

7 FINANCIAL ANALYSIS

The Nome Airport is the lifeline and a significant economic catalyst for the Seward Peninsula, and provides essential aviation service for the region. Based on current world and domestic economic conditions, DOT&PF will need to maximize all potential outside funding sources in order to undertake the projects identified in the implementation plan. For instance, the development of new GA facilities at the Nome airport and subsequent closure of Nome City Field is an opportunity for the City of Nome and DOT&PF to work together. The City of Nome would like to utilize the land now occupied by City Field for residential development, but cannot proceed until new GA facilities are constructed. Thus, the City of Nome could participate financially in the development of the new GA facilities.

This section presents an analysis of financial feasibility of airport improvements for the Nome Airport Master Plan update. In addition to Airport Improvement Program (AIP) funds and State of Alaska sponsor shares, this section discusses other funding sources that could accelerate the development options. Beyond AIP funding, bonding and direct capital appropriations are the two most feasible options for funding the implementation plan.

As DOT&PF seeks to move forward with these developments, more detailed financial analyses will be required. The actual funding for specific projects will be determined as implementation becomes imminent. Before detailed planning and design for a particular project is developed, the funding structures and requirements should be identified and determined to reflect the current funding policies of the various funding entities.

7.1 Existing Operating Revenues and Expenses

This section summarizes current operating revenues and expenses, as well as the airport's ongoing Capital Improvement Program (CIP).

7.1.1 Operating Revenues

The Nome Airport currently has two funding sources, the state's general fund and leasing revenue. In the state's fiscal year 2010, the Nome Airport received \$1,966,672 of funding, including \$1.84 million from the general fund and \$126,000 from leasing revenue (Baker, 2011). Table 7-1 summarizes the amounts received in fiscal years 2007–2010 in each of the revenue categories.



Table 7-1 – Airport Revenues by Category, Fiscal Years 2007–2010

Fiscal Year	Facility	Revenue Category		Total
		State	General Funds	
2010	Aviation	1,629,177	126,335	1,755,512
	Facilities	211,160		211,160
	Total	1,840,337	126,335	1,966,672
2009	Aviation	1,337,845	129,497	1,467,342
	Facilities	228,016		228,016
	Total	1,565,861	129,497	1,695,358
2008	Aviation	1,014,001	145,000	1,159,001
	Facilities	201,784		201,784
	Total	1,215,785	145,000	1,360,785
2007	Aviation	1,123,857	121,598	1,245,455
	Facilities	180,459		180,459
	Total	1,304,316	121,598	1,425,914

Source: Baker (2011)

7.1.2 Operating Expenses

The Nome Airport incurred operating expenses of just under \$2 million in fiscal year 2010. Maintenance and personnel were the largest expense categories. Table 7-2 provides details on the airport’s operating expenses for fiscal years 2007–2010.

Table 7-2 – Operating Expenses, Nome Airport, Fiscal Years 2007–2010

Fiscal Year	Facility	Expense Category (\$)					Total (\$)
		Personnel	Travel	Maintenance	Utilities	Supplies	
2010	Aviation	752,973	7,968	913,244	25,312	56,015	1,755,512
	Facilities				211,160		211,160
	Total	752,973	7,968	913,244	236,472	56,015	1,966,672
2009	Aviation	739,119	3,034	626,337	29,913	68,939	1,467,342
	Facilities	1,565	214		226,237		228,016
	Total	740,684	3,248	626,337	256,150	68,939	1,695,358
2008	Aviation	736,678	2,842	366,730	26,450	26,301	1,159,001
	Facilities	13,281	208	1,160	151,944	35,191	201,784
	Total	749,959	3,050	367,890	178,394	61,492	1,360,785
2007	Aviation	688,965	755	508,053	34,308	13,374	1,245,455
	Facilities	51,461	2,698	1,395	93,900	31,005	180,459
	Total	740,426	3,453	509,448	128,208	44,379	1,425,914

Source: Baker (2011)

Maintenance expense has varied over the years shown due to changes in the types of expenses incurred. Table 7-3 provides more detail about the maintenance expense categories.

