

CITY OF FLAGSTAFF, ARIZONA

Airport Parking Rates and Airport Security Badge Fees Financial Analysis Report - 2025



Airport Section and Management Services Division

October 2025

Executive Summary

The Airport Section and City Management Services Division has prepared a financial analysis for the Airport Fund for changes to airport parking rates and airport security badge fees.

The City desires fees and rates that fund operations and maintenance costs for Airport Fund. The purpose of the fiscal analysis is to provide a financial review of revenues that will cover the necessary expenditures.

Staff intends to provide City Council with a recommendation for fees and rates at the December 2, 2025 and December 16, 2025 Council meetings. It is anticipated an Ordinance will be adopted with the new rates at the December 16, 2025 Council meeting with an effective date of January 15, 2026.

Airport Overview

The Flagstaff Pulliam Airport is a key component of Flagstaff's link to the global marketplace, facilitating local, national and international commerce as well as support the local tourism industry. Business activity is dependent upon the existence of efficient access to local air service. A recent economic study performed by Arizona Department of Transportation identified that the Flagstaff Pulliam Airport generates \$68M in direct economic impact and \$60M in induced economic impacts annually.

American Airlines provides commercial service with daily flights to Phoenix and Dallas Fort-Worth. Passenger enplanements were up 7% in calendar year 2024 from 2023, with 79,081 enplaned passengers. This was the airport's fourth-highest annual enplanements ever and highest with a single carrier.

The airport offers 61 airport hangars and 48 covered tie-downs that can be rented on a monthly basis for storage of personal aircraft. The Airport Business Park has numerous businesses, such as T-Gen North and Joy Cone, and the airport has a partnership with Wiseman Aviation as our fixed based fuel operator.

The Airport Fund operates as an enterprise fund within the City of Flagstaff's municipal operations. Enterprise Funds are used to account for operations that provide services to the general public for a fee. Under GASB Statement No. 34, enterprise funds are also required for any activity whose principal revenue sources meet any of the following criteria: 1) any activity that has issued debt backed solely by the fees and charges of the activity, 2) if the cost of providing services for an activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges, or 3) it is the policy of the City to establish activity fees or charges to recover the cost of providing services, including capital costs.

Airport Parking Rates

Prior to 2023, passenger parking at the airport terminal was provided by a single parking lot (the Terminal Lot) with 385 parking spaces. Parking was free and the lot was frequently over capacity, with passengers parking in the landscaped areas and along drive aisles and roads. In 2023, the city expanded parking capacity by opening an additional long-term parking lot (the Economy Lot) with 413 parking spaces available. A paid parking program was developed to help pay for the cost of the construction and the ongoing maintenance of the airport parking lots. The construction of the Economy Parking Lot and purchase and installation of the paid parking system cost approximately \$4.5M. Since the addition of the Economy Lot, the parking lots are running at approximately a 30% occupancy on typical weeks and 55% occupancy during busier travel times. After two years in operations, staff is recommending adjustments to the parking rates and structure. The annual revenues from paid parking are currently around \$550,000, which is half the anticipated revenues when the last fees were adopted.

Staff Proposal

Staff is requesting an update to the current parking rates to provide additional revenues to support airport operations. One consideration for changing parking fees is based on observations of the operations the first two years. Staff sees the needs of set fees for lost tickets, and longer term of parking for up to 180 days as requested by the business community.

The second consideration is related to parking rates that other communities charge at their airports. Airport staff reviewed rates from several airports in the region, which are summarized in the next table.

These airports can be broadly placed in three categories in relation to the Flagstaff Pulliam Airport, which currently has three to six arrivals daily. Prescott Regional Airport and Laughlin/Bullhead International Airport have fewer flights than Flagstaff with one to three arrivals daily. Yuma International Airport has similar flight availability and enplanements to Flagstaff. Durango – La Plata County Airport, St. George Regional Airport, and Montrose Regional Airport have slightly more flights than Flagstaff with between 10 and 15 arrivals daily. Phoenix Sky Harbor International Airport, Mesa Gateway Airport, and Tucson International Airport are significantly busier than Flagstaff with dozens or hundreds of arrivals daily. The table below represents research completed in the Spring of 2025.

