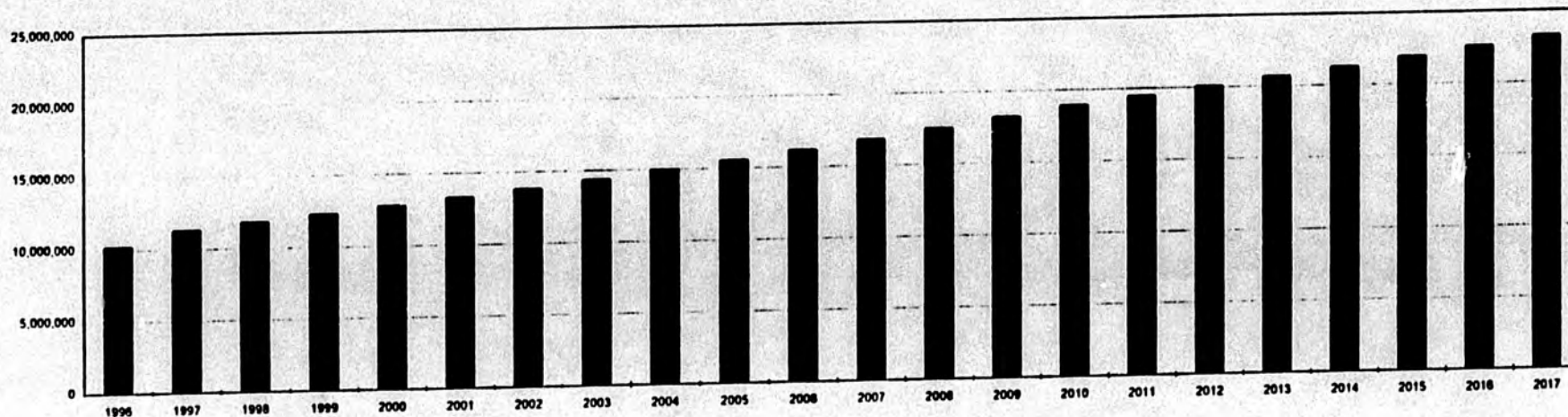


Source:

(1) From Airport Records. Forecast period 1997 to 2001 provided by Keiser & Associates, Inc. from the Preliminary Air Cargo Forecast Draft dated 02/16/98, years 2002 to 2017 prepared by Landrum & Brown, Inc.

II. AIRCRAFT ACTIVITY TABLES

Table II-4
Anchorage International Airport
Maximum Gross Take-off Weight Forecast
(In Tons)



		Airport Forecast - (1)			
		Domestic	International	Total	% Change
Actual Forecast	1996	3,226,160	6,984,739	10,210,899	--
	1997	3,187,500	7,909,500	11,297,000	10.6%
	1998	3,490,000	8,305,000	11,795,000	4.4%
	1999	3,629,600	8,637,200	12,266,800	4.0%
	2000	3,774,784	8,982,688	12,757,472	4.0%
	2001	3,925,776	9,341,996	13,267,771	4.0%
	2002	4,082,807	9,715,676	13,798,482	4.0%
	2003	4,246,119	10,104,303	14,350,421	4.0%
	2004	4,415,964	10,508,475	14,924,438	4.0%
	2005	4,592,602	10,928,814	15,521,416	4.0%
	2006	4,776,306	11,365,966	16,142,272	4.0%
	2007	4,967,358	11,820,605	16,787,963	4.0%
	2008	5,166,053	12,293,429	17,459,482	4.0%
	2009	5,372,695	12,785,166	18,157,861	4.0%
	2010	5,587,603	13,296,573	18,884,175	4.0%
	2011	5,755,231	13,695,470	19,450,701	3.0%
	2012	5,927,888	14,106,334	20,034,222	3.0%
	2013	6,105,724	14,529,524	20,635,248	3.0%
	2014	6,288,896	14,965,410	21,254,306	3.0%
	2015	6,477,563	15,414,372	21,891,935	3.0%
	2016	6,671,890	15,876,803	22,548,693	3.0%
	2017	6,872,046	16,353,107	23,225,153	3.0%

Source: From Airport Records. Forecast years 1997-2017 from Financial Models Vol. II dated 10/02/97, prepared by Hudson AIPF, LLC.
 (1) Total take-off weights are determined by summing the product of total aircraft landings at the Airport multiplied by each aircraft's certified maximum take-off weight.
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and a cargo refueling ramp that contain 1.2 million square feet for cargo transient parking and international sorting hubs for various cargo carriers.

FedEx, UPS, United Airlines, Northwest Airlines and Polar Air Cargo are only a few of the all-cargo carriers with hubs in Anchorage. These carriers have expanded their facilities in Anchorage in 1997, some doubling or tripling in size. Along with its passenger and cargo facilities, the Airport also has a floatplane base and general aviation airstrip.

Significant expansion or construction of new facilities at the Airport between 1996 and 1998 include the following:

Carrier	Project
FedEx	\$38 million: Broke ground in Spring 1997 for an additional 165,000 s.f. to the existing 208,000 s.f.
	\$15 million: Completed construction and opened 15,000 s.f. MD-11 flight simulator facility
Lynxs/Mapco	\$25 million: Secured lease in fall 1997 for 1 million s.f. site to construct 9 widebody hardstands and 100,000 s.f. cargo facility
Alaska	\$8 million: Completed 72,000 s.f. addition/remodel cargo facility
UPS	\$5 million: Opened 60,000 s.f. addition/remodel cargo facility
Penair	\$4 million: Completed 40,000 s.f. aircraft hangar and operations center
Northern Air Cargo	\$3.5 million: Began construction of an addition to its existing cargo facility
Northwest	\$3 million: Reconstructed two widebody freighter hardstands and added a third
Lynden	Moved into 36,000 s.f. aircraft hangar and ops center
Polar	Moved hub operations to subleased FedEx hardstands in East Airpark, (formerly Flying Tigers site)
United	Established ANC hub and domicile crew base in March 1997 with over 100 pilots and 100 ground personnel

III. AIRPORT CAPITAL IMPROVEMENTS

There are two primary development programs currently being implemented relative to the Airport: "Gateway Alaska," a state program that focuses on domestic terminal redevelopment and highway improvements around Anchorage and the Airport Development Program ("ADP"). The Terminal Redevelopment Project ("TRP") is included in Gateway Alaska. The LOI Projects are included in the ADP. As these programs are completed, they will accomplish the following objectives: (i) increase capacity, (ii) reduce delay, (iii) improve efficiency (iv) improve safety, (v) improve passenger comfort and convenience and (vi) lower Airport operating costs.

