



Ernest A. Love Field  
**Prescott Municipal Airport**  
**City of Prescott**

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A white paper regarding

The Formation of a Regional Airport Authority  
for the Governance and Operation of  
Ernest A. Love Field, Prescott Airport, Prescott, AZ.

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For

The Regional Association of Governments

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## **Introduction**

Currently there are over 4,000 airports in the country which are publicly owned by governmental entities and available for public use. Based upon a 2003 survey conducted by Airports Council International-North America, city ownership accounts for approximately 38 percent, followed by regional/airport authority ownership at approximately 25 percent, single county ownership at approximately 17 percent, and multiple-jurisdictions ownership at 9 percent. State ownership represents approximately 5 percent and approximately another 3 percent are owned by Unified port authorities.<sup>1</sup>

The Prescott Municipal Airport, Ernest A. Love Field, Prescott, AZ (PRC) is owned and operated by the City of Prescott for the stated mission of meeting “the region’s air transportation needs for corporate travel, scheduled airline service, governmental, military and general aviation. The airport will also provide citizens interested in aviation an opportunity for education, recreation and personal enrichment.” As PRC moves forward to meet the region’s future air transportation needs, regional cooperation and involvement in the governance and operation of PRC is considered as a topic of interest by the City of Prescott and its regional partners.

The objective of this paper is to provide the members of the Regional Association of Governments (RAG) with an overview highlighting the pros and cons of creating a Regional Airport Authority (RAA) and the subsequent transfer of the governance and operational responsibilities of the Prescott Municipal Airport, Ernest A. Love Field, Prescott, AZ (PRC) from the City of Prescott to the RAA.

There are several Airport Authorities within the State of Arizona including but not limited to Tucson Airport Authority, Yuma County Airport Authority, Williams (now Phoenix-Mesa) Gateway Airport Authority, and the Mohave County Airport Authority (Laughlin-Bullhead Airport). For this paper, information was sought and reviewed from two of the Airport Authorities, Williams Gateway and Mohave County, along with a legal research digest titled *AIRPORT GOVERNANCE AND OWNERSHIP* prepared by the Transportation Research Board of the National Academies under the Airport Cooperative Research Program Project 11-01 which was obtained from the Airports Council International-North America.

## **Airport Background**

The Prescott area has had an airport since 1926. In 1928, the airport was dedicated as Ernest A. Love Field in honor of Ernest A. Love, a Prescott man who was killed in aerial combat during WWI in France. Used by the Navy Department of the United States in 1941 as a primary flight training facility for pilots, PRC has continued to develop to meet the needs of the region over the past several decades.

As the community’s link to national and international air travel, the airport is vital to the community and to the region through the generation of community income by business and

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<sup>1</sup> Transportation Research Board of the National Academies, *Legal Research Digest 7 AIRPORT GOVERNANCE AND OWNERSHIP*, August 2009

industry that use aviation to facilitate their operations. PRC is also a part of the national air transportation system, which uses part of the costs the flying public pay to fund grants for construction and capital improvements of the airport infrastructure. One of the airport's most valuable benefits is emergency medical, law enforcement and disaster relief services. Medical evacuation helicopters based at our airport are a vital link in airlifting patients to treatment in the Phoenix and Flagstaff areas while Air-borne law enforcement, such as the DPS helicopter and Search and Rescue units use our airport, along with the air tankers from the U.S. Forest Service to provide critical life safety functions.

The Airport Department is an Enterprise Fund of the City and the operating expenses are paid for by revenues the airport generates. Revenues generated on or by an airport are restricted in the way that they can be expended by the Federal Aviation Administration (FAA), mainly operation and maintenance costs of the airport. The Airport Department also receives support from the City of Prescott in various functions such as fire protection, law enforcement support, financial, IT, legal, and human resource services just to name a few.

Funding is available from the FAA and the State (subject to budgetary availability) to help with the development of the capital improvements of the airport. The Airport Capital Improvement Program is a Federal program designed to assist airports with funding large-scale construction & modernization projects. It is a need-based 5-year planning cycle for funding of airport planning and development projects and is funded by order of importance as determined by the FAA guidelines. Typical Grant Funding is as follows:

- Federal Government: 90%
- State ADOT Aeronautics: 5%\*
- City of Prescott: 5-10% match

Depending upon the number of commercial passengers (enplanements) using the airport, the amount of money PRC is "entitled" to receive from the FAA will vary. If enplanements are below 10,000, PRC entitlement funds are only \$150,000. If PRC exceeds the 10,000 enplanement benchmark, the entitlement funds increase to \$1 million for the next Federal Fiscal Year. As can be seen by the chart on the next page, PRC has exceeded the 10,000 enplanement mark in calendar year 2009 and will be receiving the \$1 million entitlement funds based upon the current federal legislation.

