

# AUDIT, FINANCE & ENTERPRISE COMMITTEE MINUTES

March 5, 2026

The Audit, Finance & Enterprise Committee of the City of Mesa met in the Study Session room at City Hall, 20 East Main Street, on March 5, 2026, at 12:18 p.m.

COMMITTEE PRESENT

Alicia Goforth, Chairperson  
Rich Adams  
Scott Somers

COMMITTEE ABSENT

None

STAFF PRESENT

Jothi Beljan  
Mike Kennington  
Charlotte McDermott  
Holly Moseley

Chairperson Goforth conducted a roll call.

1. Items from citizens present.

There were no items from citizens present.

2-a. Hear a presentation, discuss, and provide a recommendation on the proposed fees and charges for the Falcon Field department.

Assistant City Attorney III Charlotte McDermott explained that staff are proposing fee changes to help make Falcon Field as financially sustainable as possible. She clarified that the proposed fee is not intended to reduce noise or traffic, nor is it designed to impact other airport users, and those issues are not part of the proposed fees or the agenda item under consideration.

Falcon Field Airport Director Corinne Nystrom introduced Jill Casson Owen, a partner at Snell & Wilmer specializing in airport law, who had been working with the City of Mesa (COM) staff to develop the proposed fees to ensure compliance with Federal Aviation Administration (FAA) requirements, and displayed a PowerPoint presentation. **(See Attachment 1)**

Ms. Nystrom stated that Falcon Field Airport's purpose is to operate a safe, reliable, and well-maintained airfield while providing customer-focused aviation services, fostering positive community relationships, supporting a sustainable aviation ecosystem, and advancing the City's vision of fiscal responsibility, quality development, and a thriving job-creating community. (See Page 2 of Attachment 2)

Ms. Nystrom reported that Falcon Field operates as a financially self-sustaining airport, with revenues generated from tenants and airport users rather than the City's General Fund. She

confirmed that the primary revenue sources include fuel flowage fees, ground lease rents, city-owned tie-down fees, and storage room rentals. She recalled that the COM is required to comply with FAA grant assurances whenever grant funding is received, which includes maintaining a fee and rental structure designed to make the airport as self-sustaining as possible. She commented that grant funds may only be used for capital projects and cannot be used for airport operations, and Falcon Field operates as an enterprise fund separate from the COM's General Fund. She pointed out that in 2006, proceeds from a real estate sale of approximately \$4.6 million were placed into the airport enterprise fund, which helped support airport operations for many years. She explained that the airport had maintained a balanced budget by conservatively managing spending, but the fund balance has gradually declined, in part due to deferred capital projects and maintenance of airfield pavement and other COM-owned facilities. (See Pages 3 and 4 of Attachment 1)

Ms. Nystrom reviewed the airport's current financial outlook, noting that capital improvement and pavement maintenance costs have increased significantly. She stated that the airport is gradually falling behind on needed pavement maintenance and other improvements, including upkeep of the 411 COM-owned hangars and other airport facilities. She presented a photo of a deteriorating aircraft parking ramp to illustrate the impacts of deferred pavement maintenance and noted that without adequate funding to maintain airport facilities, more areas of the airfield could experience similar deterioration. (See Pages 5 and 6 of Attachment 1)

Ms. Nystrom pointed out that to address the financial challenges, several capital improvement projects have been deferred and that improvements that are typically funded through the airport enterprise fund, such as landscaping and signage, have also been delayed due to limited revenue. She stated, with respect to pavement maintenance, staff have focused available funding on the most deteriorated areas, prioritizing locations in the worst condition. She discussed the pavement condition index (PCI) parameters and confirmed that if pavement conditions fall below a PCI of 50, full reconstruction is required, which is significantly more expensive than preventative maintenance measures such as crack sealing and surface treatments. (See Page 7 of Attachment 1)

Responding to a question from Committeemember Adams, Ms. Nystrom verified that the poor pavement conditions can be considered a safety issue. She noted that the deteriorating pavement areas are sometimes still used by larger aircraft; however, the airport attempts to limit use of those areas when possible because the heavier aircraft can accelerate pavement damage.

In response to a question from Chairperson Goforth, Ms. Nystrom reported that the overall PCI at the airport is 58, and while some areas are in good condition, others require immediate attention. She added that the Engineering Department estimated bringing all airport pavement up to the recommended PCI of 70 would cost approximately \$5.75 million per year, \$46 million over the next 8 years. and clarified that this estimate includes all pavement areas at the airport, including the hangar areas.

Ms. Nystrom advised that FAA and State grants cannot be used for routine maintenance, such as crack sealing or seal coating, but may fund reconstruction of certain airport infrastructure. She discussed the Airport Pavement Management System (APMS) program managed by the Arizona Department of Transportation (ADOT), which provides limited funding focused on maintenance; however, funding from the program must be distributed among public use airports statewide based on need. She noted that Falcon Field has received some funding through this

program, but the funding generally applies to runways, taxiways, and the most active public use ramps. She remarked that maintenance for other areas, such as hangar areas and certain ramps, are not eligible for FAA or State funding and must be paid for through the Airport Enterprise Fund. (See Page 8 of Attachment 1)

Ms. Nystrom explained that in 2024, discussions began on transitioning Falcon Field operations into a cost center model, separating activities into three categories: city-owned hangars and tiedowns, the airfield, and ground leases. She stated that the intent of the approach is for each cost center to function as a financially self-sustaining operation. She added that, as part of this effort, Council approved an 8% rent increase for COM-owned hangars and tiedowns. (See Page 9 of Attachment 1)

Ms. Nystrom reviewed the COM-owned hangar cost center and pointed out the ongoing expenses that include pavement maintenance, cane bolt installations, and building capital reserves for future hangar repainting projects, are estimated at approximately \$2 million. She stated that based on these costs, staff recommended a 10% increase in hanger rental rates. She reviewed the COM-owned tiedowns cost center and reported that the existing rates currently recover approximately 55% of the amount needed for the operation to be financially self-sustaining. She reported that staff recommended a 23% rental rate increase for open-tiedowns and an 11% increase for covered tiedowns to address the gap. (See Pages 10 and 11 of Attachment 1)

Responding to a question from Committeemember Adams, Ms. Nystrom explained that the airport uses a three-tier structure, with hangars priced highest, covered tiedowns at a mid-level, and open tiedowns at the lowest rate. She noted that while covered tiedowns currently cost more than open tiedowns, increasing those rates too much could bring them close to or above hangar rates.

Ms. Nystrom reviewed the items included in the airfield cost center and noted that this represents the most costly area of the airport budget. She reported that the estimated Fiscal Year (FY) 25/26 cost for the airfield cost center is \$2,410,432, while projected revenues total \$374,300. She advised that without implementing landing fees, the airfield would face an estimated funding shortfall of approximately \$2,036,132. She indicated that to cover the deficit, staff recommended increasing the avgas fuel flowage fee from \$0.14 to \$0.15 per gallon and implementing landing fees. (See Pages 12 and 13 of Attachment 1)

In response to a question from Chairperson Goforth, Ms. Nystrom confirmed the airfield cost center has been subsidized by ground lease revenues and the funds from the previous land sale.