1. GATEWAY ALASKA

In 1997, the Governor of the State of Alaska announced a capital development program known as "Gateway Alaska." The initiative recognized the increasing growth in domestic and international passengers and the State's importance in the global cargo market. Expansion of the terminal and other facilities is expected to displace certain cargo fueling areas, gates and overnight parking positions, thereby adding urgency to the need for cargo facility and apron area improvements. The TRP, which is part of Gateway Alaska, is described more fully in Section 3 of this chapter.

The Gateway Alaska program will fund a portion of the renovation and expansion of the Airport's domestic terminal and other airside and landside improvements. A primary objective of Gateway Alaska is to improve highway access to the Airport through a series of programmed and planned improvements along International Airport Road. Programmed projects are shown in Exhibit III-1 and include the following:

- Build an interchange where International Airport Road crosses Minnesota Drive.
- Widen C Street from Tudor Road to International Airport Road.
- Improve International Airport Road, including bicycle and pedestrian trails.
- Intersection improvements and partial realignment of Postmark Road where it intersects with International Airport Road.

Additional contemplated improvements that will be reviewed and programmed as needed include:

- A new grade separation at International Airport Road and the New Seward Highway.
- Interchange on International Airport Road at Jewel Lake Road and at-grade railroad crossings to improve safety.
- Improve Old International Airport Road, where many cargo operations are located.
- Build bicycle and pedestrian trails along Lakeshore Drive, which winds around Lake Hood.
- Repair an eroding section of the Tony Knowles Coastal Trail near the north end of the Airport.

2. AIRPORT DEVELOPMENT PROGRAM

The ADP includes funding for projects at ANC, Lake Hood Airport, a separate but jointly managed facility next to ANC, and Fairbanks International Airport ("FIA"). Lake Hood and FIA are included because their operations and capital improvements are financed under the same enterprise fund as ANC. Therefore, project costs and O&M costs at each airport affect the rates and fees at the other airports. For purposes of this LOI Application, only total project costs at Lake Hood and FIA are shown for each fiscal year. Detailed project descriptions for these two

airports and justifications are not discussed. Table III-1 shows a detailed listing of ANC's ADP projects with estimated start and finish dates.

The ADP is a 10-year program that can be grouped into five discrete categories:

- **Airfield**--Planned airfield projects include airfield lighting upgrades and pavement rehabilitation of runways, taxiways and aprons. The Airport maintains and operates three runways and two taxiways, each of which are over 10,000 feet long, as well as numerous other connecting taxiways and large passenger and cargo aprons. These areas represent a large annual commitment of operating and maintenance resources.
- **Terminal**--Terminal projects include the TRP and the 2015 Terminal and Parking Garage Expansion Programs. Additional projects address maintenance, repairs and code upgrades within the domestic and international terminals, and the aircraft parking aprons next to the terminals.
- **Cargo**--Cargo projects address taxiways, roads and utility services to expand cargo into the West, North and South Airparks. A Cargo LOI (Phase II Projects) proposed for 2001 includes airpark expansions, land acquisition, deicing facilities and engine runup and holding pads. Other cargo projects would complete wetland mitigation to allow development of Airport wetlands for cargo expansion, extension of a runway to increase international cargo aircraft payloads and expansion and reconstruction of cargo aprons.
- **Environmental**--Environmental projects address airport noise, air and water quality, hazardous materials, soil contamination and drainage systems.
- **Other Improvements**--Projects in this category address Airport security programs, facilities expansion and snow removal equipment.

3. TERMINAL REDEVELOPMENT PROJECT

The TRP includes improvements to terminal roads and parking, the extension of upper level departure curbside bridge and roads, replacement of Concourse C, renovation and expansion of existing terminal space, tour group processing and improvements to airside facilities. The plan provides for facilities that meet anticipated demands for the target year 2005. The proposal calls for construction to begin by 1999 and to be completed by 2004.

The plan also provides for five new jet aircraft gates, seven regional aircraft parking positions, the demolition of Concourse C and the construction of a new concourse that will provide more curbside access, baggage claim, ticket lobby and retail space.

This plan meets the following specific goals and objectives of the Airport and the airlines:

- provide the roadway and terminal facilities necessary to meet the forecast demand;
- create a facility with balanced capacities for airside, terminal and curbside areas;
- resolve major deficiencies that exist in current ticket lobbies, baggage claim and curbside pick up areas;

- provide a flexible terminal that can accommodate changes in fleet mix and other factors that could change the mix in the future;
- maximize the use of existing facilities in a cost-effective manner;
- provide for construction while continuing the operations of the Airport;
- provide flexibility for future terminal expansion to meet increased demand; and
- maintain the existing number of cargo fueling positions.

4. LOI PROJECTS

The LOI Projects consist of two distinct phases. Portions of the Phase I Projects are on the Airport's current approved Airport Layout Plan ("ALP"). Environmental processing for each LOI Project is completed or underway. The NEPA process for the runway reconstruction project has been completed. Final approval of the Environmental Assessment for the remaining projects is expected at the end of June 1998. In addition, a revised Airport Layout Plan ("ALP") depicting the relevant projects will be submitted for FAA approval within the next two months. Finally, preliminary design work for these projects is completed. Contracts documents for bidding will be prepared in sequence with the TRP phasing plan and pending the results of the environmental assessment.

a. LOI Phase I

The Airport recognizes that the FAA is looking for a comprehensive and well-documented BCA, financial plan and environmental review. To analyze the long-range development needs and potential funding sources, the Airport has prepared the Terminal Needs Assessment and the Airport Master Plan to identify critical airside projects requiring immediate attention. In response to these requirements, the Airport is submitting four airside projects for discretionary funding and the eligible portions of the TRP for entitlement funding under the LOI Application.

The four airside projects submitted for LOI consideration are briefly described below:

- Terminal Apron Replacement--Construct concrete terminal apron to serve new jet and commuter gates at Concourse C and replace existing aging asphalt aprons at various locations around Concourses A and B.
- RON/Cargo Apron Construction--Convert three existing cargo refueling positions to concrete joint use cargo hardstand/air carrier RON positions.
- Cargo Fueling Apron Expansion--Construct five new Design Group VI cargo fueling positions, including access taxiways, tug road tie-ins and hydrant fueling system.
- Runway 6L/24R Reconstruction--Reconstruct Runway 6L/24R to strengthen it for larger aircraft and make associated safety, lighting and drainage improvements.

