

Falcon Field Airport Update

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Airport Director

March 5, 2026



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 - 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

- 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

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



Actions Already Taken to Address the Approaching 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.

Can 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

- 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

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

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

- 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

- 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

- 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 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
Estimated Beginning Fund Balance	\$5,618,408		\$6,114,171	\$3,311,308	\$2,165,422	\$1,087,929	(\$645,545)	(\$2,194,068)
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
Total 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
Appropriations/Expenses								
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
Total Operating Costs	\$4,328,401	\$4,770,259	\$4,866,650	\$4,616,544	\$4,775,856	\$4,877,447	\$5,117,157	\$5,139,567
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
Total Project Costs and Transfers Out	\$820,813	\$4,874,940	\$4,874,487	\$2,407,970	\$2,315,754	\$2,999,935	\$2,707,896	\$2,816,974
Total Expenses	\$5,149,214	\$9,645,199	\$9,741,137	\$7,024,514	\$7,091,609	\$7,877,382	\$7,825,053	\$7,956,542
Net Uses and Sources	\$495,764	(\$3,002,628)	(\$2,802,863)	(\$1,145,886)	(\$1,077,492)	(\$1,733,475)	(\$1,548,523)	(\$1,538,319)
Ending Fund Balance	\$6,114,171		\$3,311,308	\$2,165,422	\$1,087,929	(\$645,545)	(\$2,194,068)	(\$3,732,387)

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
Estimated Beginning Fund Balance	\$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
Total 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
Appropriations/Expenses								
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
Total Operating Costs	\$4,328,401	\$4,770,259	\$4,866,650	\$4,433,052	\$4,588,070	\$4,685,551	\$4,921,059	\$4,938,974
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
Total Project Costs and Transfers Out	\$820,813	\$4,874,940	\$4,874,487	\$3,831,788	\$3,816,603	\$4,579,664	\$4,370,652	\$4,568,831
Total Expenses	\$5,149,214	\$9,645,199	\$9,741,137	\$8,264,840	\$8,404,673	\$9,265,215	\$9,291,711	\$9,507,805
Net Uses and Sources	\$495,764	(\$3,002,628)	(\$2,802,863)	\$508,558	\$504,214	(\$226,538)	(\$120,411)	(\$194,812)
Ending Fund Balance	\$6,114,171		\$3,311,308	\$3,819,866	\$4,324,080	\$4,097,543	\$3,977,131	\$3,782,319

- 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?



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