Ms. Nystrom outlined the methodology used to determine the proposed landing fee increase. She stated that staff identified the amount of revenue needed for the airfield cost center to become financially self-sustaining and evaluated it to ensure compliance with FAA requirements that airport fees be reasonable and not unjustly discriminatory. She added that staff also reviewed general aviation landing fees at comparable airports and factored in a potential 10% reduction in aircraft landings, recognizing that some pilots may choose to utilize other airports. (See Page 14 of Attachment 1)

Ms. Nystrom explained that the proposed landing fee structure is based on a model used at other airports across the United States and is not unique to Falcon Field. She indicated that the

proposal also includes 16 exemptions intended to ensure the fee structure is applied fairly. She detailed the proposed exemptions. (See Pages 15 through 17 of Attachment 1)

Ms. Nystrom reviewed the financial forecast and stated that if no fee adjustments are approved and landing fees are not implemented, airport revenues will remain unchanged while expenses continue to increase. She verified that under that scenario and after accounting for eight years of planned capital improvements and pavement maintenance, the airport's ending balance would decline to approximately \$3.3 million by the end of FY 25/26. She recalled that the goal is to maintain about \$2.5 million in reserve to address unexpected repairs or operational needs and reiterated that future projections show the airport operating at a deficit if no changes are made. (See Page 18 of Attachment 1)

Ms. Nystrom commented that if the proposed fees are approved, the airport would operate with positive balances in subsequent years. She added that all fees would be reviewed annually to determine if adjustments are necessary and emphasized that implementing the proposed fees would allow the airport to address deferred pavement maintenance and needed improvements to COM-owned facilities. (See Page 19 of Attachment 1)

In response to a question from Chairperson Goforth regarding a projected dip shown in the financial forecast, Ms. Nystrom explained that the fluctuations are tied to capital improvement projects funded through federal and state grants. She explained that some years include only design work funded by grants, while later years include construction phases with larger grant funding amounts, resulting in variations in revenues and expenditures. She noted that aside from pavement maintenance and hangar painting, the COM typically only contributes its local match portion for projects supported by federal and state grants.

Office of Management & Budget Assistant Director Samuel Schultz added that the timing of pavement maintenance projects requires funds to accumulate, meaning only smaller portions of the work can be completed each year; therefore, funds are carried over and gradually built up until sufficient resources are available to complete larger maintenance projects.

Ms. Nystrom stated that if the Committee agrees with the proposed fee changes, the City Council is scheduled to consider the proposed amendments to the fees and charges on March 23, 2026, and if approved, the updated fees would take effect on May 1, 2026. She noted that if landing fees are approved, the City would need to issue a Request for Proposal (RFP) to select a third-party vendor to manage data collection, billing, and fee processing. She pointed out that this process would create a short implementation delay while the vendor is selected and the necessary systems are established to administer the landing fees.

In response to a question from Chairperson Goforth, Ms. Nystrom detailed the public outreach provided to the community, aeronautical users, and airport tenants. She verified that the landing fee revenue would remain dedicated to the airfield and would not be used for other airport cost centers, as each is intended to operate independently. She noted that the primary revenue source for the airfield is the fuel flowage fee, with smaller amounts generated from other fees such as rental car operations and additional access cards.

Chairperson Goforth thanked staff for the presentation.

It was moved by Committeemember Adams, seconded by Committeemember Somers, that the staff recommendations regarding the proposed fees and charges for the Falcon Field department be forwarded on to the full Council for further discussion and consideration.

Upon tabulation of votes, it showed:

AYES – Goforth–Adams–Somers

NAYS – None

Carried unanimously.

2-b. Hear a presentation, discuss, and provide a recommendation on the proposed fees and charges for the following City departments and other administrative changes: Arts & Culture, Business Services, Code Compliance, Community Services (administrative only change), City Clerk, Community Services (administrative only change), Development Services, Mesa Fire and Medical (administrative only change), Municipal Court, Office of Urban Transformation, Police (administrative only change), and Transportation.

Office of Management & Budget Assistant Director Samuel Schultz displayed a PowerPoint presentation. **(See Attachment 2)**

Mr. Schultz explained that fees and charges had been reviewed citywide, with departments conducting analyses to ensure that fees appropriately cover associated costs. He pointed out that if the recommended fee changes are approved the impact on the budget would be \$2.6 million. (See Page 2 of Attachment 2)

Mr. Schultz presented proposed Arts and Culture fee updates, including the addition of an optional ticket refund protection program at the Mesa Arts Center. He pointed out that the program would allow patrons to purchase protection at checkout that provides a full ticket refund for covered unforeseen circumstances, with a proposed fee of 8% of the total ticket or order amount. He stated that a refund protection fee could generate an estimated \$89,000 in revenue, if implemented. He discussed the proposed increase to the i.d.e.a. Museum admission fee to \$15 for all attendees age one and older. He verified that the combined estimated fiscal impact of these changes is approximately \$176,000. (See Page 4 of Attachment 2)

In response to a question from Committeemember Somers, i.d.e.a Museum Administrator Jarrad Bittner confirmed that the standard practice for museums is to charge admission for individuals ages one and older, while children 12 months and under are typically admitted free of charge.

Mr. Schultz outlined the proposed Business Services fee adjustments that include increasing the business license application and license fee from \$10 to \$25, aligning it with the \$25 annual renewal fee. He recalled that when the program was first implemented, the lower fee was intended to encourage participation, but staff now recommend bringing the fee in line with the renewal rate. He discussed establishing a \$10 late fee for business license renewals and noted that the charge would help offset staff time required to follow up on overdue accounts. He described the proposed \$1.50 utility billing mailing fee for customers who choose to receive paper bills, which would take effect October 1 to allow time to inform customers and provide guidance on switching to electronic billing. He noted that approximately 50% of customers use e-billing. He recalled that paper billing costs, including postage, printing, and staff time total

approximately \$1 million annually. He emphasized that the intent is to recover the costs associated with paper billing rather than to subsidize those expenses. He stated that the total estimated fiscal impact of these changes is approximately \$1,749,000. (See Page 5 of Attachment 2)

Responding to a question from Committeemember Somers, Business Services Department Director Edward Quedens noted that some residents may be less comfortable with online transactions and added that customers can print copies of their bills directly from the online portal if needed. He pointed out that the COM currently receives a discounted postage rate of approximately \$0.65 per mailed bill.