The first three airside LOI projects involve the construction of ramp improvements that will facilitate the implementation of the TRP. The sequencing of these projects is designed to minimize the operational impacts and passenger disruptions during construction. While each project will contribute to enhancing overall Airport system efficiency, these projects are inter-related from a construction phasing perspective. As a

result, all three projects must be completed to achieve the benefits defined in the BCA section of these documents.

The fourth airside LOI project, the reconstruction of Runway 6L/24R, is independent from the three ramp projects. Since the benefits expected to result from this project are not dependent on the ramp projects, a separate BCA was performed for the runway reconstruction. This approach complies with the FAA directive to evaluate the marginal benefits and costs of independent projects.

Growth in cargo and air carrier activity is occurring so quickly that the Airport believes it is appropriate to request funding for these projects at this time, recognizing that the Airport will be prepared to submit a Phase II application within two years.

Table III - 1
Anchorage International Airport
Summary of ADP Projects

#	Cost Center	Project Title	Total Estimated Project Cost (\$000's)	Project Dates (Fiscal Year)	
				Begin	End
98-01	AF	Runway 6L/24R Reconstruction & Lighting	17,000	1998	1999
98-02	AF	Cargo Fueling Apron Expansion	9,700	1998	2006
98-03	AF	South Terminal Ramp Reconstruction	809	1998	1998
98-04	TE	Terminal Redevelopment Project	231,600	1998	2004
98-05	TE	Terminal Rehabilitation	10,200	1998	2007
98-06	AF	Taxiway S Tug Road	300	1998	1998
99-01	AF	Cargo Ramp Reconstruction	6,000	1999	1999
99-02	AF	Lake Hood Sewer and Water	2,500	1999	1999
99-03	AF	Airfield Blast Protection Reconstruct	4,900	1999	2006
99-04	TE	Escalator Replacement	350	1999	1999
99-05	AF	Flight Tracking/Noise Monitoring System	1,200	1999	1999
99-06	OT	Snow Storage Area Construction	4,500	1999	2005
00-01	AF	Airfield Lighting Upgrades	4,500	2000	2003
00-02	AF	Field Mntc. Reconstruct/Expansion	4,500	2000	2002
00-03	AF	Fire Pit Assessment and Repair	150	2000	2000
00-04	TE	Security Access Control Upgrades	3,500	2000	2000
00-05	AF	Taxiway Upgrade/Repairs	3,000	2000	2000
00-06	TE	Ticketing Area Automatic Doors	250	2000	2000
00-07	OT	Wetland Mitigation	2,500	2000	2000
01-01	TE	ADA Compliance	400	2001	2001
01-02	OT	Airport Security Upgrades	1,450	2001	2004
01-03	AF	Parallel Taxiway East of Romeo (1)	9,200	2001	2001
01-03	AF	North Airpark Taxiway into Wetlands (1)	3,100	2001	2001
01-03	AF	Deicing Collection Facility (1)	1,500	2001	2001
01-03	AF	Engine Runup PAD/D&D Holding Area (1)	2,100	2001	2001
01-03	AF	North Airpark Tug Roads (1)	5,400	2001	2001
01-03	AF	West Airpark Parallel Taxiways (1)	23,000	2001	2001
01-03	AF	West Airpark Roads (1)	11,200	2001	2001
01-03	AF	Land Acquisition (1)	1,000	2001	2001
01-04	TE	Communication Upgrade	800	2001	2002
01-05	AF	G.A. Parking & Taxiway Relocation	4,500	2001	2001
01-06	TE	Overhead Doors Replacement	450	2001	2001
01-07	OT	Roads/Utilities Reconstruction/Upgrade	5,500	2001	2006
01-08	AF	Storm Drain Construction	10,300	2001	2006
01-09	AF	Terminal Ramp Reconstruction	2,400	2001	2001
01-10	AF	UREA Storage Facility	900	2001	2001
01-11	AF	Part 150 Noise Program Implementation	15,000	2001	2009
02-01	AF	Airfield Pavement Rehabilitation	10,000	2002	2008
02-02	AF	Lake System Dredging	3,250	2002	2002
02-03	AF	South Airpark Taxiway Expansion	6,700	2002	2005
02-04	OT	South Postmark Drive Realignment	6,100	2002	2002
02-05	TE	Terminal Apron Reconstruction	11,600	2002	2009
03-01	AF	Equipment/Ops Building Expansion	3,000	2003	2003
03-02	ALL	Master Plan/Noise Program Update	1,100	2003	2003
03-03	OT	Old Intl. Airport Road Reconstruction	7,500	2003	2003
03-04	AF	Runway 14-32 Overlay and Groove	2,000	2003	2003
04-01	OT	North Airpark Access Road Construction	9,000	2004	2004
04-02	AF	Runway Extension	6,200	2004	2004
05-01	AF	Cargo Apron Reconstruction	6,000	2005	2009
05-02	AF	Taxiway K Resurfacing	1,500	2005	2005
06-01	AF	Runway 6R-24L Overlay and Groove	2,000	2006	2006
06-02	AF	Taxiways R & E Resurfacing	2,000	2006	2006
07-01	AF	Lake Hood Strip/Apron Resurfacing	300	2007	2007
07-02	AF	Land Acquisition	1,000	2007	2007
07-03	AF	Runway 14-32 West Airpark Parallel Taxiway	12,000	2007	2007
08-01	AF	Runway 6L-24R Overlay and Groove	2,000	2008	2008
98-07	ALL	Advance Project Design	11,650	1998	2009
98-08	ALL	Annual Improvements	8,300	1998	2009
98-09	OT	Environmental Assessment & Cleanup	21,500	1998	2009
98-10	AF	Equipment	9,196	1998	2009
Anchorage International Airport Total (2)			\$549,555		
Fairbanks International Airport			\$44,133	1999	2009
Total AIAS			\$593,688		

(1) Part of the Cargo Letter of Intent

(2) Anchorage International Airport ADP includes Lake Hood Capital Project

b. **LOI Phase II**

The LOI Phase II program is intended to comprehensively integrate all of the facility requirements under the ADP and is presented in this LOI Application in preliminary form to alert the FAA that future funding requests are anticipated. These Phase II projects are intended to provide additional capacity for all cargo freighters and transloading operations. These projects also will provide the necessary facilities to allow ANC to become the dominant global cargo hub airport in the world.

Unlike most other U.S. airports where one sector of activity dominates, ANC is experiencing growth in both passenger and air cargo activity. Efficiencies can be derived by servicing user requirements in an integrated manner rather than by independent and parallel strategies. This presents an opportunity for maximizing yield on available Airport financial resources and for leveraging national system benefits with federal, state and Airport funding.

