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February 17, 2012

Tiny Grand Canyon Town Has Its Say on Big Project

By **KEN BELSON**

TUSAYAN, Ariz. — Three million square feet is enough to hold about 70 percent of the Mall of America, and if a group of investors get their way, they will need that much space for all the hotels, stores and other amenities that they plan to build in this hamlet five miles from the south rim of the Grand Canyon.

Even in a state known for grandiose real estate deals, the proposed development has set new standards for ambition or, depending on one's view, recklessness. And given how [one of the seven natural wonders of the world](#) inspires people, the gulf between supporters and opponents of the project is as wide as the canyon itself.

The tug-of-war over the development, which has been going on for two decades, has brought together business executives and builders, conservationists, the National Park Service, Indian tribes, area residents and others. Their debates — fueled by high-powered lawyers and lobbyists — have led to accusations of election fraud, slum lording, conflicts of interest and plain old greed, a kind of small-town politics on steroids that have cleaved the nearly 600 residents.

In the coming weeks, voters in this once-peaceful town will get a chance to have their say yet again — and perhaps for good. In March, votes will be tallied in a recall election for three of the five seats on the Town Council, all of which have been occupied by supporters of the developers.

In May, the zoning plans that the council signed off on to enable the project will come up for a townwide vote. The stakes are enormous, which is why the developers have sued to stop the referendum. More than four million visitors pass through here each year headed to the canyon.

The town has just a handful of hotels and restaurants, so the Stilo Group, Italian investors who have bought thousands of acres in the area, want to add resorts, homes, high-end stores and hotels and other attractions. If the local airport is expanded, a partner on some of the project, Elling Halvorson, could add flights for his helicopter company.

Yet with just two water wells, no public works department and the thinnest of bureaucracies, the town is barely able to handle its present population, let alone a flood of newcomers.

Environmentalists and Indian tribes fret that the region's scarce water supply will be diminished

further, while neighboring cities like Flagstaff and Williams worry about the impact on their tourism businesses. A fresh wave of canyon-gawkers could strain an already clogged park and diminish the canyon's splendor.

"They want people to stay another night, but it pushes up against the limits of what we can provide," said David Uberuaga, the superintendent of Grand Canyon National Park. "Everything is getting maxed out. They're just doing it for the almighty dollar. It's a gold mine they're trying to exploit."

Developments have been built near other parks, sometimes tastefully. Yet opponents fear that Tusayan could turn into Pigeon Forge, a town 10 miles from the entrance to the Great Smoky Mountains National Park where Dollywood, a theme park part-owned by Dolly Parton, was built. The Stilo Group scrapped plans for a roller coaster, but still hopes to build a conference center, a spa and a dude ranch.

Two decades ago, when the Stilo Group began buying private plots on Forest Service land, Tusayan was unincorporated and little more than hotels and fast food restaurants along a two-lane highway. There were, and remains, no public school, clinic, cemetery or library. Coconino County, whose seat is 75 miles away in Flagstaff, provided many essential services.

There are few private homes in Tusayan, so most people must live in company housing. When they leave their jobs, they need to find new homes as well. For all but the essentials, residents must drive to Williams, 60 miles south. Turnover is high at the hotels and restaurants because of the lack of steady work in the winter.

Few doubt that the town was unlikely to fully solve these issues if it had remained unincorporated. But under state law, towns had to have at least 1,500 residents to incorporate. In 2003, the law was amended so that gateway communities near national parks could incorporate.

A panel of six residents then studied the pros and cons of incorporation. In 2007, their report made no recommendations. But most panelists privately opposed incorporation because, they said, the town had so few residents that it would be hard to find people to govern who did not have some conflicts of interest.

But the Stilo Group, sitting on hundreds of acres of untapped land, saw incorporation as a way to negotiate with fewer decision makers. They hired prominent lobbyists from Phoenix to campaign for incorporation and flew several local supporters to Italy, trips that became contentious after those supporters were elected to the Town Council.

Rather than focus on the spas, hotels and shops they hoped to build, the Stilo Group has emphasized how it would help alleviate the town's housing crunch. The company promised to deed to the town 40 acres for low-income housing, a gesture that persuaded Greg Bryan, a member of

the incorporation panel and now the mayor, to back the developers.

The first incorporation vote failed, but a second succeeded in 2010. Opponents assert that the voter rolls ballooned suspiciously for the second vote even though the population of the town stayed roughly the same. It was also disclosed after the election that some town councilors received “win bonuses” from backers of the development.

Through a spokesman, Tom Horne, the state attorney general, said he will not pursue a case because he has insufficient evidence of wrongdoing.

Since the incorporation, several members of the council have resigned and pro- and anti-development camps have accused one another of ethical lapses.

A majority of councilors, though, favor the developers' plans and have passed measures paving the way for the project.

With the recall vote to end in less than a month, and the referendum in May, the developers' plans are getting closer scrutiny. Despite promises of low-income housing, for instance, it is far from clear what homes residents want or can afford to buy.

Jose Araisa, who photographs tourists on helicopter tours, appears to be ideal for the housing. Since arriving in 1989, he has lived in company-owned housing.

Mr. Araisa does not know what kind of homes may be built, but it may be a stretch for him to buy one for himself, his partner and their young daughter. He earns \$12.50 an hour and works a second job in the summer to ensure he has enough to get through the winter when his hours decline. After taxes and child support for three children from a previous marriage, Mr. Araisa took home \$130 one recent week.

To close this gap, Mr. Bryan said the town would seek federal housing grants. Mr. Halvorson has pledged \$250,000 for a housing assistance fund.

Yet Robert Evans, the fire chief who is opposing the mayor in the recall, said the developers have only paid lip service to workers like Mr. Araisa as a way to win approval for the project. The developers “have touched the pulse of the management in town,” he said. “They didn't touch the pulse of the people that make the town work.”