Mr. Schultz reviewed the City Clerk's proposal to centralize formal public records request fees for commercial public records requests, which are requests made for business or profit-related purposes. He advised that state law allows municipalities to charge for the cost of staff time associated with fulfilling commercial requests. He confirmed that to establish a consistent rate, the Clerk's Office reviewed salary levels across departments and used the lowest rate to determine a proposed fee of \$25 per hour. He noted that this amount does not represent full cost recovery but provides a defined and consistent basis for calculating charges. He explained that no fees would be assessed until the request is evaluated and that staff would first determine the time required to fulfill the request and then provide a cost estimate to the requester, who may then decide whether to proceed. He added that the estimated fiscal impact is approximately \$500, as some requesters may choose not to move forward once a cost estimate is provided. (See Page 6 of Attachment 2)

Mr. Schultz outlined the proposed Code Compliance fee adjustments, including increasing the administrative lien fee from \$20 to \$60 to align with the Maricopa County Recorder's fee. He referred to the recommended restructuring of civil citation fines that will combine residential and non-residential properties into a single category and increase the minimum fine based on repeat violations. He discussed additional proposed fees including a title search fee, which would apply when staff must locate property ownership information, and a \$15 certified mail fee to recover costs when notices must be sent to property owners or businesses located outside the COM, since local citations are typically served in person by code officers. He noted the total estimated fiscal impact is approximately \$166,000. (See Page 7 of Attachment 2)

In response to a question from Committeemember Adams, Code Compliance Director Angelica Guevara explained that the department processes about 10,000 complaints annually and issued approximately 500 citations last year. She noted that half the citations involved non-residential properties and listed the typical violations.

Responding to a question from Chairperson Goforth, Ms. Guevara responded that in FY 24/25, staff expanded enforcement capacity by training additional officers to handle non-residential inspections, whereas previously only one officer focused on those cases. She pointed out that the department has also been using a third-party service to deliver citations, allowing staff to spend more time conducting inspections.

Mr. Schultz summarized the updates to Development and Planning Services fee schedules. He added that the Code Compliance Fee Schedule will be separated into its own standalone schedule for improved organization. He stated that Planning Services had proposed several new fees, including an Employment Opportunity District application fee of \$4,800 plus \$78 per acre, a Map of Dedication fee of \$100, and a Planning resubmittal fee equal to 20% of the

original application fee. He also noted several administrative updates, including standardizing language and formatting within the fee schedule to provide greater clarity for applicants, renaming certain fees, and removing obsolete fees. He said the estimated fiscal impact is \$18,500. (See Page 8 of Attachment 2)

Responding to a question from Committeemember Adams, Planning Assistant Director Rachel Phillips advised that during the entitlement review process, applicants often receive staff comments prior to a decision or public hearing and may resubmit revised materials for staff review to determine whether the application is ready to move forward. She recalled that staff had experienced instances where applicants do not fully address comments, resulting in multiple rounds of resubmittals and staff review; therefore, the proposed fee is intended to help recover staff time associated with repeated reviews. She verified that the resubmittal fee would begin with the fourth and fifth resubmissions, with additional charges applied if the number of resubmittals continues beyond that point.

In response to a question by Committeemember Adams, Ms. Guevara listed the Code Violation fee ranges for neighboring cities and noted that while a review of surrounding communities showed lower fines, the City is proposing higher amounts based on feedback from code officers that some property owners find it less expensive to pay the fine than to correct the violation. She explained that unresolved violations can contribute to neighborhood blight and, in some cases, create safety hazards. She indicated that since approximately 80–85% of cases are resolved through voluntary compliance, higher fines may provide additional incentive for those property owners who require further encouragement to bring properties into compliance.

Ms. Guevara elaborated saying that the COM's existing civil citation fine structure already includes higher allowable ranges, with fines set at \$250–\$1,500 for a first violation, \$350–\$2,500 for a second violation, and \$500–\$2,500 for a third violation. She noted that staff typically do not assess the higher end of those ranges and when property owners request a civil hearing, the hearing officer often reduces the fines if the violation has been corrected. She added that the proposal would increase the baseline fine levels, particularly for non-residential properties, with the intent of encouraging faster compliance.

Mr. Schultz clarified that the fee adjustment process requires the proposed maximum amounts to be posted for a 60-day public notice period prior to Council action. He reiterated that establishing the higher maximum provides flexibility, as Council may later choose to reduce the fees, if desired, but increases cannot be made without completing the required notice process.

Mr. Schultz stated that the Municipal Court has proposed that the construction fee increase by \$3.00 every three years in accordance with the COM Ordinance No. 4621, with the next increase effective July 1, 2026. He noted the fee will remain in place until the court facility debt is paid off in FY 28/29, at which time the fee is expected to be eliminated. He mentioned the estimated fiscal impact of the increase is \$81,525. (See Page 9 of Attachment 2)

Mr. Schultz added that the Office of Urban Transformation proposed an increase to the daily parking permit rate, noting that current rates are lower than those in surrounding communities. He pointed out that comparable cities are charging approximately \$15 to \$50 per day; therefore, staff recommended increasing the rate from \$2.50 to \$4.00 per day. He verified that the adjustment would apply to approximately 1,300 parking spaces located in four garages and additional surface parking lots. (See Page 10 of Attachment 2)

Responding to a question from Chairperson Goforth, Downtown Transformation Manager Jeff McVay noted that the daily parking permit option has been in place for many years but has seen limited use, as it currently requires in-person purchase through the Downtown Mesa Association (DMA). He explained that with the implementation of new purchasing methods, such as QR codes, the option may become more accessible and is intended to support the micromobility plan and help address parking demand. He added that the daily rate may appeal to users who do not need or want to purchase a monthly permit.

Mr. Schultz provided information about the proposed Transportation fee increases and reported that the increases were reviewed and recommended by the Transportation Advisory Board. He emphasized that the changes focus primarily on cost recovery. He discussed that the traffic signal in-lieu fees would be increased to reflect current market costs, including \$225,000 per quadrant for four-leg intersections and \$200,000 per share for “T” intersections. He commented that staff also recommended increasing the pavement surfacing replacement in-lieu fee from \$2.75 to \$4.00 per square yard to account for rising material costs. He confirmed that language would be added to apply the existing Technology fee to Temporary Traffic Control fees, consistent with Development Services practices. He added that the total estimated fiscal impact of these changes is \$458,000. (See Page 11 of Attachment 2)

In response to a question from Committeemember Adams, Transportation Director Erik Guderian explained that traffic signal in-lieu fees are collected from new development when a signalized intersection is planned but not yet constructed, allowing the City to accumulate funds until the signal is built through a future capital project or as additional development occurs at other corners. He noted this situation occurs infrequently, approximately zero to three times per year, and emphasized that rising signal costs make it important for the COM to maximize cost recovery through these fees.

Mr. Schultz provided a brief overview of the Administrative fee updates that are intended to provide clarity and better transparency and said that there is no fiscal impact. (See Page 12 of Attachment 2)

Mr. Schultz advised that, if approved, the proposed fees would be forwarded to the City Council for approval on June 1, 2026, with the changes to take effect July 1, 2026. He added that the Utility and Code Compliance fees would be implemented on October 1, 2026. (See Page 13 of Attachment 2)

Chairperson Goforth thanked staff for the presentation.

It was moved by Committeemember Adams, seconded by Committeemember Somers, that the staff recommendations regarding the proposed fees and charges for various City departments be forwarded on to the full Council for further discussion and consideration.

Upon tabulation of votes, it showed:

AYES – Goforth–Adams–Somers

NAYS – None

Carried unanimously.

3. Adjournment.

Without objection, the Audit, Finance & Enterprise Committee meeting adjourned at 1:50 p.m.

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Audit, Finance & Enterprise Committee meeting of the City of Mesa, Arizona, held on the 5<sup>th</sup> day of March 2026. I further certify that the meeting was duly called and held and that a quorum was present.

