



## Fees and Charges Report

**Date:** March 5, 2026

**To:** Audit, Finance, and Enterprise Committee

**Through:** Brent Stoddard, Assistant City Manager

**From:** Corinne Nystrom, A.A.E., Airport Director  
Sara Mercado, Fiscal Analyst

**Subject:** Falcon Field Airport Department Update to Schedule of Fees and Charges

### Purpose and Recommendation

Falcon Field Airport (Airport) is one of the most vibrant and active general aviation airports in the United States and is a major economic hub for the City of Mesa. In addition to being home to 140 businesses that employ approximately 1,100 people, the City owns and rents 411 aircraft storage hangars, over 400 aircraft storage tiedowns, and over 70 aeronautical storage rooms. The City's goal is to ensure that Falcon Field Airport continues to be a valuable, financially self-sustaining community asset.

For several years, Falcon Field Airport has been able to have a balanced budget due to a one-time sale (in 2006) of Airport-owned land, located at Thomas and Recker Road, and by deferring maintenance and capital improvements. The sale of this Airport-owned land generated over \$4.6 million in revenue that was applied towards the Airport's Enterprise Fund. For the past 20 years, the Airport has used the annual revenue generated and the proceeds from the land sale for capital and operating costs of the Airport, including to help maintain and improve the airport infrastructure and facilities. However, the one-time funds generated from the land sale will be exhausted within the next 1-2 years, and additional airport revenue must be generated to keep the Airport financially self-sustaining.

The last fees and charges adjustment for Falcon Field Airport became effective August 1, 2025. The Falcon Field Airport Department is proposing additional modifications to Falcon Field Airport's Schedule of Fees and Charges. If the proposed changes are approved by City Council, the fees and charges will be effective May 1, 2026.

## **Background**

Although the Airport is eligible to receive federal and state grant funds for essential airfield capital improvements, it must rely on the revenues that are collected from airport tenants and users to pay for all ongoing maintenance, repair, and operations expenses, as well as its local share for grant-funded projects and all non-grant-funded airport capital improvement projects. In FY 2024/25, the Airport generated \$5.6 million in revenue. The Airport generates operating revenue from several sources. The two (2) largest revenue sources are rents collected on long-term ground leases and rents collected on the City-owned aircraft storage hangars, tiedowns, and storage rooms. In FY 2024/25, annual operating and capital improvement project costs were approximately \$5.1 million. While \$500,000 in net revenue is positive, it is not sufficient to pay for all the deferred maintenance and essential capital improvement projects that the Airport must complete over the next 5-10 years.

## **Discussion**

The City must comply with Federal Aviation Administration laws, rules, regulations, and Grant Assurances which, among other things, require the airport to be as financially self-sustaining as possible. Historically, the City-owned hangar, tiedown, and storage room rental rates have been based solely on a market comparison with other general aviation airports in the Phoenix area. This comparison includes airports that receive supplemental funds from their municipalities.

Over the past few years, inflation has outpaced the annual rate increases City Council previously approved and implemented for Falcon Field Airport. Consequently, maintenance on City-owned Airport buildings and airfield pavement has been deferred due to inadequate funding levels.

In 2024, the City established three (3) Airport Cost Centers...Hangar/Tiedown, Airfield, and Ground Leases, and each Cost Center will be financially self-sustaining. The Hangar/Tiedown Cost Center was analyzed first. It includes the costs to maintain, repair, and improve the City-owned hangars, tiedowns, storage rooms, and pavement located on or near these facilities that is used primarily by the tenants who rent them. After researching the annual operating and maintenance costs for this Cost Center, the data showed that the current rental rates for the hangars and storage rooms only covered the costs of operating and maintaining the buildings themselves. The rental rates did not generate enough revenue to maintain the aircraft pavement between the rows of hangars that aircraft use to access the non-exclusive taxiways and runways. In addition, the rental rates did not cover the cost of re-painting the hangar/storage room exteriors to extend the buildings' lives, which will cost approximately \$2 million.

In 2025, the Airport team researched the annual operating and maintenance costs for the City-owned tiedowns. The data showed that the current rental rates for the tiedowns are insufficient to maintain and manage the tiedowns and maintain the aircraft pavement where the tiedowns are located.

While the rental rate increase of 8% for City-owned hangars, tiedowns and storage rooms that was previously approved by City Council and became effective August 1, 2025 has helped reduce the deficit, this Cost Center is still not financially self-sustaining.