IV. FINANCIAL PLAN

The Airport's Financial Plan anticipates the issuance of Airport Revenue Bonds in Fiscal Year 1999 (the "1999 Series Bonds"). The 1999 Series Bonds are being issued to fund the Ramp/Apron Projects and the majority of the TRP. The reconstruction of Runway 6L/24R, (Phase II occurs in 1999) will be funded with discretionary grants under the LOI. The interdependencies of the Ramp/Apron Projects require the proper sequence to accommodate construction of the TRP and Runway 6L/24R. To meet the phasing schedule described in Chapter VI, Airport management will capitalize interest on the 1999 Series Bonds. Upon completion of the project, annual principal and interest payments will be included in the airline rates and charges. Based on the BCA Guidance, the discretionary grant schedule provides for greater reimbursement amounts in the later years of the LOI Application. The Airport will commit 75.0 percent of its passenger entitlements to the eligible portions of the TRP. The requested schedule for receipt of LOI Funds is as follows:

YEAR	ENTITLEMENT	DISCRETIONARY	LOI TOTAL
1999	\$1,950,000	\$4,675,000	\$6,625,000
2000	1,950,000	4,675,000	6,625,000
2001	1,950,000	3,950,000	5,900,000
2002	1,950,000	4,155,000	6,105,000
2003	1,950,000	4,370,000	6,320,000
2004	1,950,000	4,600,000	6,550,000
2005	1,950,000	4,845,000	6,795,000
2006	1,950,000	5,105,000	7,055,000
2007	1,950,000	5,380,000	7,330,000
2008	1,950,000	6,295,000	8,245,000
TOTAL	\$19,500,000	\$48,050,000	\$67,550,000

This is accomplished by matching the discretionary grants with the principal repayment schedule associated with the 1999 Series Bonds. By applying the LOI proceeds against principal payment as a credit to the airlines' rates and charges, Airport management will have greater flexibility and debt capacity beyond 2005 to implement the remaining projects in the ADP. This LOI Application also allows the Airport to meet future activity levels in a timely manner and at service levels that are consistent with industry standards.

1. SOURCES AND USES OF FUNDS FOR THE ADP

The ADP described in Chapter III is based on the Alaska International Airport System's ("AIAS") current six-year CIP for the Airport, FIA and Lake Hood Airport. For purposes of this LOI Application, this six-year CIP has been modified to create the 10-year ADP. The ADP was developed to identify long-range facility requirements and to coincide with projects intended to be funded under the LOI. Certain capital projects that have already received or will receive entitlement or discretionary funding in Federal Fiscal Year (FFY) 1997, 1998 or 1999 are included in the ADP.

a. **Summary of ADP Funding Sources**

In recognition of the importance of the ADP to the State of Alaska and the positioning of ANC in the global cargo market, Airport management has sought to maximize funding from a variety of different sources. As a result, the Airport will receive funding from Airport cash flow, airport revenue bonds and the FHWA, in addition to AIP funds. At the present time, PFCs are not collected at the Airport or FIA. Airport management has vigorously pursued a course of action that identifies all funding alternatives with potential emphasis on PFCs. Currently, Airport management is working with the FAA, state officials and the airlines to resolve this important issue.

Table IV-1 shows the annual ADP capital costs and their proposed funding sources. These cost estimates reflect total project costs and include design and construction costs; administrative costs for inspection testing and design; and contingencies. The costs are stated in 1997 dollars.

b. **Sources and Uses With LOI Funding**

The ADP for the Airport is estimated to cost approximately \$549.6 million. Of the total amount, approximately \$191.1 million is expected to be funded from Airport cash flow. The largest funding source, however, is Airport revenue bonds, which total \$199.2 million, or 36.1 percent of the funding sources for the ADP. The Airport is also receiving a \$26.3 million grant from the FHWA, which will be used to fund a portion of the on-Airport roadways. The FHWA commitment represents 5 percent of the total funding sources. Passenger entitlement funds, including 1998 and 2009, represent 5.9 percent of the total funding, while cargo entitlements represent 6.6 percent of the funding. Discretionary funds under the LOI Application would represent only 9.1 percent of total funding (see **Table IV-2**).

c. **Sources and Uses Without LOI Funding**

Table IV-3 presents the sources and uses of funds assuming that the Airport does not receive LOI funding. The total funding deficit increases from \$19.4 million to \$66.7 million. This difference is equal to the discretionary portion of the LOI request. Annual entitlements would continue to be applied to the ADP. All other funding sources remain unchanged. Without the LOI funding, Airport revenue bonds will now represent 61.8 percent of the funding sources and could potentially be as high as 65.8 percent if the airlines are expected to provide funding for the deficit as well. If the Airport does not receive the LOI, there is the possibility that some of the ADP projects will be deferred or rescheduled to match available funding sources.

TABLE - 1
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Anchorage International Airport