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HOLLY MOSELEY, CITY CLERK

sr  
(Attachments – 2)

# Falcon Field Airport Update

Corinne Nystrom, A.A.E.  
Airport Director

March 5, 2026



## Falcon Field Airport Purpose Statement



Falcon Field Airport exists to:

- Operate a safe, reliable and well-maintained airfield
- Provide customer-centered aviation
- Foster positive community relationships
- Drive a sustainable aviation ecosystem, fuel capital investment, and expand premiere workforce opportunities
- Realize the City's vision of a safe, fiscally responsible, quality development and thriving community of jobs and prosperity.

## Primary Sources of Airport Revenue



### Primary Sources of Airport Revenue - Current (Non-Grant)

- Ground Lease Rent
- City-Owned Hangar, Tiedown, Storage Room Rent
- Fuel Flowage Fees
- City-Owned Itinerant Aircraft Tiedowns
- Rental Car Concession Fees
- Miscellaneous: Gate Access Cards, Ground Lease Transaction Fees, Hangar/Tiedown Transfer Fees

## Need to Be Financially Self-Sustaining



- FAA Grant Assurance #24 – Maintain a fee & rental structure for facilities & services which will make the airport as self-sustaining as possible
- Since 2006, Airport Enterprise Fund has had a balanced budget due to:
  - One-time \$4.6 million net proceeds from sale of land in 2006
  - Revenues collected from tenants and users
  - Conservative budgeting and spending practices
  - Deferred capital improvement projects
  - Deferred maintenance on airfield pavement & City-owned facilities

## con Field's Current Financial Picture



Looking forward, the Airport Enterprise Fund is not financially sustainable due to:

- General inflation
- Beginning in 2020, capital improvement costs began increasing substantially and continue to increase

Result:

- Paying more and getting less
- Gradually falling behind on required maintenance & repair, including airfield pavement & City-owned facilities maintenance

# no Ramp – February 2026



## Conditions Already Taken to Address the Approaching Budget Shortfall



- Cut back on non-grant capital improvement projects
- Taking the “Band-Aid Approach” to maintain pavements – we repair the pavement in the worst condition with what money we have to work with
- Eventually complete re-construction of pavements will be needed if Pavement Condition Index (PCI) falls below 50
- Estimated cost for on-going pavement maintenance is \$5.75 million/year (\$46 million over next 8 years) to bring all airport pavements to the FAA’s recommended 70 PCI.

## Do Federal & State Grants Be Used to Cover Costs?



- FAA & State grants help with some of the capital improvements and pavement reconstruction, but the FAA will not pay for ongoing pavement maintenance (i.e. crack fill/seal coat)
- State has some funds available for pavement maintenance, but they determine which airports get these funds, when, and the area of pavement for which funds will be spent (usually runways/taxiways)
- Several necessary Airport capital improvements rank too low on the FAA's and ADOT's lists to receive funding, such as pavement reconstruction in the City-owned hangar areas

## Cost Center Analysis Timeline



- In 2024, conversations began to convert to the Cost Center Approach
  - City-Owned Hangars/Tiedowns
  - Airfield
  - Ground Leases
- Each Cost Center should be financially self-sustaining
- August 2025 – City-Owned Hangars/Tiedowns – 8% rent increase approved

# Proposed Fee Increase



## City-Owned Hangars

- Ongoing pavement maintenance costs
  - Complete cane bolt installation on all hangars – 3 more years
  - Place funds in capital reserve to re-paint the hangars to extend their lives – approximately \$ 2 million
- Recommendation: 10% rental rate increase

# Proposed Fee Increase



## City-Owned Tiedowns

- Currently charging 55% of what is needed to be financially self-sustaining

### Recommendation:

- 23% rental rate increase for open tiedowns
- 11% rental rate increase for covered tiedowns

## field Cost Center



- Airfield Cost Center
  - Pavement maintenance (runways/taxiways, non-exclusive ramps)
  - Airfield lighting
  - Aircraft landing aids (PAPIs/REILS)
  - Safety areas
  - Utilities
  - Perimeter fence/gates
  - Aircraft rescue firefighting services
  - Terminal building/Airport maintenance facility
  - Airport personnel
  - Airfield equipment
  - Airport's portion of FAA & State grant projects

## Airfield Cost Center Costs



- Estimated FY2025-26 Airfield Cost Center Cost: \$2,410,432
- Estimated FY2025-26 Airfield Cost Center Revenues: \$374,300
- Airfield Cost Center Without Landing Fees
  - Estimated Shortfall: \$2,036,132
- Recommendation:
  - Increase avgas fuel flowage fee from \$.14 to \$.15 per gallon
  - Landing fees

## Landing Fee Methodology



- Methodology Used:
  - 1) Determined amount of revenue needed to make the Airfield Cost Center financially self-sustaining
  - 2) FAA requires that fees must be reasonable and not unjustly discriminatory
    - General aviation landing fees charged at other airports
  - 3) Account for 10% reduction in aircraft landings (some customers may choose to use other airports)

## Proposed Landing Fees



- Based Fixed Wing Aircraft
  - ≤ 6,000 lbs. MLW \$20.35
  - > 6,000 lbs. MLW \$3.40/1,000 lbs.
- Itinerant Fixed Wing Aircraft
  - ≤ 6,000 lbs. MLW \$24.35
  - >6,000 lbs. MLW \$4.10/1,000 lbs.
- Based Rotorcraft, Drones, & eVTOL \$12.60
- Itinerant Rotorcraft, Drones, & eVTOL \$17.60

## Proposed Landing Fee Exemptions

- Based aircraft – first 10 landings per month
- Rotorcraft, drones, eVTOL landing on exclusive use ramps
- Declared emergency landings (FAA Alert I, II, or III)
- All but one rotorcraft landing during continuous training & testing session in fixed location or while moving in the training/testing traffic pattern or while moving between training/testing ramp and a private ramp
- Aircraft owned by government agencies (federal, state, local, political subdivisions, federally-approved foreign governments)

## Proposed Landing Fee Exemptions



- Aircraft under contract for sale to a government agency (certain restrictions apply)
- Aircraft owned by based tenants as part of production flight testing prior to delivery to end-use customer
- Flights conducted in support of government functions (public safety, search & rescue, disaster response, infrastructure protection, & emergency operations)
- Special events sponsored by the City of Mesa
- Flights for medical purposes (transporting patients, blood, or organs) & animal rescue purposes