Table 7-3 – Detailed Maintenance Expense Categories, Fiscal Years 2007–2010

Category	Expense (\$) by Fiscal Year			
	2010	2009	2008	2007
SEF Equipment Operating & Replacement Costs	418,145	305,547	282,500	343,153
Bulk Fuel	213,847	241,681	0	0
Chemicals/Sand	101,957	0	42,953	53,597
Grader Blades	23,205	7,954	0	17,613
Equipment Purchase	38,035	0	0	0

Source: Baker (2011)

7.1.3 Capital Improvement Program

As of June 24, 2011, the Nome Airport had seven active capital improvement projects in place, with total funding of \$17.2 million. Of that amount, more than 80 percent has been expended, leaving \$2.6 million of projects remaining.

Table 7-4 shows capital projects for the Nome Airport that were marked as active in DOT&PF's system as of June 24, 2011.

Table 7-4 – Nome Airport Active Capital Projects

Project	Project #	Funding (\$)	Expenses (\$)	Balance (\$)
General Aviation Improvements	61411	100,000	42,433	57,567
Master Plan	62748	526,315	507,350	18,965
Master Plan - Stage II	63808	105,263	57,696	47,567
Runway Safety Area Improvements	61413	4,821,876	2,859,817	1,962,059
Apron and Taxiway Improvements	60558	300,000	82,899	217,101
Aeronautical Survey & Electronic Layout Plan	63759	552,631	8,102	54,429
Runway 27 Rehabilitation & Obstruction Removal	60905	10,768,342	10,489,055	279,287
Total		17,174,427	14,047,352	2,636,975

Source: Baker (2011)

7.1.4 Historic Airport Improvement Program Funding

The Federal Aviation Administration, through its Airport Improvement Program (AIP), provides grants to public agencies for planning and development of public-use airports. Over the last 20 years, the Nome Airport has been the recipient of almost \$107 million of AIP funding.

Table 7-5 summarizes the amount of AIP funding obligated in each year from 1991 through 2010. More detail about the projects included in each year's funding obligation may be found in Table 2-18.



Table 7-5 – Summary of Airport Improvement Program Funding for Nome Airport

Year Obligated	Entitlement Funds (\$ millions)	Discretionary Funds (\$ millions)	Total Funds (\$ millions)
1991	8.08	0.52	8.61
1992	0.28	0.00	0.28
1993	0.04	2.58	2.63
1994	2.97	0.00	2.97
1997	1.63	0.12	1.75
1999	0.96	2.19	3.16
2001	7.71	1.95	9.65
2005	5.35	4.95	10.30
2006	7.24	0.74	7.98
2007	7.88	0.95	8.83
2010	0.63	50.00	50.63
Total	42.76	64.01	106.77

Source: Federal Aviation Administration (2011)

Rules for receiving AIP funding have changed recently, with funds distributed based largely on national priorities and the type of improvement rather than on scoring. After funds have been apportioned, any remaining funds are placed in a discretionary fund. The Nome Airport may be able to take advantage of these discretionary funds for eligible projects.

7.2 Funding Plan and Revenue Enhancement

This section discusses the improvements noted in the implementation plan and their cost, then lays out an approach for funding the improvements. The analysis looks solely at the funding required for the project and does not attempt to look at the feasibility of the funding plan, nor does it include a benefit-cost analysis of the implementation plan.

7.2.1 Summary of Expenditures in Implementation Plan

The current implementation plan includes three phases of development, plus additional projects beyond a 25-year time frame, totaling \$246 million. As shown in Table 7-6, funding will begin at almost \$30 million for the first phase and increase gradually with each additional phase.

Table 7-6 – Summary of Improvements Costs by Phase

Phase	Period	Development Program Expenditure (\$ millions)
Phase 1	2016 – 2021	29.68
Phase 2	2021 – 2026	55.10
Phase 3	2026 – 2036	63.10
Beyond 2036		98.20
Total		246.08

Details about the projects included in each of the phases can be found in Table 6-1.

7.2.2 Sources of Funding for Implementation Plan

This section discusses three potential sources of funding for the implementation plan: bonding, Passenger Facility Charges (PFCs), and other sources. Realistically, legislative appropriations and bonding appear to be the only viable sources of funding for the planned capital improvements. PFCs and other sources of funding are discussed, but are not likely to be feasible for planning purposes.

Using debt obligations to fund the airport improvements will result in annual debt costs ranging from 1.3 to 6.5 times the current operating cost for the airport, representing a significant burden on state funding and highlighting the need to identify additional funding sources.