MONTH	CY 2007			CY 2008			CY 2009		
	REV. ENP	Non Rev	Yearly Rev Enplane.	REV. ENP	Non Rev	Yearly Rev Enplane.	REV. ENP	Non Rev	Yearly Rev Enplane. *Unofficial #s
Jan	218	59		400	74		702	97	
Feb	204	54		415	73		580	100	
Mar	211	67		497	92		823	107	
Apr	187	80		427	79		940	100	
May	269	81		435	100		1001	92	
June	234	77		0	0		1017	120	
July	224	68		0	0		1166	93	
August	235	82		0	0		1047	30	
Sept	177	84		595	101		1020	71	
Oct	662	51		1034	133		1182	80	
Nov	715	79		958	99		1123	90	
Dec	628	65	3,964	1012	120	5,773	1093	49	11,694

Operating the airport is basically two “businesses” which are merged for the benefit of the community and the users. The first is the regulatory component which allows for PRC to provide the infrastructure used by the public in a safe and efficient manner. The second is the property management component which provides approximately \$1.1 million in revenue to provide funding toward the approximately \$1.5 million operating and maintenance expenditures of the airport. The remaining \$400,000 is generated through various fees and charges for services at the airport.

PRC is one of the busiest airports with approximately 263,604 takeoffs and landings (Operations) per year. This makes PRC the 4th Busiest Airport in Arizona and the 38th Busiest Airport in the Nation. Approximately 340 aircraft call Prescott home and the airport is open 24 hours daily 365 days per year. PRC provides staff coverage 7 days per week and after hours as needed. The airport consists of approximately 760 acres of land of which 380 acres is native grasses that must be mowed. The airport owns and leases approximately 30 buildings which include 176 individual hangar units. Approximately 20 of these buildings are maintained by the Airport staff. The airport has 3 runways, adjoining taxiway system, and various ramps consisting of approximately 4,314,114 sq.ft. of pavement (equal to 32.68 miles of 25 foot wide road) and is lighted in accordance with FAA regulations using approximately 1,600 specialty airfield lights and 166 airfield signs. The other airport infrastructure that PRC maintains and manages includes but is not limited to: security systems, airfield electrical systems, and airfield drainage systems. PRC must and does comply with all applicable regulations, standards and directives for operating the airport.

The regulatory component of PRC’s business has two dominant players. First, the FAA requires PRC to conduct training and maintain documentation in areas such as:

- Personnel training in operations, emergencies, and fueling
- Daily/Monthly/Quarterly Self-inspections
- Movement and safety area training (Airfield Driver Training)
- Airport condition reporting

All of this training and documentation allows PRC to maintain FAA standards in:

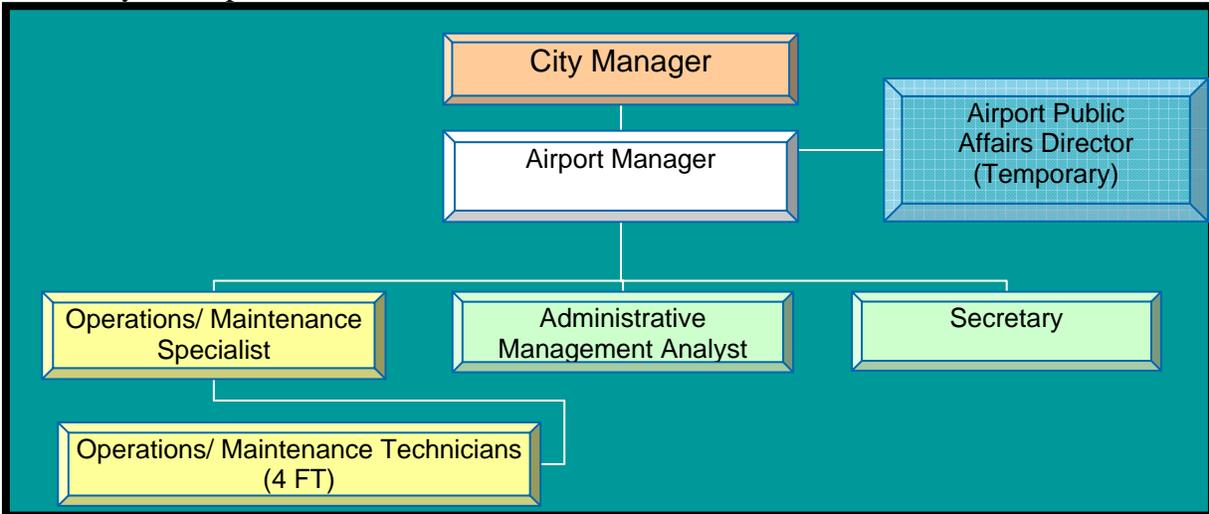
- |                                 |                             |                                        |
|---------------------------------|-----------------------------|----------------------------------------|
| ➤ Paved areas                   | ➤ Traffic & wind indicators | ➤ Wildlife Management                  |
| ➤ Safety areas                  | ➤ Airport Emergency Plan    | ➤ Airport Condition Reporting (NOTAMs) |
| ➤ Marking, signs & lighting     | ➤ Self-inspection program   | ➤ Construction or unserviceable areas  |
| ➤ Snow & ice control            | ➤ Pedestrians/Vehicles      | ➤ Non-complying conditions             |
| ➤ Aircraft Rescue Fire Fighting | ➤ Obstructions              |                                        |
| ➤ HAZMAT                        | ➤ Protection of Nav aids    |                                        |
|                                 | ➤ Public Protection         |                                        |