# Financial Forecast If Fees Remain the Same



| Current                                      | FY 24/25<br>Actuals | FY 25/26<br>Adopted<br>Budget | FY 25/26<br>Projection | FY 26/27<br>Forecast | FY 27/28<br>Forecast | FY 28/29<br>Forecast | FY 29/30<br>Forecast | FY 30/31<br>Forecast |
|--|---------------------|-------------------------------|------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Estimated Beginning Fund Balance</b>      | <b>\$5,618,408</b>  |                               | <b>\$6,114,171</b>     | <b>\$3,311,308</b>   | <b>\$2,165,422</b>   | <b>\$1,087,929</b>   | <b>(\$645,545)</b>   | <b>(\$2,194,068)</b> |
| Revenues                                     | \$5,644,978         | \$6,642,571                   | \$6,938,274            | \$5,878,628          | \$6,014,117          | \$6,143,907          | \$6,276,530          | \$6,418,223          |
| <b>Total Revenues</b>                        | <b>\$5,644,978</b>  | <b>\$6,642,571</b>            | <b>\$6,938,274</b>     | <b>\$5,878,628</b>   | <b>\$6,014,117</b>   | <b>\$6,143,907</b>   | <b>\$6,276,530</b>   | <b>\$6,418,223</b>   |
| <b>Appropriations/Expenses</b>               |                     |                               |                        |                      |                      |                      |                      |                      |
| Operating Costs                              | \$2,258,619         | \$2,523,000                   | \$2,620,905            | \$2,607,610          | \$2,657,980          | \$2,708,406          | \$2,760,206          | \$2,814,353          |
| Other Department Direct Costs                | \$1,277,526         | \$1,190,619                   | \$1,156,567            | \$943,063            | \$977,285            | \$992,131            | \$1,146,680          | \$1,061,587          |
| Other Department Indirect Costs              | \$792,256           | \$1,056,640                   | \$1,089,178            | \$1,065,871          | \$1,140,591          | \$1,176,910          | \$1,210,271          | \$1,263,628          |
| <b>Total Operating Costs</b>                 | <b>\$4,328,401</b>  | <b>\$4,770,259</b>            | <b>\$4,866,650</b>     | <b>\$4,616,544</b>   | <b>\$4,775,856</b>   | <b>\$4,877,447</b>   | <b>\$5,117,157</b>   | <b>\$5,139,567</b>   |
| Project Costs                                | \$807,536           | \$4,860,211                   | \$4,859,758            | \$2,393,241          | \$2,297,343          | \$2,977,841          | \$2,682,121          | \$2,791,199          |
| Transfers Out                                | \$13,276            | \$14,729                      | \$14,729               | \$14,729             | \$18,411             | \$22,093             | \$25,776             | \$25,776             |
| <b>Total Project Costs and Transfers Out</b> | <b>\$820,813</b>    | <b>\$4,874,940</b>            | <b>\$4,874,487</b>     | <b>\$2,407,970</b>   | <b>\$2,315,754</b>   | <b>\$2,999,935</b>   | <b>\$2,707,896</b>   | <b>\$2,816,974</b>   |
| <b>Total Expenses</b>                        | <b>\$5,149,214</b>  | <b>\$9,645,199</b>            | <b>\$9,741,137</b>     | <b>\$7,024,514</b>   | <b>\$7,091,609</b>   | <b>\$7,877,382</b>   | <b>\$7,825,053</b>   | <b>\$7,956,542</b>   |
| <b>Net Uses and Sources</b>                  | <b>\$495,764</b>    | <b>(\$3,002,628)</b>          | <b>(\$2,802,863)</b>   | <b>(\$1,145,886)</b> | <b>(\$1,077,492)</b> | <b>(\$1,733,475)</b> | <b>(\$1,548,523)</b> | <b>(\$1,538,319)</b> |
| <b>Ending Fund Balance</b>                   | <b>\$6,114,171</b>  |                               | <b>\$3,311,308</b>     | <b>\$2,165,422</b>   | <b>\$1,087,929</b>   | <b>(\$645,545)</b>   | <b>(\$2,194,068)</b> | <b>(\$3,732,387)</b> |

# Financial Forecast If Landing Fees & Other Fee Adjustments are Approved



**Total Fiscal Impact = \$2,894,770**

| Proposed                                     | FY 24/25 Actuals   | FY 25/26 Adopted Budget | FY 25/26 Projection  | FY 26/27 Forecast  | FY 27/28 Forecast  | FY 28/29 Forecast  | FY 29/30 Forecast  | FY 30/31 Forecast  |
|--|--------------------|-------------------------|----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Estimated Beginning Fund Balance</b>      | \$5,618,408        |                         | \$6,114,171          | \$3,311,308        | \$3,819,866        | \$4,324,080        | \$4,097,543        | \$3,977,131        |
| Revenues                                     | \$5,644,978        | \$6,642,571             | \$6,938,274          | \$8,773,398        | \$8,908,887        | \$9,038,677        | \$9,171,300        | \$9,312,993        |
| <b>Total Revenues</b>                        | <b>\$5,644,978</b> | <b>\$6,642,571</b>      | <b>\$6,938,274</b>   | <b>\$8,773,398</b> | <b>\$8,908,887</b> | <b>\$9,038,677</b> | <b>\$9,171,300</b> | <b>\$9,312,993</b> |
| <b>Appropriations/Expenses</b>               |                    |                         |                      |                    |                    |                    |                    |                    |
| Operating Costs                              | \$2,258,619        | \$2,523,000             | \$2,620,905          | \$2,607,610        | \$2,657,980        | \$2,708,406        | \$2,760,206        | \$2,814,353        |
| Other Department Direct Costs                | \$1,277,526        | \$1,190,619             | \$1,156,567          | \$759,571          | \$789,500          | \$800,235          | \$950,582          | \$860,993          |
| Other Department Indirect Costs              | \$792,256          | \$1,056,640             | \$1,089,178          | \$1,065,871        | \$1,140,591        | \$1,176,910        | \$1,210,271        | \$1,263,628        |
| <b>Total Operating Costs</b>                 | <b>\$4,328,401</b> | <b>\$4,770,259</b>      | <b>\$4,866,650</b>   | <b>\$4,433,052</b> | <b>\$4,588,070</b> | <b>\$4,685,551</b> | <b>\$4,921,059</b> | <b>\$4,938,974</b> |
| Project Costs                                | \$807,536          | \$4,860,211             | \$4,859,758          | \$3,817,059        | \$3,798,191        | \$4,557,570        | \$4,344,877        | \$4,543,056        |
| Transfers Out                                | \$13,276           | \$14,729                | \$14,729             | \$14,729           | \$18,411           | \$22,093           | \$25,776           | \$25,776           |
| <b>Total Project Costs and Transfers Out</b> | <b>\$820,813</b>   | <b>\$4,874,940</b>      | <b>\$4,874,487</b>   | <b>\$3,831,788</b> | <b>\$3,816,603</b> | <b>\$4,579,664</b> | <b>\$4,370,652</b> | <b>\$4,568,831</b> |
| <b>Total Expenses</b>                        | <b>\$5,149,214</b> | <b>\$9,645,199</b>      | <b>\$9,741,137</b>   | <b>\$8,264,840</b> | <b>\$8,404,673</b> | <b>\$9,265,215</b> | <b>\$9,291,711</b> | <b>\$9,507,805</b> |
| <b>Net Uses and Sources</b>                  | <b>\$495,764</b>   | <b>(\$3,002,628)</b>    | <b>(\$2,802,863)</b> | <b>\$508,558</b>   | <b>\$504,214</b>   | <b>(\$226,538)</b> | <b>(\$120,411)</b> | <b>(\$194,812)</b> |
| <b>Ending Fund Balance</b>                   | <b>\$6,114,171</b> |                         | <b>\$3,311,308</b>   | <b>\$3,819,866</b> | <b>\$4,324,080</b> | <b>\$4,097,543</b> | <b>\$3,977,131</b> | <b>\$3,782,319</b> |

## Next Steps

- City Council to consider proposed Fees and Charges amendments on **March 23, 2026**
- If approved by City Council, the Fees and Charges will be effective **May 1, 2026**



Thank you

Questions?