#	Cost Center	Project Title	Total Estimated Project Cost (\$000's)	Project Dates (Fiscal Year)		Proposed Funding Sources (000s)				
				Begin	End	AIP	FIIWA	Airport/Local	Bond Issue	Total
1998										
98-01	AF	Runway 6L/24R Reconstruction & Lighting	\$17,000	1998	1999	\$5,951		\$661		\$6,612
98-02	AF	Cargo Fueling Apron Expansion	9,700	1998	2006	4,680		520		5,200
98-03	AF	South Terminal Ramp Reconstruction	809	1998	1998	728		81		809
98-04	TE	Terminal Redevelopment Program	231,600	1998	2004		1,000	6,100		7,100
98-05	TE	Terminal Rehabilitation	10,200	1998	2007			375		375
98-06	AF	Taxiway S Tug Road	300	1998	1998			300		300
98-07	ALL	Advance Project Design	1,050	1998	2009	495		555		1,050
98-08	ALL	Annual Improvements	650	1998	2009			650		650
98-09	OT	Environmental Assessment & Cleanup	1,500	1998	2009			1,500		1,500
98-10	AF	Equipment	796	1998	2009			796		796
		Anchorage International Airport Total				\$11,854	\$1,000	\$11,538		\$24,392
1999										
99-01	AF	Cargo Ramp Reconstruction	\$6,000	1999	2000	\$2,760		\$240		\$3,000
99-02	AF	Lake Hood Sewer and Water	2,500	1999	1999			2,500		2,500
99-03	AF	Airfield Blast Protection	4,900	1999	2006	1,530		370		1,900
99-04	TE	Escalator Replacement	350	1999	1999			350		350
99-05	AF	Flight Tracking/Noise Monitoring System	1,200	1999	1999	1,080		120		1,200
99-06	OT	Snow Storage Area Construction	4,500	1999	2005			1,500		1,500
98-01	AF	Runway 6L/24R Reconstruction & Lighting	17,000	1998	1999	9,349		1,039		10,388
98-05	TE	Terminal Redevelopment Program	231,600	1998	2004				40,984	40,984
98-06	AF	Terminal Rehabilitation	10,200	1998	2007			375		375
98-07	ALL	Advance Project Design	600	2000	2000			600		600
98-08	ALL	Annual Improvements	650	2000	2000			650		650
98-10	AF	Equipment	650	2000	2000			650		650
		Anchorage International Airport Total				\$14,719		\$8,394	\$40,984	\$64,097
		Fairbanks International Airport		1999	1999	\$2,275		\$4,083		\$6,358
2000										
00-01	AF	Airfield Lighting Upgrades	\$4,500	2000	2003	\$2,250		\$250		\$2,500
00-02	AF	Field Mntc. Reconstruct/Expansion	4,500	2000	2002			3,000		3,000
00-03	AF	Fire Pit Assessment and Repair	150	2000	2000			150		150
00-04	TE	Security Access Control Upgrades	3,500	2000	2000	3,150		350		3,500
00-05	AF	Taxiway Upgrade/Repairs	3,000	2000	2000	2,700		300		3,000
00-06	TE	Ticketing Area Automatic Doors	250	2000	2000			250		250
00-07	OT	Wetland Mitigation	2,500	2000	2000			2,500		2,500
98-05	TE	Terminal Redevelopment Program	231,600	1998	2004		22,300		57,375	79,675
98-06	AF	Terminal Rehabilitation	10,200	1998	2007			450		450
99-01	AF	Cargo Ramp Reconstruction	\$6,000	1999	2000	\$2,760		\$240		\$3,000
98-07	ALL	Advance Project Design	1,000	2000	2000			1,000		1,000
98-08	ALL	Annual Improvements	650	2000	2000			650		650
98-09	OT	Environmental Assessment & Cleanup	2,000	2000	2000			2,000		2,000
98-10	AF	Equipment	750	2000	2000			750		750
		Anchorage International Airport Total				\$10,860	\$22,300	\$11,890	\$57,375	\$102,425
		Fairbanks International Airport		2000	2000	\$2,070		\$5,980		\$8,050

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Anchorage International Airport

#	Cost Center	Project Title	Total Estimated Project Cost (\$000's)	Project Dates (Fiscal Year)		Proposed Funding Sources (000s)				
				Begin	End	AIP	FIIWA	Airport/Local	Bond Issue	Total
2001										
01-01	TE	ADA Compliance	\$400	2001	2001			\$400		\$400
01-02	OT	Airport Security Upgrades	1,450	2001	2004			450		450
01-03	AF	Parallel Taxiway East of Romeo (1)	9,200	2001	2001	9,200				9,200
01-03	AF	North Airpark Taxiway into Wetlands (1)	3,100	2001	2001	3,100				3,100
01-03	AF	Deicing Collection Facility (1)	1,500	2001	2001	1,500				1,500
01-03	AF	Engine Runup PAD/D&D Holding Area (1)	2,100	2001	2001	2,100				2,100
01-03	AF	North Airpark Tug Roads (1)	5,400	2001	2001	5,400				5,400
01-03	AF	West Airpark Parallel Taxiways (1)	23,000	2001	2001	23,000				23,000
01-03	AF	West Airpark Roads (1)	11,200	2001	2001	11,200				11,200
01-03	AF	Land Acquisition (1)	1,000	2001	2001	1,000				1,000
01-04	TE	Communication Upgrade	800	2001	2002			400		400
01-05	AF	G.A. Parking & Taxiway Relocation	4,500	2001	2001	4,050		450		4,500
01-06	TE	Overhead Doors Replacement	450	2001	2001			450		450
01-07	OT	Roads/Utilities Reconstruction/Upgrade	1,500	2001	2001			1,500		1,500
01-08	AF	Storm Drain Construction	10,300	2001	2006			3,000		3,000
01-09	AF	Terminal Ramp Reconstruction	2,400	2001	2001	2,160		240		2,400
01-10	AF	UREA Storage Facility	900	2001	2001			900		900
01-11	AF	Part 150 Noise Program Implementation	15,000	2001	2009	2,700		300		3,000
98-05	TE	Terminal Redevelopment Program	231,600	1998	2004				\$5,551	\$5,551
99-06	OT	Snow Storage Area Construction	4,500	1999	2005			1,500		1,500
98-07	ALL	Advance Project Design	1,000	2001	2001			1,000		1,000
98-08	ALL	Annual Improvements	650	2001	2001			650		650
98-09	OT	Environmental Assessment & Cleanup	2,000	2001	2001			2,000		2,000
98-10	AF	Equipment	750	2001	2001			750		750
		Anchorage International Airport Total				\$65,410		\$13,990	\$55,551	\$134,951
		Fairbanks International Airport		2001	2001	\$5,050		\$2,318		\$7,368
2002										
02-01	AF	Airfield Pavement Rehabilitation	\$10,000	2002	2008	\$1,800		\$200		\$2,000
02-02	AF	Lake System Dredging	3,250	2002	2002			3,250		3,250
02-03	AF	South Airpark Taxiway Expansion	6,700	2002	2005			3,200		3,200
02-04	OT	South Postmark Drive Realignment	6,100	2002	2002			6,100		6,100
02-05	TE	Terminal Apron Reconstruction	11,600	2002	2009	2,160		240		2,400
98-05	TE	Terminal Redevelopment Program	231,600	1998	2004		3,000		33,800	36,800
98-06	AF	Terminal Rehabilitation	10,200	1998	2007			3,000		3,000
99-03	AF	Airfield Blast Protection	4,900	1999	2006	1,350		150		1,500
00-02	AF	Field Mntc. Reconstruct/Expansion	4,500	2000	2002			1,500		1,500
01-04	TE	Communication Upgrade	800	2001	2002			400		400
01-08	AF	Storm Drain Construction	10,300	2001	2006			1,000		1,000
98-07	ALL	Advance Project Design	1,000	2002	2002			1,000		1,000
98-08	ALL	Annual Improvements	650	2002	2002			650		650
98-09	OT	Environmental Assessment & Cleanup	2,000	2002	2002			2,000		2,000
98-10	AF	Equipment	750	2002	2002			750		750
		Anchorage International Airport Total				\$5,310	\$3,000	\$23,440	\$33,800	\$65,550
		Fairbanks International Airport		2002	2002	\$2,095		\$3,842		\$5,937