Additionally, PRC is regulated by the Transportation Security Administration (TSA) for the security portion of our regulatory component. TSA requires that airport staff conduct training, maintain personnel training records, and perform functions in Access Control, Perimeter Inspections, Vehicle Inspections, Terminal Security, and executing the mandated requirements of the TSA.

The second “business” component of the airport is the property management. The airport staff creates, negotiates, and manages all of the contracts, leases, and rentals at the airport including:

- Approximately 280 Private storage rental agreements.
- Approximately 22 Master Bare Ground Leases
- Approximately 11 commercial license agreements
- Vending, custodial, service contracts
- Federal and State Grant documentation and management

To accomplish these efforts the Airport Department has 8 fulltime staff members and is organized using the chart below. Recently Malcolm Barrett, Jr. joined the Airport Department in the capacity of the Public Affairs Director as an independent observer looking at the business aspects of managing the airport. He is also helping to enhance the communications and public outreach by the airport.



The City of Prescott’s Council goal for the airport has been to enhance & sustain long-term Airport area economic investment and growth. This has been in the top five goals of City Council the past five years. The methods identified to achieve the goal for the airport area have been to implement water, wastewater, and streets infrastructure plans; apply Smart Growth planning & development techniques and best practices; and target key nodes (e.g., Granite Dells Parkway/SR 89A) for priority economic development.

Since FY 2005, the City of Prescott has taken several direct efforts to achieve the goals by approving over \$20 million in improvements to the airport area. Some of these improvements include:

- Airport area water system design and upgrade  
Including wells, reservoirs, water main extensions, effluent meter relocations.
- Airport area transportation plan.
- West Airport utility master plan
- General Plan Amendment
- Airport Beacon
- Airport Drainage Study
- Airport master plan update
- Taxiway and runway reconstructions
- Airport security fencing

## **Determining Airport Authority Governance Structure**

While airports are routinely characterized by their ownership, the key determining factors of how an airport is managed, operated, and developed are significantly based upon the governance structure. Several reasons to evaluate implementing different governance structures could include 1) access to capital markets for development which in turn potentially could reduce general tax levies, 2) create a more efficient and cost effective organization, 3) enhance commercial and business decisions by removing potentially political sensitive issues, and 4) create a mission-focused organization.<sup>2</sup> Additionally, several critical, multifaceted concepts must be evaluated thoroughly so that effective decisions can be made to ensure that the appropriate governance structure is implemented. At a minimum, the following concepts must be considered to help determine the effectiveness of an airport authority governance structure for a given airport:

1. If the primary decision-making responsibility for airport operations and development resides in a special purpose authority, what is the nature of the authority (port authority, airport authority) and what is the ongoing role, if any, of a general-purpose government in decision-making (e.g., appointment of authority commissioners, etc.)? Who chooses the commissioners or board members, and how are they selected?
2. Has significant decision-making power or operational control been commercialized or privatized?
3. How many transportation assets are under the public entity's control? Does the public entity operate multiple airports as a system? Does the public entity control modes of transportation in addition to airports?
4. Does the entity with primary decision-making responsibility for the airport own the underlying property?
5. Does the entity with primary decision-making responsibility maintain land use and zoning jurisdiction over the airport? Over the surrounding areas?<sup>3</sup>