**Samuel Schultz**

**Assistant Director, Management and Budget**

**March 5, 2026**

# FY 2026-27

# Fees & Charges Recommendations



# Process and Recommendation

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Market comparisons conducted

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Cost of providing service and applicability of  
fee evaluated

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Full listing of recommended adjustments,  
additions, and deletions are included in the  
report

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Proposed effective date: July 1, 2026

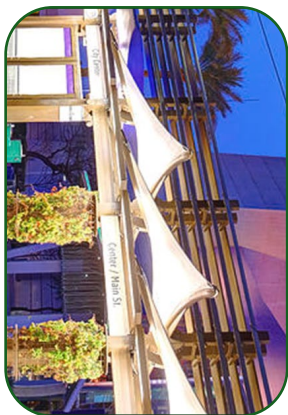
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Estimated impact on revenue of all  
recommendations is an increase of **\$2,652,315**

# Departments Recommending Modifications



Arts & Culture



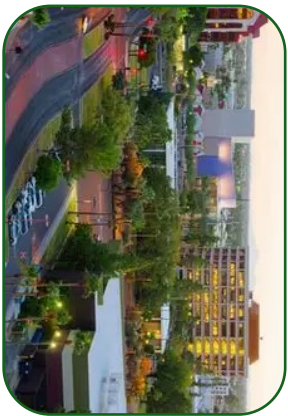
Business  
Services



City Clerk



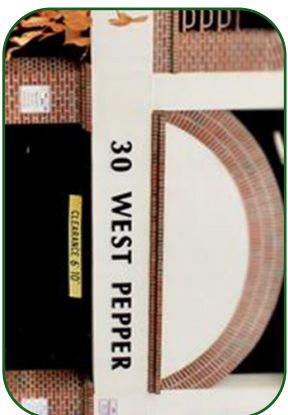
Code  
Compliance



Development  
Services



Municipal Court



Office of Urban  
Transformation



Transportation

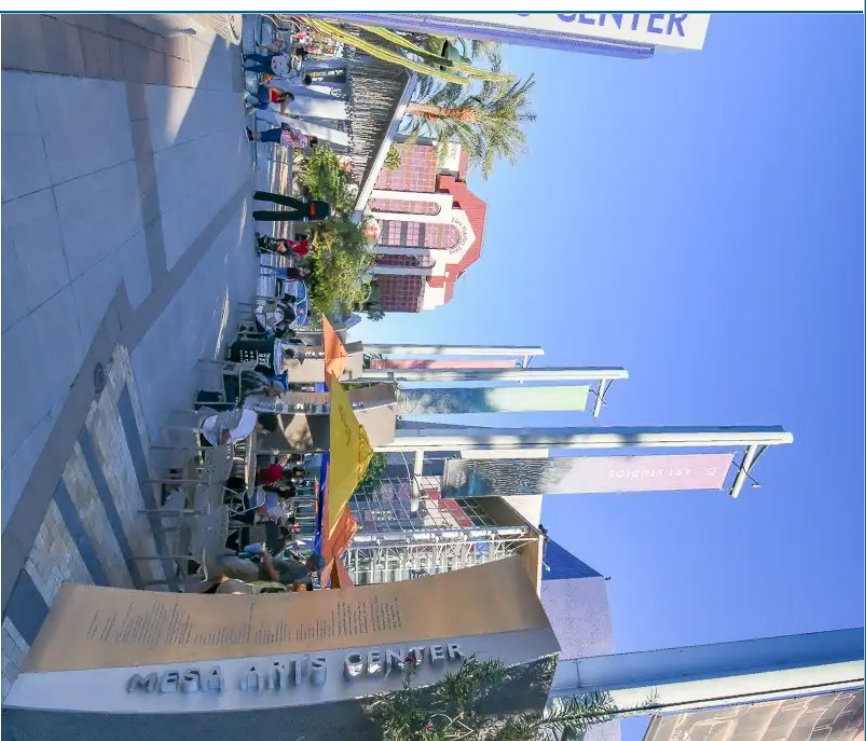
# Arts & Culture

## New Mesa Arts Center Ticket Refund Protection

- Optional add-on at checkout that provides a full ticket refund if covered unforeseen circumstances prevent attendance.
- Proposed ticket protection fee: 8% of the ticket/order total.

## Increase idea Museum Admission Fee

- Increase range to \$15 for admission fee for all attendees age 1+.



**Total Estimated Fiscal Impact: \$176,035**

# Business Services

## Increase Business License Application Fee/License Fee

- Raise the new application/license fee from \$10 to \$25.
- Matches \$25 Annual Renewal Fee.

## New Business License Late Fee

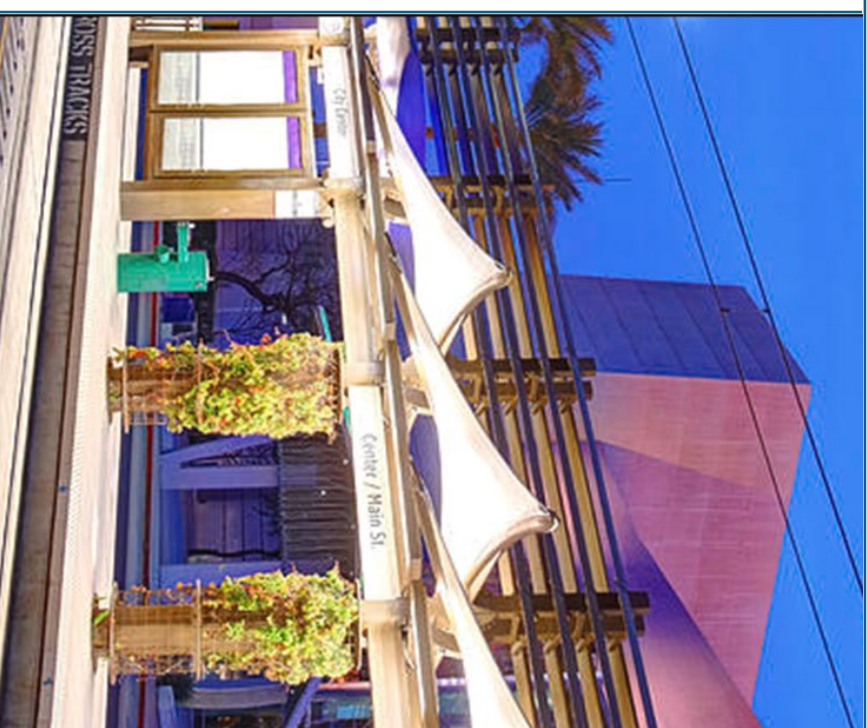
- Establish \$10 late fee.
- City Code 5-5-5 (B) enables collection of late fees for business licenses and blocks future issuances until all fees are paid in full.