Airport	Lot	Hourly	Daily	Weekly	Monthly	Yearly	Lost Ticket
Grand Canyon Airport (GCN)	Main	N/A	\$10.00	None	None	\$100.00	None
Mesa Gateway (AZA)	Main	\$1.00 every 30 min	\$48.00	None	None	None	\$250.00
	Economy	Same	\$9.00	None	None	None	None
	Covered	Same	\$11.00	None	None	None	None
	Long Term	Same	\$13.00	None	None	None	None
Yuma International Airport (YUM)	Main	\$2.00	\$10.00	N/A	1 month- \$125; 3 month- \$300; 6 month- \$650	\$900.00	\$350.00
Durango-La Plata County Airport (DRO)	Main	Free first hour, \$1.00 per 30 min	\$9.00	\$42.00	None	\$2,300.00	None
St. George Reginal Airport (SGU)	Main	\$7.00	None	None	None	None	\$150.00
Montrose Regional Airport (MTJ)	Short Term	\$2.00	\$14.00	N/A	\$260.00	\$2,100.00	None
	Short Term-South	Same	\$12.00				
	Economy	Same	\$11.00				
Prescott Regional (PRC)		No Fee	No Fee	No Fee	No Fee	No Fee	No Fee
Laughlin/Bullhead (IFP)		No fee	No fee	No fee	No fee	No fee	No fee
Tucson International (TUS)	Main	\$1:00 every 20 min	\$15.00	None	None	None	None
	Garage Lot	Same	\$12.00				
	Economy	Same	\$5.00				
	Economy Covered	Same	\$7.50				
Phoenix Sky Harbor International (PHX)	Valet	\$6.00 1st hour, \$3.00 add'l 30 min	\$43.00	None	None	None	None
	Premium	.	\$37.00	None	None	None	None
	Terminal Garage	Same	\$33.00	None	None	None	None
	Economy	Same	\$19.00	None	None	None	None
	Economy-Uncovered	Same	\$16.00	None	None	None	None
Flagstaff (FLG) - Current	Terminal	First hour free, \$2.00 per hour	\$8.00	\$48.00	None	None	None
	Economy	Same	\$6.00	\$36.00	None	None	None

Relative to the comparison airports, the proposed rates are generally higher than the airports with less traffic (Prescott, Laughlin/Bullhead), and lower than or comparable to the airports with similar or slightly more traffic (Durango – La Plata Co., Montrose Regional, Yuma International).

Review of cost of managing the airport parking

Paid parking revenues are intended to support the cost of operating the parking lots and administration of the airport.

Cost Category	Annual Estimate
Pavement Maintenance	\$ 75,000
Landscaping and snow control	\$ 85,000
Utilities	\$ 14,000
Paid parking system and fees	\$ 144,000
Parking management staff	\$ 67,000
Parking lot annual capital repairs	\$ 350,000
Administration of Parking	\$ 70,000
Overhead (10%)	\$ 80,500
	\$ 885,500

Proposed Parking Rates/Fees

Based on the above considerations, staff is proposing the following rate structure:

Proposed Rates	Current Rates	Effective January 15, 2026	Effective July 1, 2026
Terminal Lot Rates			
1 st hour	Free	Free	Free
Per hour rate (after 1 st hour)	\$ 2.00	\$ 2.00	\$ 2.00
Per day rate – Terminal Lot	\$ 8.00	\$ 8.00	\$ 10.00
Weekly rate – Terminal Lot	\$ 48.00	\$ 48.00	\$ 60.00
Monthly rate – Terminal*	-	\$160.00	\$200.00
Lost Ticket Fee – Terminal	-	\$72.00	\$90.00
Economy Lot Rates			
1 st hour	Free	Free	Free
Per hour rate (after 1 st hour)	\$ 2.00	\$ 2.00	\$ 2.00
Per day rate – Economy Lot	\$ 6.00	\$ 6.00	\$ 7.00
Weekly rate – Economy Lot	\$ 36.00	\$ 36.00	\$ 42.00
Monthly rate – Economy*	-	\$120.00	\$140.00
Lost Ticket Fee – Economy	-	\$54.00	\$63.00

**Upon Airport Director approval, Airport may issue monthly parking permits at the monthly parking rates.*

Airport Parking Revenues Impact

Staff completed a revenue impact review based on the calendar year (CY) 2024 transactions from the Terminal and Economy Lots. During CY 2024 the airport parking program had a total of 17,468 paid transactions, shown below. In order to analyze the impacts related to rate changes, we identified the annual transactions based on the current rate schedule for hourly, daily, and weekly rates. This provided a baseline to compare how revenues may change based on the proposed parking rate schedule. The table below breaks out the transactions.