Also in 2025, the Airport evaluated the Airfield Cost Center. This Cost Center includes the *non-exclusive* portions of the airfield, including runways, taxiways, taxi lanes, airfield lighting, safety areas, landing aids, non-exclusive ramp areas, airfield utilities, perimeter fences and gates, aircraft rescue firefighting services, airfield equipment, the Airport's portion of FAA and State grant projects, the terminal building, and the Airport maintenance facility. The only major revenue sources dedicated to operating the Airfield Cost Center are the fuel flowage fees collected on aircraft fuel delivered to the airport for sale and rental car concession fees. The estimated FY 2025/26 amount to be collected from these and other miscellaneous revenue sources is \$374,300. However, the FY 2025/26 estimated cost to operate, maintain and improve infrastructure in the Airfield Cost Center is \$2,410,432. This results in a shortfall of \$2,036,132.

Airfield pavement must be regularly maintained in order to retain a pavement condition index (PCI) that makes it possible for aircraft to use it. According to the Federal Aviation Administration (FAA), the ideal PCI is 70 or more. While some of the airport's pavement falls within this 70+ PCI range, other areas of pavement fall below this. The current PCI average is 58%. Failure to maintain these pavements will result in further deterioration and ultimately require the pavement to be completely removed and re-constructed. The cost to re-construct these sections of pavement is substantially greater than the cost to perform ongoing maintenance to keep it at an acceptable PCI level. The cost to maintain all pavement attributed to both the Hangar/Tiedown Cost Center and Airfield Cost Center at a PCI 70 level over the next 8 years is approximately \$46 million, or an average of \$5.75 million per year. This yearly amount of \$5.75 million exceeds the entire estimated FY 2025/26 Airport Enterprise Fund Ending Fund Balance of \$3.3 million by over \$2.45 million.

Moving forward, in order to make each Cost Center financially self-sustaining, it is recommended that: 1) hangar, tiedown and storage room rental rates continue to be increased until the Hangar/Tiedown Cost Center becomes financially self-sustaining, including covering the cost for all the ongoing pavement maintenance that is needed; 2) landing fees be charged to help cover the costs of maintaining, repairing, and improving the infrastructure in the Airfield Cost Center, including covering the cost for the ongoing pavement maintenance that is needed.

To comply with FAA Grant Assurance No. 22 – Economic Nondiscrimination, the proposed landing fee would be charged on **all** aircraft that land at Falcon Field, including aircraft that are not based at the airport. Grant Assurance No. 22 requires the airport to be available to the public on reasonable terms and without unjust discrimination to all types, kinds and classes of aeronautical activities. This includes charging reasonable fees that are not unjustly discriminatory against any specific type of user.

The proposed landing fee rate methodology is based on three factors: 1) the amount of revenue needed to make the Airfield Cost Center financially self-sustaining; 2) a rate that is reasonable and not unjustly discriminatory. To accomplish this, the Airport conducted a survey of airports across the United States that charge general aviation landing fees; 3) an adjustment to account for a potential reduction in aircraft operations if current airport customers choose to utilize other airports instead of Falcon Field once the landing fee is imposed. The landing fees for aircraft weighing more than 6,000 lbs. are based on the maximum landing weight (MLW) of an aircraft, as determined by the aircraft manufacturer and certified by aviation regulatory authorities such as the FAA.

Another new proposed fee is for a Terminal Advertising Board Display. While this fee will not generate a lot of revenue, it will make good use of an existing display monitor in the Airport terminal building lobby that airport tenants can rent on a monthly basis to advertise their aviation services.

The following fee adjustments and additions are recommended:

**City-Owned Hangars and Storage Rooms**

- 1) Increase City-owned hangar rent by 10%.
- 2) Increase City-owned small storage room rent by 30%.
- 3) Increase City-owned large storage room rent by 10%.
- 4) Increase City-owned hangar and storage room Security Deposit by amounts equivalent to 2 months of rent for each type of hangar and storage room.

**City-Owned Tiedowns**

- 5) Increase City-owned open tiedown fees by 23%.
- 6) Increase City-owned covered tiedown fees by 11%.
- 7) Increase City-owned tiedown Security Deposit by amounts equivalent to 2 months of rent for each type of tiedown.
- 8) Increase City-owned tiedown Transfer Fee to \$100 per transfer.
- 9) Adjust Open Tiedown Facility Application Fee to \$100 per tiedown.

**Fuel Flowage Fee**

- 10) Increase 100LL Avgas and Alternative Fuel Flowage Fee to \$0.15 per gallon

**Landing Fee (NEW)**

- 11) Fixed Wing Aircraft that are **based** at Falcon Field:

≤6,000 lbs. MLW	\$ 20.35 per landing
>6,000 lbs. MLW	\$ 3.40 per 1,000 lbs.

- 12) Fixed Wing Aircraft that are **not based** at Falcon Field (i.e., itinerant aircraft):

≤6,000 lbs. MLW	\$ 24.35 per landing
>6,000 lbs. MLW	\$ 4.10 per 1,000 lbs.