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ANNUAL ADP COSTS

#	Cost Center	Project Title	Total Estimated Project Cost (\$000's)	Project Dates (Fiscal Year)		Proposed Funding Sources (000s)				
				Begin	End	AIP	FIIWA	Airport/Local	Bond Issue	Total
2003										
03-01	AF	Equipment/Ops Building Expansion	\$3,000	2003	2003			\$3,000		\$3,000
03-02	ALL	Master Plan/Noise Program Update	1,100	2003	2003	1,000		100		1,100
03-03	OT	Old Intl. Airport Road Reconstruction	7,500	2003	2003			7,500		7,500
03-04	AF	Runway 14-32 Overlay and Groove	2,000	2003	2003	1,800		200		2,000
98-05	TE	Terminal Redevelopment Program	231,600	1998	2004				11,491	11,491
00-01	AF	Airfield Lighting Upgrades	4,500	2000	2003	1,800		200		2,000
01-08	AF	Storm Drain Construction	10,300	2001	2006			4,300		4,300
01-11	AF	Part 150 Noise Program Implementation	15,000	2001	2009	2,700		300		3,000
02-01	AF	Airfield Pavement Rehabilitation	10,000	2002	2008	1,800		200		2,000
98-07	ALL	Advance Project Design	1,000	2003	2003			1,000		1,000
98-08	ALL	Annual Improvements	700	2003	2003			700		700
98-09	OT	Environmental Assessment & Cleanup	2,000	2003	2003			2,000		2,000
98-10	AF	Equipment	750	2003	2003			750		750
		Anchorage International Airport Total				\$9,100		\$20,250	\$11,491	\$40,841
		Fairbanks International Airport		2003	2003	\$2,300		\$920		\$3,220
2004										
04-01	OT	North Airpark Access Road Construction	\$9,000	2004	2004			\$9,000		\$9,000
04-02	AF	Runway Extension	6,200	2004	2004	5,580		620		6,200
01-02	OT	Airport Security Upgrades	1,450	2001	2004			1,000		1,000
01-07	OT	Roads/Utilities Reconstruction/Upgrade	1,500	2001	2001			2,000		2,000
02-01	AF	Airfield Pavement Rehabilitation	10,000	2002	2008	1,800		200		2,000
02-05	TE	Terminal Apron Reconstruction	11,600	2002	2009	2,160		240		2,400
98-07	ALL	Advance Project Design	1,000	2004	2004			1,000		1,000
98-08	ALL	Annual Improvements	700	2004	2004			700		700
98-09	OT	Environmental Assessment & Cleanup	2,000	2004	2004			2,000		2,000
98-10	AF	Equipment	750	2004	2004			750		750
		Anchorage International Airport Total				\$9,540		\$17,510		\$27,050
		Fairbanks International Airport		2004	2004	\$1,125		\$1,075		\$2,200
2005										
05-01	AF	Cargo Apron Reconstruction	\$6,000	2005	2009	\$2,700		\$300		\$3,000
05-02	AF	Taxiway K Resurfacing	1,500	2005	2005			1,500		1,500
98-06	AF	Terminal Rehabilitation	10,200	1998	2007			3,000		3,000
99-06	OT	Snow Storage Area Construction	4,500	1999	2005			1,500		1,500
01-11	AF	Part 150 Noise Program Implementation	15,000	2001	2009	2,700		300		3,000
02-03	AF	South Airpark Taxiway Expansion	6,700	2002	2005	3,150		350		3,500
02-05	TE	Terminal Apron Reconstruction	11,600	2002	2009	2,160		240		2,400
98-07	ALL	Advance Project Design	1,000	2005	2005			1,000		1,000
98-08	ALL	Annual Improvements	700	2005	2005			700		700
98-09	OT	Environmental Assessment & Cleanup	2,000	2005	2005			2,000		2,000
98-10	AF	Equipment	800	2005	2005			800		800
		Anchorage International Airport Total				\$10,710		\$11,690		\$22,400

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ANNUAL ADP COSTS

#	Cost Center	Project Title	Total Estimated Project Cost (\$000's)	Project Dates (Fiscal Year)		Proposed Funding Sources (000s)			
				Begin	End	AIP	FIIWA	Airport/Local	Bond Issue
		Fairbanks International Airport		2005	2005	\$1,125		\$1,075	
2006									
06-01	AF	Runway 6R-24L Overlay and Groove	\$2,000	2006	2006	\$1,800		\$200	
06-02	AF	Taxiways R & E Resurfacing	2,000	2006	2006			2,000	
98-02	AF	Cargo Fueling Apron Expansion	9,700	1998	2006			4,500	
99-03	AF	Airfield Blast Protection	4,900	1999	2006			1,500	
01-07	OT	Roads/Utilities Reconstruction/Upgrade	2,000	2006	2006			2,000	
01-08	AF	Storm Drain Construction	10,300	2001	2006			2,000	
02-01	AF	Airfield Pavement Rehabilitation	10,000	2002	2008	1,800		200	
98-07	ALL	Advance Project Design	1,000	2006	2006			1,000	
98-08	ALL	Annual Improvements	750	2006	2006			750	
98-09	OT	Environmental Assessment and Cleanup	2,000	2006	2006			2,000	
98-10	AF	Equipment	800	2006	2006			800	
		Anchorage International Airport Total				\$3,600		\$16,950	
		Fairbanks International Airport		2006	2006	\$1,125		\$1,075	
2007									
07-01	AF	Lake Hood Strip/Apron Resurfacing	\$300	2007	2007			\$300	
07-02	AF	Land Acquisition	1,000	2007	2007			1,000	
07-03	AF	Runway 14-32 West Airpark Parallel Taxiway	12,000	2007	2007			12,000	
98-06	AF	Terminal Rehabilitation	10,200	1998	2007			3,000	
01-11	AF	Part 150 Noise Program Implementation	15,000	2001	2009	2,700		300	
02-05	TE	Terminal Apron Reconstruction	11,600	2002	2009			2,400	
98-07	ALL	Advance Project Design	1,000	2007	2007			1,000	
98-08	ALL	Annual Improvements	700	2007	2007			700	
98-09	OT	Environmental Assessment & Cleanup	2,000	2007	2007			2,000	
98-10	AF	Equipment	800	2007	2007			800	
		Anchorage International Airport Total				\$2,700		\$23,500	
		Fairbanks International Airport		2007	2007	\$1,125		\$1,075	
2008									
08-01	AF	Runway 6L-24R Overlay and Groove	\$2,000	2008	2009	\$1,800		\$200	
02-01	AF	Airfield Pavement Rehabilitation	10,000	2002	2008			2,000	
98-07	ALL	Advance Project Design	1,000	2008	2008			1,000	
98-08	ALL	Annual Improvements	750	2008	2008			750	
98-09	OT	Environmental Assessment & Cleanup	2,000	2008	2008			2,000	
98-10	AF	Equipment	800	2008	2008			800	
		Anchorage International Airport Total				\$1,800		\$6,750	\$0
		Fairbanks International Airport		2008	2008	\$1,125		\$1,075	
2009									
01-11	AF	Part 150 Noise Program Implementation	\$15,000	2001	2009	\$2,700		\$300	
02-05	TE	Terminal Apron Reconstruction	11,600	2002	2009			2,000	
05-01	AF	Cargo Apron Reconstruction	6,000	2005	2009	2,700		300	
98-07	ALL	Advance Project Design	1,000	2009	2009			1,000	