## New Paper Billing Utility Mailing Fee\*

- Recommend \$1.50 fee applied to customers who choose paper bills to offset increased postage rates and administrative expenses.

*\*Effective Date: October 1, 2026*

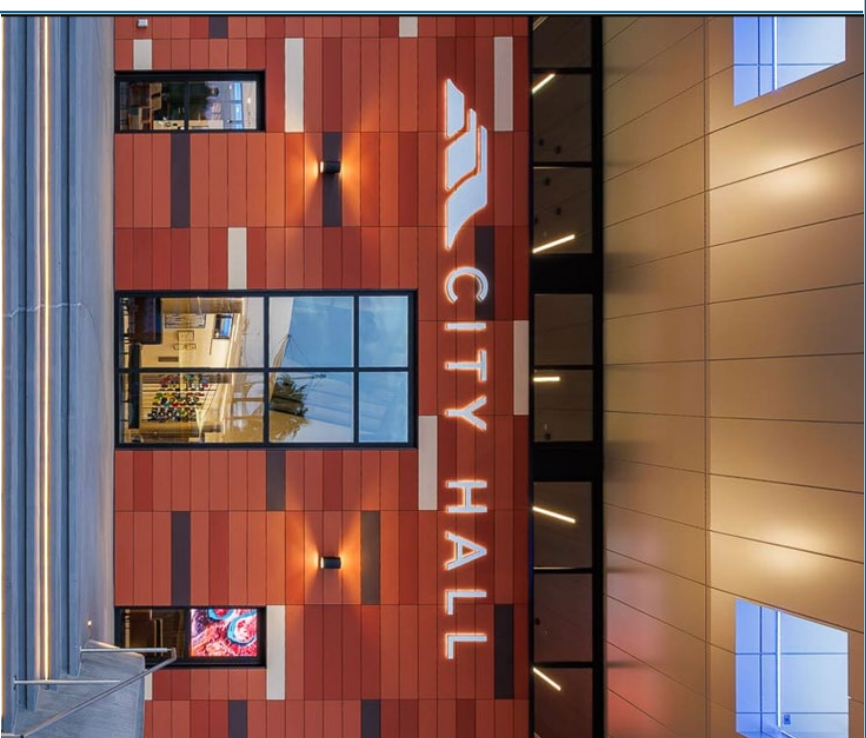
**Total Estimated Fiscal Impact: \$1,749,780**



# City Clerk

## Update Commercial Public Record Request Fee

- The fee currently exists in some departments at varying amounts.
- Propose a consistent \$25/hour fee to apply citywide requests through the City Clerk.
- Public agencies may charge fees to fulfill these requests under A.R.S. § 39-121.03.



**Total Estimated Fiscal Impact: \$525**

# Code Compliance

## *Increase* Administrative Lien Fee

- Increase from \$20.00 to \$60.00 to match the Maricopa County Recorder's Fee.

## *New* Civil Citation Fines for Non-Residential Properties

- Implement higher fine ranges intended for non-residential properties:
  - 1st violation: \$750-\$1,500 per violation
  - 2nd violation: \$1,250-\$2,000 per violation
  - 3rd violation: \$1,750-\$2,500 per violation

## *New* Title Search Fee

- A \$650 title search fee, assessed only after all internal search efforts fail, would allow the City to use a title company to identify a property owner with outstanding violations.

## *New* Certified Mail Fee

- Charge a \$15 fee for each certified mail sent when a citation cannot be served in person to recover mailing costs.

**Total Estimated Fiscal Impact: \$166,000**



# Development Services

## Updates to Development Services:

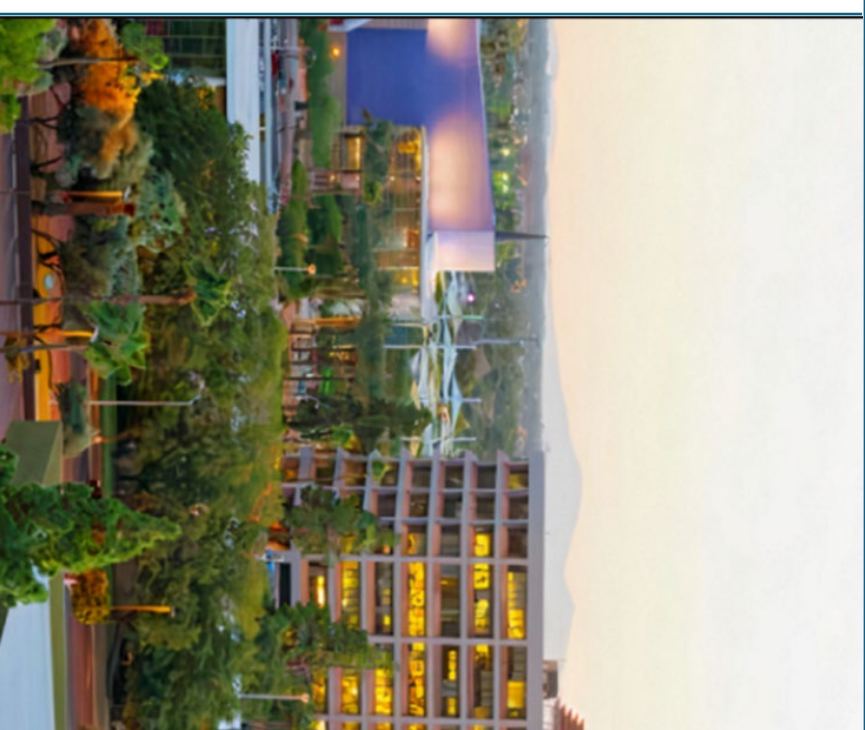
- Code Compliance Fee Schedule to be relocated as standalone fee schedule.

## Updates to Planning Services:

- *New* Employment Opportunity District Fee (\$4,800 + \$78/acre)
- *New* Map of Dedication Fee (\$100)
- *New* Planning Resubmittal Fee (20% of original application fee)

## Administrative Updates to Planning Services

- Standardizing language/formatting in the Fee Schedule to provide applicants with greater clarity, renaming of fees, and remove obsolete fees.