Given the current economic situation facing many parts of the country, as well as the federal government itself, it will be challenging to acquire financial support for the implementation plan. Funding will likely need to come from several varied sources, some conventional (such as federal and state funds, debt issues, etc.) and some unconventional (such as local community support, donations, and collaboration with local organizations).

Acquiring federal funding for airport and other transportation improvement projects is challenging, especially for projects in Alaska. Federal funding requires a benefit-cost analysis and, due to the small populations throughout the state, Alaska projects tend to have low (close to 1) or unfavorable (less than 1) benefit-cost ratios. Nationally, many of the projects that have sought funding, especially those seeking ARRA and TIGER grant funds, have had much higher benefit-cost ratios, far exceeding typical ratios for Alaska. As a result, the Nome implementation plan will need to rely on more than just federal sources.

Bonding

Based on this analysis, it appears that bonding and capital appropriations by the Alaska Legislature are the two feasible options for funding the implementation plan for the Nome Airport. Bonding, described in greater detail below, is the process of selling debt obligations to investors. This debt must be repaid, usually with interest, over time. Capital appropriations are funds set aside in the budget by the legislature for specific projects or improvements. The appropriated funds are covered by revenue sources identified in the budget, and could either come from revenues generated by taxation and other sources or from a general debt issue by the state. After accounting for appropriations for the airport improvements, the remaining costs will need to be covered with debt obligations.

FAA's Advisory Circular AC 150/5070-6B mentions four categories of bonding that might be used for airport projects:

- General obligation bonds
- Revenue bonds
- Special facility revenue bonds
- Industrial development bonds

General obligation (GO) bonds are bonds issued and backed by the full faith and credit of the issuer. GO bonds may be supported by project revenues or by other funding sources and thus bear a lower risk of default and a lower required interest rate. In contrast, revenue bonds are backed by the specific project or activity used to fund them, without obligation to other revenue



sources. These bonds are of lower risk to the issuer, since the obligation is limited, but of higher risk to investors. More due diligence is required on the part of the investors in these bonds, and the expected interest rate is higher than it is for general obligation bonds.

Special facility revenue bonds are bonds issued by the airport sponsor to support construction of a facility for a third party and are backed by revenues from that facility. This type of financing may be useful if a private entity wishes to construct its own facility near the airport. It is not useful, however, for construction of a public airport.

Industrial development bonds are tied to construction of facilities to attract business, increase non-aeronautical leasing, and promote additional industrial development in an area. In Alaska, the Alaska Industrial Development and Export Authority (AIDEA) would be the appropriate authority to assist with industrial development bonds for facilities at the Nome Airport. Northern Economics staff reviewed information on AIDEA's Development Finance Program. While a public airport facility would not be eligible for AIDEA funding, potential developers of industrial or export-related facilities at the airport may be able to participate in AIDEA's program.

Northern Economics staff spoke with Deven Mitchell of the Alaska Municipal Bond Bank Authority (AMBBA) about the current bonding environment (Mitchell, 2011). The general tone of the municipal bond market is positive, with money starting to get back into the market. As is true with U.S. Treasury bonds as well, yields/interest rates are low. Currently, a 20-year municipal bond could be issued with a yield of 3.9 to 4.0 percent. The current market yields are very low relative to long-term historical trends. Looking over a longer term, as is appropriate in the case of the Nome Airport, rates are very likely to be higher. While there is no way to predict what rates will be at the time of each required bond issue, using a historical yield of 5.0 percent to 5.5 percent for planning purposes is prudent. If actual rates are lower than the historical trend, it will represent a savings over the plan. If actual rates are higher than the historical trend, it will represent less of an overage than if the current, very low rates were to be used. For planning purposes, this analysis has assumed a yield of 5.5 percent for any bond issues.

Bond terms must be less than or equal to the useful life of the assets they cover, based on guidelines in the IRS tax code. Bonds issued in recent years for improvements at the Anchorage and Fairbanks International Airports have had 25-year terms. In the case of Nome, a 25-year term is reasonable for most improvements, but other improvements may not have as long of a useful life. Therefore, this analysis assumes that all bond issues will use a 20-year term, representing a blended average of useful lives.

This analysis assumes that bonds will be issued at the start of each phase for the full amount needed for that phase. Table 7-6 provided a summary of the starting years and funding needs for each phase. All bond issues are assumed to have a 20-year term and 5.5 percent yield.

