



## Impacts of Rising Airport Commodity Prices

The Alaska Aviation System Plan (AASP) sets the vision for aviation in Alaska. It documents the existing aviation network, identifies needed airport improvements, sets funding priorities, and proposes aviation policy. Alaska's unique and vital aviation system has complex and significant components that merit focused consideration. This fact sheet is one in a series developed to provide information on a specific aspect of Alaska's aviation system. This fact sheet addresses the impacts of rising commodity costs to the Alaska Department of Transportation & Public Facilities (DOT&PF).

### Airport Commodities

Definition: In this context, commodities are the materials, components, and utilities used by the DOT&PF as part of the routine maintenance work conducted at the State's airports.

Commodity costs are documented for:

#### Chemicals

Urea  
E36 – Liquid Runway De-Icer

#### Components

Blades  
Brooms  
Runway Light Bulbs  
Runway Light Posts

#### Materials

Paint  
Sand  
Hot-Mix  
Crack Sealant

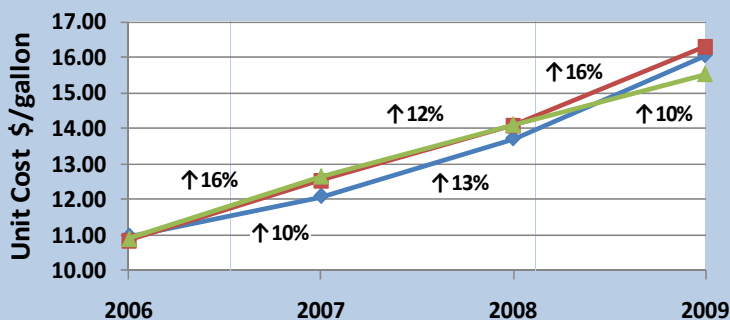
#### Utilities

Fuel  
Electricity

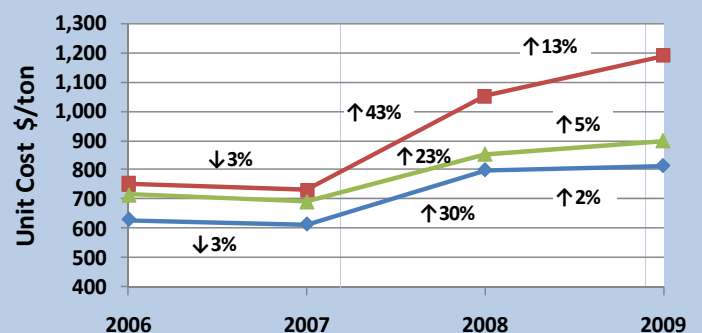
### Rising Commodity Costs

The unit costs of individual commodities have been rising—sometimes steadily, often drastically—over the past several years. The rising unit costs of White Traffic Paint and Urea are presented below, as examples, for the four-year period between fiscal years 2006 and 2009.

**Average Unit Cost of White Traffic Paint  
2006-2009, by Region**



**Average Unit Cost of Urea  
2006-2009, by Region**



◆ Southeast Region Avg.    ■ Northern Region Avg.    ▲ Central Region Avg.