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ANNUAL ADP COSTS

#	Cost Center	Project Title	Total Estimated Project Cost (\$000's)	Project Dates (Fiscal Year)		Proposed Funding Sources (000s)				
				Begin	End	AIP	FIIWA	Airport/Local	Bond Issue	Total
98-08	AIL	Annual Improvements	750	2009	2009			750		750
98-09	OT	Environmental Assessment & Cleanup	2,000	2009	2009			2,000		2,000
98-10	AF	Equipment	800	2009	2009			800		800
		Anchorage International Airport Total				\$5,400		\$7,150	\$0	\$12,550
		Fairbanks International Airport		2009	2009	\$1,125		\$1,075		\$2,200
		Grand Total - Anchorage (2)	\$549,555			\$151,003	\$26,300	\$173,052	\$199,200	\$549,555
		Grand Total - Fairbanks	\$44,133			\$20,540	-	\$23,593	-	\$44,133

(1) Part of the Cargo Letter of Intent.

(2) Anchorage International Airport ADP includes Lake Hood Capital Projects

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Anchorage International Airport

TABLE IV - 2
ANCHORAGE INTERNATIONAL AIRPORT
SOURCES AND USES OF FUNDS FOR TEN-YEAR ADP
WITH LOI FUNDS

	Projected (000s)													Total	% of Total
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009			
Sources of Funds:															
Airport & Airline Funds															
Proceeds from Bond Issues	\$ -	\$ 40,984	\$ 57,375	\$ 55,551	\$ 33,800	\$ 11,491	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 199,200	37.5%	
AIP Entitlement Funds (1)															
75% Passenger	\$ 1,950	\$ 1,950	\$ 1,950	\$ 1,950	\$ 1,950	\$ 1,950	\$ 1,950	\$ 1,950	\$ 1,950	\$ 1,950	\$ 1,950	\$ 1,950	\$ 23,400	4.4%	
25% Passenger	650	650	650	650	650	650	650	650	650	650	650	650	7,800	1.5%	
Total Passenger Entitlements	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600	\$ 31,200	5.9%	
Cargo	2,920	2,920	2,920	2,920	2,920	2,920	2,920	2,920	2,920	2,920	2,920	2,920	35,040	6.6%	
Total AIP Entitlements	\$ 5,520	\$ 5,520	\$ 5,520	\$ 5,520	\$ 5,520	\$ 5,520	\$ 5,520	\$ 5,520	\$ 5,520	\$ 5,520	\$ 5,520	\$ 5,520	\$ 66,240	12.5%	
AIP Discretionary Funds (LOI)	\$ -	\$ 4,675	\$ 4,675	\$ 3,950	\$ 4,155	\$ 4,370	\$ 4,600	\$ 4,845	\$ 5,105	\$ 5,380	\$ 6,295	\$ -	\$ 48,050	9.1%	
FIHWA	\$ 1,000	\$ -	\$ 22,300	\$ -	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,300	5.0%	
Sources of Funds	\$ 6,520	\$ 51,179	\$ 89,870	\$ 65,021	\$ 46,475	\$ 21,381	\$ 10,120	\$ 10,365	\$ 10,625	\$ 10,900	\$ 11,815	\$ 5,520	\$ 339,790	64.0%	
Airport Cash Flow	\$ 18,777	\$ 13,739	\$ 14,485	\$ 14,774	\$ 15,070	\$ 15,371	\$ 15,679	\$ 15,992	\$ 16,312	\$ 16,638	\$ 16,971	\$ 17,311	\$ 191,120	36.0%	
Total Sources of Funds	\$ 25,297	\$ 64,918	\$ 104,354	\$ 79,795	\$ 61,545	\$ 36,752	\$ 25,799	\$ 26,357	\$ 26,937	\$ 27,538	\$ 28,786	\$ 22,831	\$ 530,910	100.0%	
Uses of Funds:															
ADP Projects	\$ 24,392	\$ 64,097	\$ 102,425	\$ 134,951	\$ 65,550	\$ 40,841	\$ 27,050	\$ 22,400	\$ 20,550	\$ 26,200	\$ 8,550	\$ 12,550	\$ 549,555		
Net Deficit Before Airport Cash Flow	\$ (17,872)	\$ (12,918)	\$ (12,555)	\$ (69,930)	\$ (19,075)	\$ (19,460)	\$ (16,930)	\$ (12,035)	\$ (9,925)	\$ (15,300)	\$ 3,265	\$ (7,030)	\$ (209,765)		
Total Net Surplus(Deficit)	\$ 905	\$ 821	\$ 1,930	\$ (55,156)	\$ (4,005)	\$ (4,089)	\$ (1,251)	\$ 3,957	\$ 6,387	\$ 1,338	\$ 20,236	\$ 10,281	\$ (18,645)		
Total LOI Request															
75% Passenger Entitlements	\$ -	\$ 1,950	\$ 1,950	\$ 1,950	\$ 1,950	\$ 1,950	\$ 1,950	\$ 1,950	\$ 1,950	\$ 1,950	\$ 1,950	\$ -	\$ 19,500		
Discretionary Funds	-	4,675	4,675	3,950	4,155	4,370	4,600	4,845	5,105	5,380	6,295	-	48,050		
Total LOI Request	\$ -	\$ 6,625	\$ 6,625	\$ 5,900	\$ 6,105	\$ 6,320	\$ 6,550	\$ 6,795	\$ 7,055	\$ 7,330	\$ 8,245	\$ -	\$ 67,550		

(1) Assumes the growth in enplanements will exactly offset the decline in the Federal Entitlement Fund, therefore zero growth.