Assuming that the full cost of the implementation plan is covered through the issuance of debt, Table 7-7 shows projected debt issues for the three phases of planned improvements. The table shows the issuance amounts for each phase (assuming a 2.5 percent issuance cost), the annual debt obligation if the debt is amortized, and the year of final payment. If appropriations offset a portion of the improvement costs, the debt issue amounts and annual obligations will be reduced proportionally.

Due to the phased approach of debt issues, the annual debt obligation will change over time. Table 7-8 provides a summary of the annual amortized cost resulting from the phased debt issues. Annual amortization costs will reach almost \$12.7 million in 2027, after the issuance of debt for all three phases, and decline after retirement of Phase 1 debt in 2036 and Phase 2 debt in 2041.

Table 7-7 – Projected Debt Issues, by Phase

Debt Issuance	Year of Issue	Development Program Expenditure (\$ millions)	Issuance Amount (\$ millions)	Annual Debt Obligation with Amortization (\$ millions)	Year of Final Payment
Phase 1	2016	29.68	30.44	2.55	2036
Phase 2	2021	55.10	56.51	4.73	2041
Phase 3	2026	63.10	64.72	5.42	2046
Total		147.88	151.67		

Note: Assumes a 2.5 percent issuance cost, 5.5 percent yield, and 20-year term for each bond.

Table 7-8 – Summary of Annual Amortized Costs, 2017–2046

Period	Annual Amortized Cost (\$ millions)	Total Repayment Cost (\$ millions)
2017–2021	2.55	12.75
2022–2026	7.28	36.40
2027–2036	12.69	126.90
2037–2041	10.14	50.70
2042–2046	5.42	27.10
Total		253.85

Note: Assumes the first payment of debt occurs in the year following the debt issue (e.g., Phase 1 debt is issued in 2016 and the first payment occurs in 2017).

If bonds were issued for improvements to the Nome airport, much or all of the costs would have to be covered by the state. Passenger facility charges, discussed in the next section, would likely cover only a small portion of debt costs (under 10 percent in the 2017–2021 period, and much less in later years), assuming the airport were to receive authorization to assess them. It is possible that the City of Nome could levy a property tax to cover airport costs (discussed in “Other Funding” below), though the city and state would need to come to an agreement on how this funding source would work, given that the airport is not owned by the city.

Passenger Facility Charges

The Aviation Safety and Capacity Expansion Act of 1990 provided airports with an additional source of funding for capital projects in the form of PFCs. Under this Act, PFCs may be used as a source of funding for airport-related projects that preserve or enhance safety, capacity, or security of the national air transportation system; reduce noise from an airport that is part of the system; or furnish opportunities for enhanced competition between or among air carriers.



The Aviation Safety and Capacity Expansion Act authorizes a public agency to impose a PFC of \$1.00, \$2.00, or \$3.00 per enplaned passenger at commercial airports it controls. The Wendell H. Ford Aviation Investment and Reform Act for the 21st Century, which was enacted in 2000, included authorization to charge a PFC at the \$4.00 and \$4.50 levels provided specific eligibility requirements are met.

As in the case of operating surpluses, PFC revenues are: 1) used on a “pay-as-you-go” basis, where PFC collections and interest earnings are spent directly on capital projects, and/or 2) leveraged; that is, used to pay debt service on bonds. Airport operators must obtain an approval from FAA before they begin the collection and use of such revenues. DOT&PF has the authority to impose a PFC subject to federal regulations. However, federal legislation prohibits a public agency from imposing a PFC on any passenger:

- On any flight to an eligible point on an air carrier that receives essential air service compensation on that route. The Administrator makes available a list of carriers and eligible routes determined by the U.S. Department of Transportation for which PFCs may not be imposed under this section;
- On enplanements in Alaska aboard an aircraft having a certificated seating capacity of less than 60 passengers.

As of May 31, 2011, 295 small hub, non-hub, and commercial service airports, and 64 large and medium hub airports, are approved to collect at the \$4.50 PFC level (FAA, 2011). In Alaska, four airports are currently collecting PFCs: Juneau International, Fairbanks International, Anchorage International, and Ketchikan International. For the Nome airport to qualify to collect a PFC, it would have to petition the FAA. There are several requirements that would have to be met, so it is not certain if this program would be feasible for Nome.

Should the Nome Airport choose to petition the FAA to collect a PFC, one potential source may be collecting fees from the large aircraft along this route, primarily Alaska Airlines’ Boeing 737-400 Combis that carry both passengers and cargo, with a passenger capacity of 72 people per plane. As shown in the table, over the last few years the Nome airport has handled a total of about 110,000 passengers enplaning or deplaning annually.