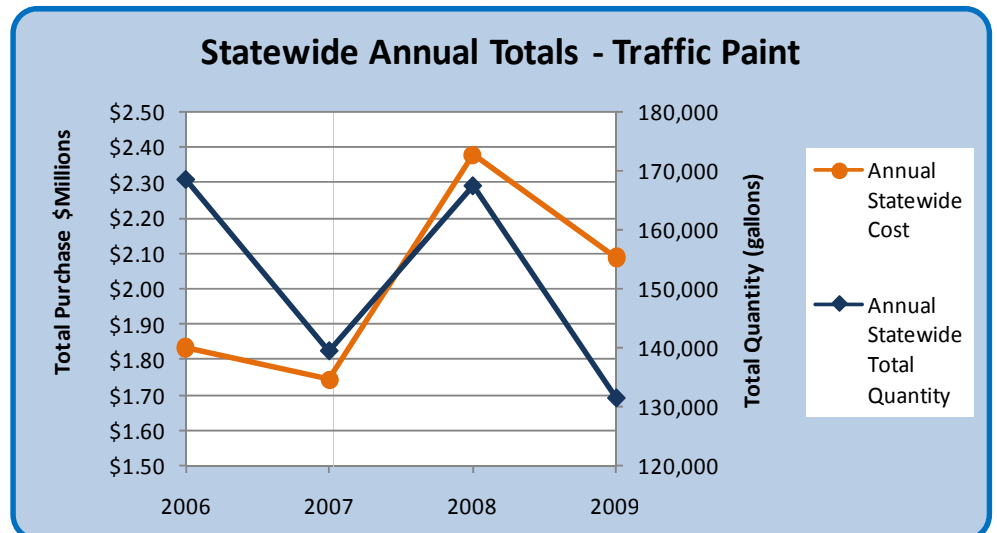
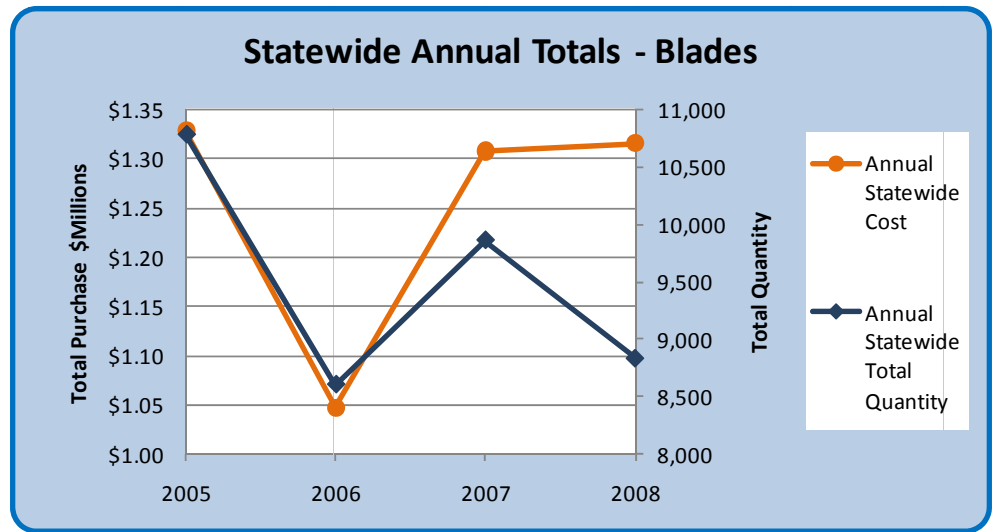


## Spending More for Less

Annual spending on commodities has been generally increasing, although the trend is not consistent year-to-year or between specific commodities. However, the bottom line result seems to be the same; the State is spending more for less!

The graphs to the right showcase two specific examples of this trend:

- The State spent approximately \$1.3 million on blades in FY05 and FY08. However, for that total price the State received nearly 2,000 fewer blades in FY08 due to increased costs.
- The State spent approximately \$1.8 million for about 170,000 gallons of traffic paint in FY06. In FY09, the State spent an additional quarter million dollars for nearly 40,000 fewer gallons of paint.



## The Effects of Commodity Cost Increases

- Commodities comprise approximately 17%-20% of the total annual Statewide Maintenance & Operations (M&O) budget.
- The DOT&PF's purchase power is decreasing—the State is paying more for less product quantity received. As maintenance needs increase, the State's financial ability to meet those needs decreases.
- Without a corresponding increase in funding, the DOT&PF must cut commodities spending or pay for commodities by taking funds from other M&O programs.
  - The result of either action is a decrease in the level of service the DOT&PF is able to offer.