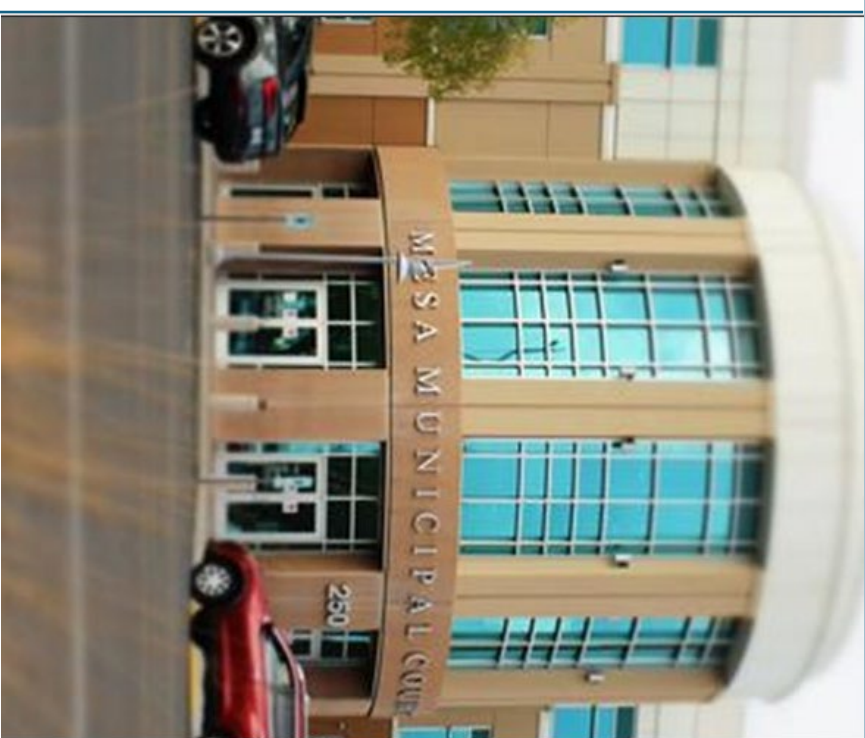


**Total Estimated Fiscal Impact: \$18,500**

# Municipal Court

## *Increase Court Construction Fee*

- The fee increases by \$3 every three years per Mesa Ordinance No. 4621.
- The fee will rise from \$34.50 to \$37.50 per case on July 1, 2026.



**Total Estimated Fiscal Impact: \$81,525**

# Office of Urban Transformation

## Increase Daily Permit Parking Rate

- Rate will rise from \$2.50 to \$4.00 on July 1, 2026.
- Applies to 1,034 spaces across four garages and four surface lots in downtown Mesa (approx. 1300 spaces in total).



**Total Estimated Fiscal Impact: \$1,950**

# Transportation

## *Increase* Traffic Signal In-Lieu Fees

- Last updated in 2019; Proposed fees reflect current market costs paid by the City:
- Four-leg intersection: \$225,000 per quadrant
- “T” intersection: \$200,000 per share

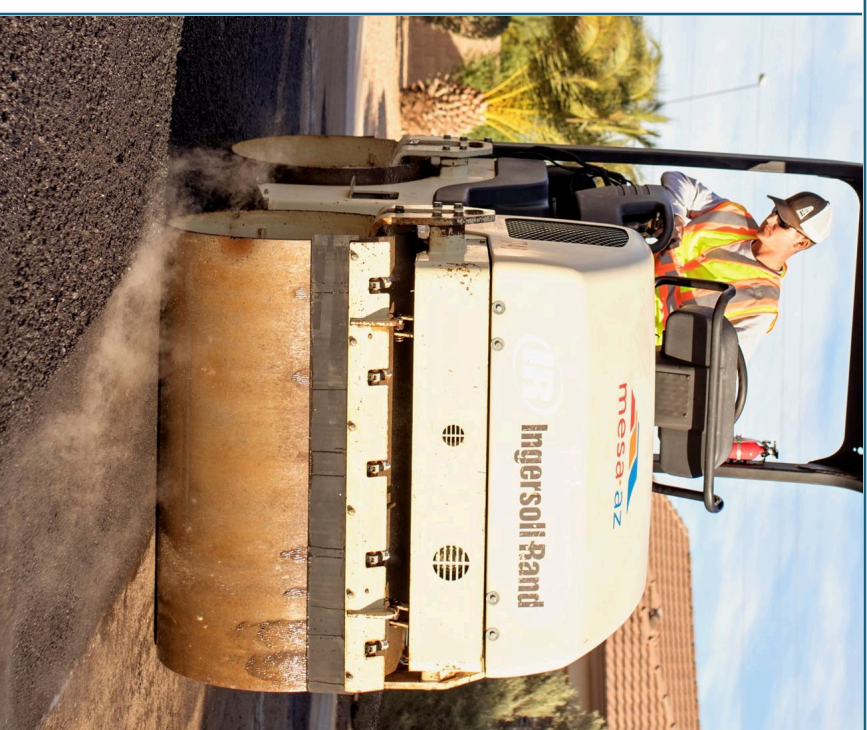
## *Increase* Pavement Surfacing Replacement In-Lieu Payments

- Propose increasing the fee from \$2.75 to \$4.00 per square yard to recover higher material costs.

## *Add* Tech Fee Language

- Include language from Development Services for fee applied to Temporary Traffic Control Fees.

**Total Estimated Fiscal Impact: \$458,000**



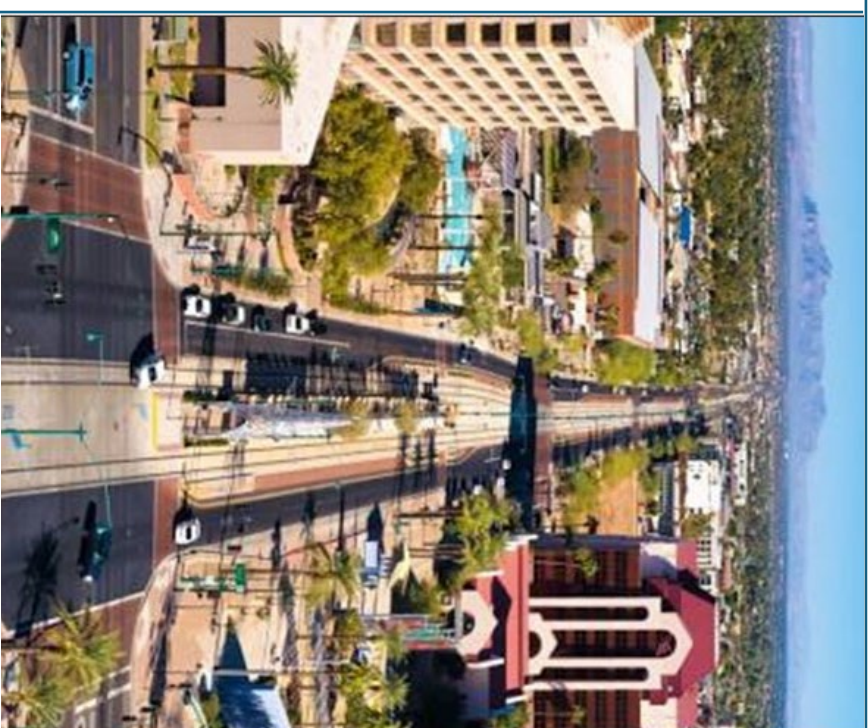
# Administrative Fee Update

*Move* Animal Control fees from Police Department to Community Services Department.

*Move* Alarm Fines, Fees, and Assessments from Police Department to Business Services Department.

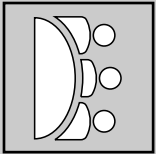
*Rename* "MVA" to "911 Recordings" on Mesa Fire & Medical Fee Schedule.

*Rename* "Police, City Prosecutor's Office & Animal Control Division" Fee Schedule to "Police".

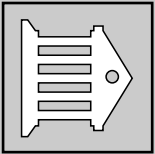


**Total Estimated Fiscal Impact: \$0**

# Next Steps



City Council to consider proposed fees and charges amendments on **June 1, 2026**.



If approved by City Council, fee & charges adjustments are effective **July 1, 2026\***  
*\*Business Services Utility Bill Fee Effective October 1, 2026*