Assuming all enplanements in Nome are on an aircraft with a 60 passenger capacity (or larger) and using 55,000 enplanements annually (see Table 7-9), the Nome Airport could raise approximately \$247,500 by collecting a \$4.50 PFC. This is a substantial funding source, equal to more than 10 percent of the airport’s operating expense in fiscal year 2010, but it would only cover a tiny portion of the funding needs for the proposed improvements.

Table 7-9 – Travel Data for the Nome Airport, 2008 through April 30, 2011

Year	Direction of Travel	Passengers	Freight (lbs.)	Mail (lbs.)
2008	Deplanements	59,051	10,842,637	15,446,313
	Enplanements	59,296	4,812,058	7,207,479
	Total	118,347	15,654,695	22,653,792
2009	Deplanements	54,187	9,185,523	13,921,204
	Enplanements	54,464	4,114,609	7,132,932
	Total	108,651	13,300,132	21,054,136
2010	Deplanements	56,243	8,975,001	14,281,847
	Enplanements	56,292	3,558,133	6,934,728
	Total	112,535	12,533,134	21,216,575
2011 (First 4 Months)	Deplanements	16,937	2,336,077	4,369,074
	Enplanements	17,066	1,042,352	2,199,773
	Total	34,003	3,378,429	6,568,847

Source: Bureau of Transportation Statistics (2011) and Northern Economics, Inc. analysis

Other Funding

Additional funding, either through grants or low-cost loans, may be available from other sources.

The United States Economic Development Administration (EDA) provides grants to support facilities such as airports. However, in past conversations with EDA's Alaska representative, the rule of thumb for grant funding has been \$10,000 per job created. Given that the proposed improvements to the Nome Airport are unlikely to have a major impact on the number of long-term jobs in the community, EDA funding is assumed to be negligible. However, this is an avenue worth further investigation if the potential for job development can be documented.

Nome is located outside of an organized borough, so no borough-level funds or other support are available. However, as a First Class City, the City of Nome has the power to levy property taxes subject to AS 29.45.550–29.45.560. In 2010, the city had a 7 mill property tax, which brought in approximately \$1.7 million (City of Nome, 2011). Through an agreement between the City of Nome and DOT&PF, it may be possible to find a way for the city to contribute to the funding needs for the proposed implementation plan. This is not done in other locations in the state, however, so it has not been considered to be a viable source of funding in this analysis.

Most of the other sources (discussed in Section 7.5) would likely be used for specific aspects of the airport, rather than for the capital improvement plan as a whole. Therefore, they are not considered to be viable sources of funding in this analysis.



7.3 Job Skills Development, Funding, Hire

This section provides a summary of our findings about aviation training, including specialized training required for pilots and maintenance personnel. DOT&PF noted the following in its 2010 Alaska Airports and Aviations Annual Report (2010):

A recent Boeing press release (September 15, 2010) predicted a requirement for more than one million pilots and maintenance personnel over the next 20 years, noting there will be more than 30,000 airplanes that will be delivered by 2029. In Alaska, the aviation industry is the 5th largest employer or 10% of Alaska jobs.

The question of where pilots and maintenance personnel train depends on facilities, specialization, and the level of training students and employers seek, and require.

Much of the information in this section pertains to situations in which job growth is expected to occur. In the Nome airport's case, job growth is less likely to occur unless new government regulations or unforeseen economic changes in the region result in new jobs. Instead, the information in this section will likely be most relevant for educating and training the next generation of airport-related workers.

7.3.1 Local and Regional Aviation Employment, Training

Several organizations within the Nome area recognize the importance of local training and hire, many leading to direct employment within the aviation and aviation-support fields. For example, the Alaska Department of Labor and Workforce Development notes 1,752 employed workers within the City of Nome (ADOL&WD, 2011). Approximately 393 residents are employed in the trade, transportation, and utilities industry, close to one-quarter of those employed and slightly less than the combined total of state and local government workers, at 454 people.

Top occupations include cargo and freight agents, general and operations managers, and maintenance and repair workers. These same state data note Bering Air Incorporated as one of the top employers with the Nome area, along with the State of Alaska and Bering Straits Development Corporation.