As can be seen from above, the main themes for consideration become 1) where the primary decision-making responsibility should be placed and 2) what degrees of control over airport decision-making exist, both in absolute terms and relative to other entities. Some benefits of direct control by a general-purpose government may exist such as ensuring that a general-purpose government's goals similar to economic development and tourism are being adequately served by the airport. Direct control by an elected body also fosters accountability by allowing for a vote by the electorate on airport-related decisions.<sup>4</sup>

These benefits are often offset by the concept of greater autonomy leading to improved performance and greater efficiency. For example, it has been noted that many of the civil service, contract approval, and other constraints of general-purpose governments are often avoided by

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<sup>2</sup> Transportation Research Board of the National Academies, *Legal Research Digest 7 AIRPORT GOVERNANCE AND OWNERSHIP*, Pg. 6, August 2009

<sup>3</sup> Transportation Research Board of the National Academies, *Legal Research Digest 7 AIRPORT GOVERNANCE AND OWNERSHIP*, Pg. 6, August 2009

<sup>4</sup> Transportation Research Board of the National Academies, *Legal Research Digest 7 AIRPORT GOVERNANCE AND OWNERSHIP*, Pg. 7, August 2009

operating an airport authority yet the public transparency remains through open meeting laws, a published budget, etc. Additionally, the aviation industry is a very specialized business and thus airport-related decision-making typically requires a greater knowledge and expertise regarding the various aspects of aviation. By deciding to relinquish control to airport authorities, several communities have implied and have realized a better and more efficient operation than by reserving decision-making power with the general-purpose government.<sup>5</sup>

This is not to say that airport authorities are without oversight and accountability. Depending upon the terms and conditions agreed to during the formation of a RAA, the RAA may be subject to varying levels of oversight and control by one or more general-purpose government entities. The ownership of the underlying airport property may be owned by a local government. The local government entities may elect or appoint authority commissioners, or may exercise direct or indirect control in various other methods. Additionally, since airport authorities are governmental entities and are considered a body politic; they can be structured and operated as a separate and independent body from the other public entities that created them.<sup>6</sup> These variables in airport governance can have significant legal and practical consequences at all levels of owning, operating, and administering an airport.

### **Airport Authorities in Arizona**

The governance structure of a RAA in Arizona can be established in two distinct ways pursuant to Arizona State Law. In the evaluation of the Williams Gateway Airport Authority and the Mohave County Airport Authority, these ways were identified as possible options for the consideration of the regional partners.

**Williams Gateway Airport Authority (WGAA)** was formed by a Joint Powers Airport Authority Agreement pursuant to A.R.S. § 28- 8521 thru § 28-8536 as a Joint Powers Airport Authority for the purpose of developing, reusing, operating and maintaining Williams Air Force Base. Its member organizations consist of the Town of Gilbert, the City of Mesa, the Town of Queen Creek, the Gila River Indian community and the City of Phoenix. Each member organization, acting through their respective Council, appoints one representative to the Board of Directors which must be a member of the governing body of the respective member organization. Each member organization provides a subsidy to the annual operating and capital budget of WGAA if the revenues of the WGAA are insufficient to meet the budgeted operating and capital expenses. The amount provided by each member organization is based upon a set percentage which must be unanimously approved by a vote. WGAA, acting through its Board of Directors, may:

1. Hold, acquire, or convey real and personal property.
2. Own, operate and maintain property and facilities related to aviation, air navigation and aerospace.

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<sup>5</sup> Transportation Research Board of the National Academies, *Legal Research Digest 7 AIRPORT GOVERNANCE AND OWNERSHIP*, Pg. 7, August 2009

<sup>6</sup> Transportation Research Board of the National Academies, *Legal Research Digest 7 AIRPORT GOVERNANCE AND OWNERSHIP*, Pg. 8, August 2009

3. Own and lease property and facilities that are not related to aviation, air navigation, and aerospace.
4. Prescribe user fees and charges.
5. Operate facilities and construct improvements.
6. If authorized by the members of the Airport Authority, exercise the right of eminent domain in the names of the members.
7. Engage employees and consultants.
8. Enter into agreements with the State of Arizona and any political subdivision of the State or the federal government.
9. Prepare and receive annual operating budgets
10. Borrow and issue revenue and funding bonds.
11. Sue and be sued.
12. Exercise incidental powers as may be necessary to the exercise of the powers prescribed in this Section and to implement the responsibilities, goals, and purpose of the airport authority.

One item which would need to be addressed for the formation of a RAA in Prescott based upon the legislation used by WGAA will be the need for deletion of a portion of A.R.S. § 28-8521 paragraph A shown below. A.R.S. § 28-8521 (A) states:

“In connection with the closing of a military facility after 1990, two or more cities, towns, Indian tribes or counties may enter into an agreement to establish a joint powers airport authority. A board of directors shall operate and govern the airport authority. The board of directors is composed of persons appointed by the governing body of the cities, towns, Indian tribes or counties that are members of the airport authority.”