**TABLE IV - 3
ANCHORAGE INTERNATIONAL AIRPORT
SOURCES AND USES OF FUNDS FOR TEN-YEAR ADP
WITHOUT LOI FUNDS**

	Projected (000s)													
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Total	% of Total
Sources of Funds:														
Airport & Airline Funds														
Proceeds from Bond Issues	\$ -	\$ 40,984	\$ 57,375	\$ 55,551	\$ 33,800	\$ 11,491	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 199,200	41.3%
AIP Entitlement Funds (1)														
75% Passenger	\$ 1,950	\$ 1,950	\$ 1,950	\$ 1,950	\$ 1,950	\$ 1,950	\$ 1,950	\$ 1,950	\$ 1,950	\$ 1,950	\$ 1,950	\$ 1,950	\$ 23,400	4.8%
25% Passenger	650	650	650	650	650	650	650	650	650	650	650	650	7,800	1.6%
Total Passenger Entitlements	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600	\$ 31,200	6.5%
Cargo	2,920	2,920	2,920	2,920	2,920	2,920	2,920	2,920	2,920	2,920	2,920	2,920	35,040	7.3%
Total AIP Entitlements	\$ 5,520	\$ 5,520	\$ 5,520	\$ 5,520	\$ 5,520	\$ 5,520	\$ 5,520	\$ 5,520	\$ 5,520	\$ 5,520	\$ 5,520	\$ 5,520	\$ 66,240	13.7%
AIP Discretionary Funds (LOI)														
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%
HIWA														
	\$ 1,000	\$ -	\$ 22,300	\$ -	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,300	5.4%
Sources of Funds														
	\$ 6,520	\$ 46,504	\$ 85,195	\$ 61,071	\$ 42,320	\$ 17,011	\$ 5,520	\$ 5,520	\$ 5,520	\$ 5,520	\$ 5,520	\$ 5,520	\$ 291,740	60.4%
Airport Cash Flow														
	\$ 18,777	\$ 13,739	\$ 14,485	\$ 14,774	\$ 15,070	\$ 15,371	\$ 15,679	\$ 15,992	\$ 16,312	\$ 16,638	\$ 16,971	\$ 17,311	\$ 191,120	39.6%
Total Sources of Funds														
	\$ 25,297	\$ 60,243	\$ 99,679	\$ 75,845	\$ 57,390	\$ 32,382	\$ 21,199	\$ 21,512	\$ 21,832	\$ 22,158	\$ 22,491	\$ 22,831	\$ 482,860	100.0%
Uses of Funds:														
ADP Projects														
	\$ 24,392	\$ 64,097	\$ 102,425	\$ 134,951	\$ 65,550	\$ 40,841	\$ 27,050	\$ 22,400	\$ 20,550	\$ 26,200	\$ 8,550	\$ 12,550	\$ 549,555	
Net Deficit Before Airport Cash Flow														
	\$ (17,872)	\$ (17,593)	\$ (17,230)	\$ (73,880)	\$ (23,230)	\$ (23,830)	\$ (21,530)	\$ (16,880)	\$ (15,030)	\$ (20,680)	\$ (3,030)	\$ (7,030)	\$ (257,815)	
Total Net Surplus(Deficit)														
	\$ 905	\$ (3,854)	\$ (2,745)	\$ (59,106)	\$ (8,160)	\$ (8,459)	\$ (5,851)	\$ (888)	\$ 1,282	\$ (4,042)	\$ 13,941	\$ 10,281	\$ (66,695)	
Total LOI Request														
75% Passenger Entitlements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Discretionary Funds	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total LOI Request	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

(1) Assumes the growth in enplanements will exactly offset the decline in the Federal Entitlement Fund, therefore zero growth

V. BENEFIT-COST ANALYSIS--RAMP/APRON PROJECTS

This chapter describes the project objectives, methodology and assumptions, alternatives and results of the Benefit-Cost Analysis ("BCA") performed for the three Ramp/Apron LOI Projects in accordance with the BCA Guidance. The BCA for the fourth airside LOI Project, the reconstruction of Runway 6L/24R, is described in Chapter VI. The fifth LOI Project, the Domestic TRP, does not require a BCA because it is being funded with entitlement funds only.

The results of these BCAs are presented in both total and on a stand-alone basis. The principal objectives of the LOI Projects are (i) to provide additional airside capacity to accommodate anticipated demand, (ii) to maintain current levels of safety and (iii) to reduce airside delay. The LOI Projects also will enhance the capacity of the national transportation system and will allow the Airport to provide facilities necessary to meet rapidly growing forecast demand. While these projects will not result in additional aircraft operations, they will allow the Airport to accommodate forecast demand at a higher level of service and efficiency with lower O&M costs.

The FAA requires sponsors of projects requiring discretionary funding in excess of \$5 million to perform a BCA, and demonstrate that the total benefits of a project exceed the total cost, to be eligible for federal discretionary funding. The results of both BCAs demonstrate that the LOI Projects' benefits exceed their costs and therefore meet the requirement set forth in the FAA's BCA Guidance document.

1. PROJECT OBJECTIVES, DESCRIPTIONS AND JUSTIFICATIONS

Three of the four airside LOI Projects relate to apron and ramp expansion necessary to efficiently serve cargo and passenger aircraft demand. The principal objective of each of the four airside LOI Projects is to enhance Airport efficiency and to increase system capacity regionally, nationally and globally.

The three Ramp/Apron LOI Projects consist of the following components, which are illustrated in Exhibit V-I:

- Terminal Apron Replacement
- RON/Cargo Apron Reconstruction
- Cargo Fueling Apron Expansion

Collectively, the LOI Projects will increase capacity, which will enable the Airport to efficiently accommodate forecast passenger and cargo demand without excessive delays and pavement maintenance costs throughout the planning period. Each LOI Project is described below.

a. Terminal Apron Replacement

Project Description: This project entails replacing the existing asphalt apron with a concrete apron approximately 1,300 feet long and 250 feet deep in conjunction with the new jet and commuter gates being constructed at Concourse C. This reconstructed apron will provide parking for both jet and commuter aircraft upon completion of the TRP, which is described in Chapter III. The apron replacement adjacent to Concourse C also includes approximately 800,000 square feet of asphalt apron replacement adjacent to the new concrete apron.