Nome Public Schools

The Nome Public Schools Strategic Plan recognizes the need for a comprehensive K-12 Career and Technical Education program under its objective (2.7), "Align available resources with student needs."

Nome Public Schools joined with the Bering Strait School District to develop the Northwestern Alaska Career and Technical Center (NACTEC), also based in Nome at the Nome Beltz complex at mile 3.5 of the Nome/Teller highway.

Northwestern Alaska Career and Technical Center

As stated on its web page, the center "was designed to provide Bering Strait School District and Nome Public Schools high school students with the necessary resources and skills for employment opportunities, the pursuit of postsecondary education, and independent living skills through instruction in four focus areas: career and technical skills, career exploration, life skills, and work readiness skills" (NACTEC, 2011).

Aviation is one of NACTEC's course offerings, with topics such as:

- Ground support (fueling, loading)
- Maintenance (aircraft engine repair)
- Aviation business management and ownership
- Pilot training

Students may earn dual credit from the Northwest Campus of the University of Alaska Fairbanks.

Northwest Campus, University of Alaska Fairbanks

Originally started as a community college in 1976, the campus became a branch of the University of Alaska Fairbanks in 1987. As stated on the school's web site, "the mission of Northwest Campus and UAF's College of Rural and Community Development is to provide higher education to the people of the Bering Straits Region and to other rural regions through telecommunications links" (UAF, 2011).

NACTEC focuses on high-school age students and supplements the traditional high school programs through exposure to a number of career fields, including aviation. Students who are older may use facilities at the Northwest Campus as a provider or, depending on interest and skills, a gateway into more advance training, either at the state or national level.

Bering Straits Corporation

Bering Straits shareholders, along with other Alaska Natives, constitute a majority of the Census Area's population at 75.8% of the 9,492 people counted in 2010, so these training efforts reach the vast majority of potential aviation workers in the Nome area.

The regional corporation also provides shareholders with an on-line job services that lists openings for jobs within its company and subsidiaries. Included in the list are openings in the aviation field at US Government locations such as Scott Air Force Base, Illinois, the Red River Army Depot in Texas, and other military locations in Alaska such as Anchorage and Delta Junction.

The corporation established a foundation to provide funding, through scholarships, for those shareholders who wanted more education at either the college or vocational levels.

Bering Straits Foundation

The Bering Straits Foundation provides funding through scholarships for shareholders of the Bering Straits Native Corporation, the foundation's owner and principal contributor (beringstraits.com). Other scholarship funding organizations participating in the Foundation include:

- Sitnasuak Foundation
- Kawerak, Inc.
- Norton Sound Economic Development Corporation
- Norton Sound Health Corporation

These groups developed a single application, Combined Application for College and Higher Education (CACHE), for individuals seeking accredited college or vocation programs.

The foundation also funds fellowships for those with interests in Native culture and it also tries to provide mentors for first-year students in both college and vocational training programs.



7.3.2 Statewide and National Training

Within Alaska, many job training resources are funded through grants awarded to providers, businesses, and industry, according to the Alaska Department of Labor and Workforce Development (ADOL&WD, 2011); these grants are listed on a state web site, <http://notes3.state.ak.us/pn>, a site that requires users to establish access accounts. See “Alaska Department of Labor and Workforce Development” section below for further details.

The University of Alaska provides a wide variety of public aviation training as presented in the following section.

University of Alaska

University of Alaska campus training centers in Anchorage (near Merrill Field) and Fairbanks (Hutchinson Institute of Technology, Fairbanks International Airport) provide the majority of academic aviation training within the state, as shown in Table 7-10.

Table 7-10 – University of Alaska, Aviation Training, Anchorage and Fairbanks, by Training Level

Training Level	UAA University of Alaska Anchorage	UAF University of Alaska Fairbanks
Certificate	Aviation Maintenance	Airframe
		Airframe & Powerplant
		Gr. Vehicle Maintenance
Associate's Degree	Air Traffic Control	Professional Piloting
	Aviation Administration	Aviation Maintenance
	Professional Piloting	
	Aviation Maintenance	
Bachelor's Degree	Aviation Technology	

Source: <http://www.alaska.edu/files/research/Transportation-Distribution-Logistics.pdf>

A unique feature of the UAF program is the option to continue training in Calgary, Canada, at the Southern Alberta Institute of Technology (SAIT), gaining the Canadian Aircraft Maintenance Engineer license (University of Alaska, 2011).