Annual Paid Transactions	CY 2024	Percent of Total
Terminal Lot	11,154	64%
Economy Lot	6,314	36%
	17,468	

Quantity at Rate	Hourly Details	Daily Details	Weekly Details	Totals
Terminal Lot	4,309	25,046	2,771	32,126
Economy Lot	1,170	14,579	2,745	18,494
	5,479	39,625	5,516	50,620

Staff is proposing a new rate structure for a monthly rate and monthly permit. Based on the CY 2024 activity there were 8 transactions in the Terminal Lot and 42 transactions in the Economy Lot that were longer than 30 days for a total of 50 transactions. If a portion of these transaction move from the current rate structure to the proposed rate structure, the revenues will see a net decline in parking revenues due to the discounted monthly rates. The city would also anticipate additional monthly permits issued to take advantage of the new monthly rate proposal. Our baseline increase in monthly permits will start at 3 per month for a total of 36 monthly transactions at the new rate. Based on the new rate and permit option, analysis shows this as a net neutral impact to revenues.

Staff is proposing fee for lost or damaged tickets. Currently there are no fees for lost tickets or damaged tickets. Customers are sometimes allowed to exit without paying any fees when a ticket is lost or damaged and we are not able to identify when the vehicle entered the parking facility. After the new fee is adopted, customers that have lost or damaged their ticket and we cannot lookup the transaction, will be required to pay a lost ticket fee to exit the lot. During CY 2024, staff has identified there were approximately 150 transactions that would have required to pay the lost/damaged ticket fee. We anticipate a 25% reduction once the new fee is implemented. Based on this projection we anticipate an annual revenue of \$7,452 for lost ticket payments.

Lost/Damaged Ticket Review	Estimated Transactions	Percent of Total	Proposed Rate 01/15/2026	Estimated Annual Revenue
Terminal Lot	72	64%	\$ 72	\$ 5,184
Economy Lot	42	36%	\$ 54	\$ 2,268
				\$ 7,452

Staff is proposing additional parking rate increases effective July 1, 2026. The 1st hour will remain free and the hourly rate after that first hour will also be the same \$2/hour rate for both parking lots. Based on the proposed rate changes listed earlier in this report, we are projecting \$653,000 of annual revenue from parking fees to support the operations. This represents a \$122,400 increase over current revenue estimates based on the recommended changes staff is proposing. The table below demonstrates the changes in revenues for each parking lot.

Terminal Lot	Hourly Details	Daily Details	Weekly Details	Monthly Details	Lost Fees	Ticket
Current Parking Rates	\$ 2	\$ 8	\$ 48	\$ -	\$ -	-
Current Revenues	\$ 8,618	\$ 200,368	\$ 133,008	\$ -	\$ -	-
Proposed Rates 7/1/2026	\$ 2	\$ 10	\$ 60	\$ 200	\$ 90	
Proposed Revenues	\$ 8,618	\$ 250,310	\$ 163,140	\$ 2,600	\$ 6,480	
Annual Revenue Change	\$ -	\$ 49,942	\$ 30,132	\$ 2,600	\$ 6,480	

Economy Lot	Hourly Details	Daily Details	Weekly Details	Monthly Details	Lost Fees	Ticket
Current Parking Rates	\$ 2	\$ 6	\$ 36	\$ -	\$ -	-
Current Revenues	\$ 2,340	\$ 87,474	\$ 98,820	\$ -	\$ -	-
Proposed Rates 7/1/2026	\$ 2	\$ 7	\$ 42	\$ 140	\$ 63	
Proposed Revenues	\$ 2,340	\$ 101,745	\$ 105,798	\$ 9,380	\$ 2,646	
Change	\$ -	\$ 14,271	\$ 6,978	\$ 9,380	\$ 2,646	

Airport Security Badge Fees

Staff Proposal

Staff recommends implementing a fee for security badges. The airport does not currently charge for security badges and is the only commercial service airport in Arizona that does not. The airport issues approximately 160 new badges a year, 65 badge renewal, and 10 replacement badges. This has created an administrative and cost burden to manage security badges. Staff is seeking to implement fees that would recover a portion of the cost of issuing security badges.

