

# Grand Canyon Airport

## Department of Transportation

### Program Summary

#### **Description**

The Grand Canyon National Park Airport is located in Tusayan, Arizona, a few miles from the South Rim of the Grand Canyon. The airport was established in 1925 and primarily serves aircraft used for chartered air tours. Despite several attempts to divest the state of the facility, it remains the only state-owned airport. The Grand Canyon Airport is the 4<sup>th</sup> busiest airport in Arizona with 166,485 passenger boardings in calendar year 2014.

The airport has a single runway that is 9,000 feet long and 150 feet wide. Of the 38 aircraft based there, 30 are helicopters and 8 are airplanes. In fiscal year 2011, the Grand Canyon Airport had 100,041 take-offs or landings, including 94,660 air taxis flights, 3,356 general aviation flights, 1,010 local flights, 570 military flights and 445 commercial flights.

#### **Program Funding**

The Arizona Department of Transportation (ADOT) operates the Grand Canyon Airport. In FY 2014, ADOT spent \$1.3 million from the State Aviation Fund for 20 airport-related staff and other airport expenses. ADOT anticipates spending a similar amount in FY 2015 and FY 2016. In addition to these operating monies, the state annually spends about \$200,000 from the State Aviation Fund for building renewal at the airport. The airport collects a number fees, such as landing, aircraft parking, gate, terminal, fuel flowage, commercial use ramp, security and commercial ground transportation fees.

#### **Background**

The state has tried to divest itself of the Grand Canyon Airport several times, creating an independent airport authority to operate and manage the airport in 1998, establishing an airport authority to operate the airport in 1999, and leasing the airport to a non-profit entity in 2002. The next few paragraphs describe these attempts.

##### Independent Airport Authority

The Grand Canyon National Park Airport Commission was appointed by the Governor in June 1995 to make a recommendation regarding ownership and management options for the airport. The commission engaged Price Waterhouse LLP, which recommended either an independent airport authority or a long-term lease, and prepared strategic business plans for each option. In July 1996 the commission recommended that an independent airport authority with a non-profit civic corporation structure be created to operate and manage the airport. The department issued its Request for Proposals soliciting such a civic corporation on September 1, 1998, with a due date of October 30, 1998. There was one bid, which was rejected by ADOT's review committee on December 22, 1998.

##### Grand Canyon Airport Authority

Subsequently, Laws 1999, Chapter 213 established the Grand Canyon Airport Authority to own and operate the airport. The ownership and management of the Grand Canyon Airport was transferred from ADOT to the then newly-established Grand Canyon Airport Authority on October 1, 1999, in accordance with Laws 1999, Chapter 213. Prior to the passage of Laws 1999, Chapter 213, the General Appropriation Act included \$636,200 in FY 2001 for the operation of the Grand Canyon Airport. The Authority was envisioned as having more local control, more freedom from state administration, and with the ability to borrow funds for capital needs. However, ADOT subsequently determined that the Authority was a semi-autonomous state entity, instead of an independent municipal corporation, which still had to use the state accounting system, personnel system, and administrative rule making process.

##### Airport Lessee

In response, the Legislature enacted Laws 2000, Chapter 99, which eliminated the Grand Canyon Airport Authority, reverted any unexpended and unencumbered monies previously appropriated to the Authority to the State Aviation Fund, and returned the operation of the Grand Canyon National Park Airport to ADOT, effective July 18,

2000. Chapter 99 instead required that ADOT lease the airport to a nonprofit corporation, to operate and develop the airport as provided in the lease, by March 1, 2001.

When ADOT attempted to negotiate a lease for the airport, they found that further statutory changes were needed. In response, Laws 2001, Chapter 99, was enacted with further changes. The 2001 legislation specifically exempted the Grand Canyon Airport lessee from bid requirements, mechanics liens, the personnel system, rule making procedures, and the procurement code. The chapter also removed the March 1, 2001 deadline for the lease, removed the 20-year time limit on leases of the airport, and extended the reversion of the monies in the of Grand Canyon Airport Cash and Revenues Special Line Item to the State Aviation Fund to July 1, 2002.

ADOT had expected to sign the proposed lease sometime later in January 2002. This did not occur since the potential lessee had unresolved issues including reduced Airport revenues since the September 11 attacks, liability concerns regarding a lawsuit by the Airport's fixed base operator, and questions whether the lessee can be directly given federal grants. After these events, ADOT decided to continue running the Airport for the indefinite future, with no specific timeframe for if or when a lease might be signed.