Alaska Department of Labor and Workforce Development

ADOL&WD offers funding to training providers, from both state and federal sources.

Besides the Alaska Online Public Notice website for larger organizations, ADOL&WD assists with user-specific funding through Individual Training Accounts (ITAs). ITAs are issued to individuals seeking training through their local Alaska Job Centers and will vary by background, skill levels, and training consistent with the position sought after.

Statewide, ADOL&WD requests training grant proposals each fiscal year through the State Training and Employment Program (STEP). As stated in the FY2011 RFP, issued in October of 2009:

The Alaska Department of Labor and Workforce Development, Division of Business Partnerships in conjunction with the Alaska Workforce Investment Board (AWIB), requests Training Grant Proposals for training projects under the State Training and Employment Program (STEP). Training should result in employment for Alaska's high wage, high demand occupations. The STEP plays an important role in workforce development through investments in job training projects resulting in employment.

Approximately \$4.6 million of business partnership STEP grants were issued under this RFP. The total number of estimated training participants was approximately 3,000 individuals; a few selected grantees are listed below to suggest the types and sponsors of STEP providers:

- Alaska Power and Telephone
- Alaska Teamsters
- Alaska Joint Electrical Apprenticeships
- Construction Education Foundation
- Alaska Laborers Training School
- Wrangell Medical Center
- Alaska Regional Hospital
- Fairbanks Carpenters Training Center

Many of these programs help train individuals in the construction and building trades, including building maintenance, key skills for successfully operating almost any airport.

Alaska Department of Commerce, Community and Economic Development Division of Community and Regional Affairs

The Division of Community and Regional Affairs (DCRA), located within the Alaska Department of Commerce, Community and Economic Development (DCCED), assists smaller communities in Alaska with Capital Project Matching Grant (CPMG) funds, provides information related to many state programs, and provides assistance to rural utilities, among its many services and programs.

A key document for possible airport funding is the department's Community Development Resources Guide. The most recent version, October 2010, is available at the following URL: http://www.commerce.state.ak.us/dcra/cdr2010/pub/Community_Dev_Resources_2010.pdf. The Guide lists over 120 programs from both federal and state sources. Several that may apply to airports and airport operations include the following:

- Alaska Capstone Avionics Revolving Loan Program
- Alaska Municipal Bond Bank Authority
- Alaska Regional Development Organizations
- Bulk Fuel Upgrade Program
- Denali Commission Transportation Program
- Development Finance Program
- Economic Development Technical Assistance
- Municipal Load Program
- Public Works and Development Program
- Rural Economic Development Load Program
- State Training and Employment Program (STEP)
- State Transportation Improvement Program (STIP)
- Water and Waste Disposal Loans and Grants



Alaska Department of Environmental Conservation

The Alaska Department of Environmental Conservation (ADEC) offers training and oversight in those areas assigned to it under state statute. Examples that may apply to construction and operation of an airport include:

- Fire fighting, related to oil spills, air quality, and hazardous materials
- Food safety, including food workers, food service inspections, seafood processing
- Safe water provisions, testing, permitting, inspection, and operator training
- Sanitation, including solid waste, bio-solids, and incineration
- Pesticides, for weed control

ADEC web sources cite training needs by program area; for example, food worker training is consolidated under the food safety and sanitation program. ADEC required training supports airport operations, through its vendors, suppliers, and contractors.

United States Economic Development Administration

EDA may offer financial support to the Nome Airport, principally in the form of loans or grants for infrastructure. The EDA website lists the following major programs:

- Public works and economic development, pertaining to essential public infrastructure and facilities
- Economic adjustment assistance, for regions experiencing adverse economic changes
- Planning, for local and regional organizations include Indian Tribes and others
- Technical assistance, provided to public and nonprofit leaders to help in economic development decisions
- Research and evaluation
- Trade adjustment assistance, for small and medium sized businesses impacted by increased imports
- Community trade adjustment assistance for job loss from international trade impacts
- Global climate change mitigation incentive fund

One Alaska example is EDA's \$2 million grant to the Alaska Native Heritage Center, in 1998. Matching the grant with \$6 million in private investment and \$3.4 million in state and local funding, the center provides jobs for 95 Alaska Native employees.