Staff surveyed several airports and below is a summary of what other airports are charging. Research was completed in the Spring of 2025.

Airport	AOA	SIDA	Sterile	Lost Badge	Contractors
Grand Canyon Airport (GCN)	\$30	Currently Not Available	Currently Not Available	\$50, \$75, \$200 Revoked after 3rd; \$250 Not Returned Fee	No Charge
Mesa Gateway (AZA)	\$45	\$45	\$45	\$50	\$50
Yuma International Airport (YUM)	\$10 Application Fee	\$10 Application Fee	\$10 Application Fee	\$30	\$10 Application Fee
Durango-La Plata County Airport (DRO)	\$30 Initial; \$30 renewal	\$115 plus \$85 fingerprints; \$55 for renewal plus \$25 system	\$50 plus \$85 fingerprints; \$50 renewal plus \$25 system	\$100, \$150, \$200 3rd or more	N/A
St. George Reginal Airport (SGU)	\$30	\$75	N/A	\$150	N/A
Montrose Regional Airport (MTJ)	\$60	\$75	\$60	Same Price	N/A
Prescott Regional (PRC)	\$100	\$100 plus \$110 fingerprinting	N/A	\$100, \$150, \$200 \$100 damaged	N/A
Laughlin/Bullhead (IFP)	\$50	\$50	\$50	\$50	No Fee
Tucson International (TUS)	\$77 Initial; \$40 renewal	\$77 Initial; \$40 renewal	\$77 Initial; \$40 renewal	N/A	\$77 Initial; \$40 renewal
Phoenix Sky Harbor International (PHX)	\$32 Initial plus Fingerprint fee; \$7 STA' \$50 control fee	\$45	\$45	\$50	\$45

The following list includes the different types of security badges that are required at the airport:

AOA: An Air Operations Area (AOA) security badge is an identification credential issued by an airport that grants authorized individuals access to the Air Operations Area (AOA), which is the portion of the airport within the perimeter fence, excluding the highly restricted Security Identification Display Area (SIDA).

SIDA: An airport SIDA (Security Identification Display Area) badge is an identification credential required for airport personnel to access secured areas of an airport that are restricted to the general public, including flight ramps and other operational zones.

Sterile: An airport Sterile security badge grants an employee access to the airport's sterile area, which is the section of the terminal past the security screening checkpoint. This area is where passengers wait to board their flights and includes the concourses, gates, and concessions.

Contractor: A contractor is someone that is working through a contract for the City of Flagstaff on maintenance and project work at the Flagstaff Airport.

Review of the cost of issuing airport security badges

The airport security badge fees are intended to support the cost of managing and issuing the badges. Staff has analyzed the cost of issuing badges based on the type and level of effort required. The table below demonstrates the estimated cost per badge type.

Cost Category	AOA Initial	AOA Renewal	SIDA/Sterile Initial	SIDA/Sterile Renewal	Lost Badge
Staff time/expense	2 hours/ \$70	0.5 hours/ \$17	3 hours/ \$105	1.5 hours/ \$53	2 hours/ \$70
Supplies	\$4	\$4	\$4	\$4	\$4
Postage and handling	\$0	\$0	\$25	\$0	\$0
Fingerprint fees	\$0	\$0	\$37	\$0	\$0
Enrollment fees (\$6 annual)	\$12	\$12	\$12	\$12	\$0
Total	\$86	\$33	\$183	\$125	\$74
Total Excluding Labor	\$16	\$16	\$78	\$16	\$4

Staff estimates the following annual activity: 100 AOA-Initial Badges, 35 AOA-Badge Renewals, 60 SIDA-Initial Badges, 30 SIDA-Badge Renewals, and 10 Lost Badge replacements. Based on this level of activity, the current cost on an annual basis for these permits is approximately \$25,000.