This State Law was written specifically to allow the formation of WGAA to assume control of Williams Air Force Base and would need to be revised to allow for use by others. By simply deleting the first portion which states “In connection with the closing of a military facility after 1990...”, the authority to create a Joint Powers Airport Authority pursuant to A.R.S. § 28-8521 would be available to the Prescott Area Regional Partners.

**Mohave County Airport Authority (MCAA)** is formed as a Non-Profit Corporation with the State of Arizona Corporation Commission for the purpose of engaging in the promotion, establishment, development and maintenance of airports and adjacent property for the benefit of air transportation and commercial or industrial activities, for the general public benefit of the residents of Mohave County. MCAA leases the airport property through a lease agreement with Mohave County who is authorized under A.R.S. §28-8423 and 28-8425 to enter into and renew lease agreements with a non-profit corporation for airport or air terminal purposes and for the operation and maintenance of airports, air terminals and uses incidental thereto. As specified in A.R.S. § 28-8424 paragraph A, the MCAA:

1. Is a validly organized and existing body politic and corporate exercising its powers for the benefit of the people, for the improvement of the people's health and welfare and for the increase of the people's traffic and prosperity.
2. Is engaged in a public purpose essential to transportation and communication.
3. Performs an essential governmental function as an agency or instrumentality of the city, town, county or state.
4. Is exempt from property taxation by this state or an agency of this state.

5. Possesses and may exercise police powers and other governmental powers on the terms, conditions, limitations, restrictions and agreements provided in the lease agreements.
6. May issue bonds, incur obligations and pledge its revenues as security for the payment of bonds and obligations for airport and air terminal purposes to the extent provided by the lease agreement as it exists or as it may be amended, without regard to any statutory limitation of indebtedness of corporations having authorized capital stock.

Pursuant to the bylaws of MCAA, members of MCAA are those approved by the voting membership of MCAA and may be anyone who has repeatedly evidenced his or her interest in the promotion of air transportation and commerce, and who have filed an application for membership. The Board of Directors is then voted from the membership of MCAA to fulfill a term on the board. This type of governance structure is similar to the ones used by the Yuma County Airport Authority and the Tucson Airport Authority.

### **Summary**

Development or establishment of a RAA will not be a quick or easy undertaking. Several key factors and discussion will need to occur and be resolved and agreed upon by the potential participants of the RAA. Evaluation of the WGAA and the MCAA shows that, subject to ensuring appropriate “powers and authority” are vested with the RAA, the composition and details of forming a RAA are very much open to discussion in terms of composition and representation by the members of the RAA. As with the development of any large project, appropriate planning early in project and due diligence in the completion of the project will determine the success or failure of the RAA. The following list of pros and cons is based upon the above information and conversations with the senior staff of both Laughlin/Bullhead Int’l Airport, operated by MCAA, and Phoenix-Mesa Gateway Airport, operated by WGAA.

#### **Potential Benefits:**

1. Support of the communities in planning, development, and protecting the long term viability of the airport including land zoning and noise sensitivity issues to the public benefit.
2. Establishing an airport authority creates a more efficient operation.
3. Enhanced customer service by allowing the tenants or other parties or government agencies to deal directly and more efficiently with the airport authority.
4. The airport authority will become the government entity that sets policy for the operation of the airport which provides the airport management the guidance to operate the airport. The airport management would need to be directly involved in helping draft policy to ensure that policy allows the airport to operate within the Federal and State Grant assurance criteria as well as applicable regulations.
5. Subject to providing the airport authority with all necessary operations and management authority to run a public airport, the airport authority may be able to establish more realistic revenue streams to become financially self-sufficient in a shorter time-frame. This is conditioned upon existing activity that will allow the airport to operate without subsidy.
6. Annual independent audits are required which must conform to government audit practices. These audits would go to the City, State Aeronautics and the FAA.

7. The airport authority under its by-laws will establish the frequency of public meetings to conduct the airport business and set up committees to assist the airport manager in developing procedures and implementing policy. Where applicable, the committees would make recommendations to the board of directors regarding policy with staff recommendations.

**Potential Drawbacks:**

1. Initial and long term financial commitment by the members of the RAA until such time as the RAA can become self-sufficient.
2. Certain issues will require intergovernmental agreements with the entities such as mutual aid, zoning protection, etc.
3. Increase in staffing will be needed to appropriately assume all areas of the management of the airport by the RAA including but not limited to financial, legal, IT, engineering, fire, police, etc.