United States Bureau of Indian Affairs

The United States Bureau of Indian Affairs (BIA), part of the federal Department of the Interior, has a regional Alaska office in Anchorage. That office assumes responsibility for the 229 tribes and estimated 80,000 tribal members in Alaska, with the notable exception of the Annette Island Reserve, at Metlakatla, near Ketchikan.

The BIA may be able to assist its members with training in the field of aviation, as it maintains 183 schools throughout the U.S., under the Bureau of Indian Education. Several BIA areas are sparsely settled and display the same need for aviation support, trade, medical assistance, and transportation as seen in remote parts of Alaska.

7.4 Alaska Hire, Native Hire

Alaska resident hire (employment preference) may be required under Alaska law for public works projects with certain job classifications. ADOL&WD administers this program. Under current program criteria, the following classifications qualify for a minimum 90 percent Alaska resident hire preference, including those most likely needed for any Nome public works project:

- Bricklayers
- Carpenters
- Electricians
- Equipment operators
- Iron workers
- Laborers
- Plumbers
- Welders

Alaska Native Corporations, such as the Bering Straits Native Corporation (BSNC), normally include Alaska Native Hire clauses in their contracts, to encourage shareholder employment. BSNC, based in Nome, owns construction companies that build and renovate structures, install electrical systems and fiber optic cable, construct seawalls, and engage in demolition (www.beringstraits.com). It is likely BSNC's companies would be interested in any potential work at the Nome airport.

An example of this interest is the new Nome hospital, starting in the spring of 2010. The Nome Eskimo Community referred qualified Alaska Native and American Indian applicants to Inuit-NCI, contractors, and project sub-contractors. An estimated 75 workers were scheduled during the peak season, with the greatest need for sheet metal workers, medical equipment installers, crane operators, and iron workers.

Inuit-NCI is a joint venture between Inuit Services, Inc. (owned by BSNC) and Neeser Construction, Inc. of Anchorage. The new Norton Sound hospital contract was awarded to the two-firm Joint Venture, with an estimated \$90.4 million cost. Funding came from the American Recovery and Reinvestment Act of 2009 and the contract specified the joint venture must meet Indian preference requirements when hiring workers. (Bering Straits Native Corporation, 2010).

7.5 Other Contributions

In addition to the funding sources discussion in earlier subsections, other forms of financial support may be available for the airport. Some examples of these other contribution sources include the possible donation(s) of, or reduced pricing for, equipment/artisan/contractor skill sets or locally supported training for contractor employees to accommodate airport development. The following discussion looks at a wide range of hypothetical donors and supporters, and how each might be interested in supporting the airport.

The City of Nome is a potential donor for the airport. It could make a capital contribution for construction, sponsor local training for contractor employees for construction or operations to support local economic development, or offer operating support through in-kind or financial contributions.

The Nome Chamber of Commerce might contribute to the construction cost of the airport as a sponsor. The chamber might be interested in having an informational booth or exhibit as well, in exchange for a contribution to the construction or operating costs.



The Nome Convention and Visitors Bureau may be interested in providing financial support to the airport in exchange for an informational booth or exhibit about Nome, the Iditarod, or other tourism-related opportunities.

One or more of the native corporations might offer financial support for the airport, based on the economic benefits that transportation provides. The corporations might also sponsor local training for contractor employees for construction or operations as a way to support local economic development. These potential donors and supporters could include the Regional Native Corporation (Bering Straits Native Corporation), the Regional Native Corporation Non-Profit (Kawerak, Incorporated), or the Village Corporation (Sitnasuak Native Corporation).

The United States Department of Agriculture (USDA), through its Rural Development (RD) program, may offer funding for specific portions of or exhibits within the airport. Alternatively, USDA RD financing could be used to get low-cost loans to support airport development.

The local Community Development Quota (CDQ) group, Norton Sound Economic Development Corporation, may have the ability make financial contributions to the airport. CDQ groups are limited to reinvesting in fisheries-related businesses and facilities. Given the importance of jet service to providing fast delivery of top-quality product, it may be possible that some aspect of the airport could be a feasible target for CDQ investment.

The Iditarod might be interested in providing financial support to the airport in exchange for an informational booth or Iditarod exhibit. Similar organizations with an interest in the local culture, history, or other interests might also be interested.

Private donors may be encouraged to contribute to funding the construction of the airport. Donations could range from fundraising for construction (like brick or plaque-purchasing programs), starting of a nonprofit organization related to the airport, or private estate donations or endowments that could be used to support the airport and local transportation.