Proposed Airport Security Badge Fees

When determining the proposed fee to charge for security badges, staff took into consideration who benefits from the security badges. The benefit directly supports the individual/company requesting a badge to access secured areas of the airport. The airport also receives benefits to having individuals required to have a security badge for the protection of the airport facilities. Taking these factors into consideration, staff is recommending a cost recovery between 40% and 70% for the AOA and SIDA badges. Lost badge fees are set to impose penalties for improperly managing individual badges and could have a negative impact to security. Therefore, lost security badge fees will recover more than 100% of the cost to reissue. Based on the above considerations, staff is proposing the following fee structure:

Proposed Rates	Effective 01/15/2026	Effective 7/1/2027
AOA - Initial	\$40	\$50
AOA - Renewal	\$20	\$25
SIDA/Sterile - Initial	\$75	\$100
SIDA/Sterile - Renewal	\$50	\$75
Lost Badge Fee (First Occurrence)	\$50	\$75
Lost Badge Fee (Second Occurrence)	\$75	\$100
Lost Badge Fee (After Second Occurrence)	\$100	\$125

**Contractors working for the City on Flagstaff Airport projects are exempt from the initial and renewal badge fees listed above. Contractor will be required to pay lost badge fees.*

Airport Security Badge Revenues Impact

Financial analysis related to implementing a new security badge fee demonstrates that the airport would recover approximately \$11,250 of the cost it incurs to manage the security badging program. Below is an estimated amount of activity and revenues anticipated for each security badge type.

Security Badges	Estimated Annual Quantity	Proposed Rate 01/15/2026	Estimated Annual Revenues
AOA - Initial Badge	100	\$ 40	\$ 4,000
AOA - Badge Renewal	35	\$ 20	\$ 700
SIDA - Initial Badge	60	\$ 75	\$ 4,500
SIDA - Badge Renewal	30	\$ 50	\$ 1,500
Lost Badge - First Occurrence	8	\$ 50	\$ 400
Lost Badge - Second Occurrence	2	\$ 75	\$ 150
Lost Badge - After Second Occurrence	-	\$ 100	\$ -
Totals	235		\$ 11,250

Community Outreach and Future Meetings

Public Outreach/Airport Commission Meetings

Airport staff discussed the proposed rate and fee changes at the following Airport Commission Meetings.

- December 2024 – Staff provided an airport budget overview that included current airport fees and the proposed approach to new fees and fee increases.
- January 2025 – Proposed parking fees were presented. The Commission voted in favor of the proposed monthly rates and lost ticket fees, and asked for more information regarding the proposed fee increases at future meetings.
- May 2025 – Additional information was presented about the proposed parking fee increase, and the Commission voted 3-2 in favor of the proposed rates. The proposed badging fees were presented by airport staff, and the Commission requested additional information to be presented at a future meeting and a fee waiver for contractors working on airport-funded projects before voting.
- August 2025 – Airport staff presented additional information about the proposed badge fees with revisions requested in the previous discussion. The Commission voted 3-1 in favor of the proposed badge fees.

Staff will post notices about the proposed airport parking rates and badge fees in the airport terminal and on the airport's social media channels.

City Council Meetings

At the February 2025 Budget Retreat, staff presented revenue generating ideas for the Flagstaff Airport. Revenue ideas included reviews of aircraft storage permits, landing fees, fuel flowage fees, commercial use permits, parking fees, security badging and ground transportation permits. Staff received approval to move forward with the parking rate review and new security badging fees.

On December 2, 2025 and December 16, 2025, the City will hold a public hearings and staff will present an ordinance along with the fees and rates analysis information to the Council. Council could accept staff recommendation or adjust, such as increasing or decreasing the fees and rates. Or the Council could choose to not read the ordinance the first time and direct staff to bring the item back with amendments. If Council completes the first read of the ordinance on December 2, 2025, a second read will be required at the December 16, 2025 meeting prior to adopting the fees and rates. Fees and rates would be effective January 15, 2026.