13) Based Rotorcraft, Drones & eVTOLs \$12.60 per landing

14) Itinerant Rotorcraft, Drones & eVTOLs \$17.60 per landing

Proposed landing fee exemptions would include:

- 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 a continuous training & testing session in a fixed location or while moving in the training/testing traffic pattern or while moving between the training/testing ramp and a private ramp
- Aircraft owned by government agencies (federal, state, local, political subdivisions, federally-approved foreign governments)
- 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 and flights for medical purposes (transporting patients, blood, or organs) & animal rescue purposes

#### **Terminal Advertising Board Display (NEW)**

15) \$100 per month

#### **Document Transfer Fee**

16) Increase the fee to \$500.00 per transaction to help cover the administrative costs of preparing and executing ground lease assignments, amendments, license agreements, estoppel certificates, and terminations that tenants request, as well as reviewing and approving other ground lease documents, such as plats and association Covenants, Conditions, and Restrictions.

#### **Alternative**

The alternative would be to leave the current fees in place and make no adjustments. If this occurs, the Airport will be unable to remain financially self-sustaining in the long-term unless: 1) funds from the City General Fund are transferred to pay for essential airport projects; or 2) essential airport projects, such as maintaining the airfield pavement in a high-quality condition and preventive maintenance of City-owned facilities to extend their life, are deferred. None of these projects are eligible for federal or state grant funding.

## **Fiscal Impact**

The estimated annual fiscal impact of these proposed fee adjustments is \$2,894,770.

## **Coordinated With**

The Airport coordinated with City Engineering and Finance to gather data to estimate the annual cost of maintaining, repairing, operating, and improving the City-owned hangars, tiedowns, and storage rooms (Hangar/Tiedown Cost Center), as well as the cost of maintaining, repairing, operating, and improving the infrastructure included in the Airfield Cost Center.

In addition:

- 1) The City sought and received input from a Key Stakeholder Group which included representatives of general aviation/recreational pilots, airport businesses, corporate aircraft owners/off-airport businesses, flight training schools, and area residents.
- 2) Between December 9, 2025 and March 3, 2025, the Airport held fifteen (15) virtual informational and consultation meetings with aeronautical users and airport tenants.
- 3) City and Airport staff met with representatives of the FAA Airports Division to discuss the proposed fees and charges adjustments.

Finally, the Airport worked with the Office of Management and Budget in gathering data and preparing documents to be presented to the Audit, Finance, and Enterprise Committee and City Council regarding the proposed fee adjustments.

## Fees & Charges Schedule – Key

### Heading Configuration

<b><u>Schedule of Fees &amp; Charges</u></b>
<b>Department</b>
Contact Information
<b>HEADING 1</b>
HEADING 2
<i>Heading 3</i>
Description of Fee
Description of Fee 2

### Font Indications

Font	Font Indications
Regular Font	Existing fee or language
<del>Strikethrough</del>	Fee or language will be deleted from the Fee Schedule
<b>BOLD CAPS</b>	Language is being added to Fee Schedule
<b>Bold</b>	New or increased Fee Amount

**Schedule of Fees & Charges**

**Exhibit A – Landing Fee**

**Department: Falcon Field Airport**

Description of Service	Current Fee Range	Proposed Fee Range	Unit	Total Fiscal Impact	Notes
<b>LANDING FEES<sup>1, 2, 3</sup></b>					
<b>BASED FIXED WING AIRCRAFT ≤ 6,000 LBS. MLW</b>		<b>\$20.35</b>	<b>PER LANDING</b>	\$1,249,882	MLW stands for maximum landing weight. New language & fees.
<b>BASED FIXED WING AIRCRAFT &gt; 6,000 LBS. MLW</b>		<b>\$3.40</b>	<b>PER 1,000 LBS.</b>	\$0	New language & fees.
<b>ITINERANT FIXED WING AIRCRAFT ≤ 6,000 LBS. MLW</b>		<b>\$24.35</b>	<b>PER LANDING</b>	\$1,285,542	New language & fees.
<b>ITINERANT FIXED WING AIRCRAFT &gt; 6,000 LBS. MLW</b>		<b>\$4.10</b>	<b>PER 1,000 LBS.</b>	\$41,329	New language & fees.
<b>BASED ROTORCRAFT, DRONES AND EVTOL</b>		<b>\$12.60</b>	<b>PER LANDING</b>	\$37,948	New language & fees.
<b>ITINERANT ROTORCRAFT, DRONES AND EVTOL</b>		<b>\$17.60</b>	<b>PER LANDING</b>	\$23,043	New language & fees.

**Estimated Total Annual Fiscal Impact: \$2,637,744.00**

<sup>1</sup> **Adjustments to Landing Fees.** The adopted landing fees were based on an estimated reduction of aircraft operations of ten percent. If the average number of aircraft operations at Falcon Field decreases by twenty percent or more from the year-over-year numbers by month (i.e., a reduction that is 10% or more from the expected 10% reduction) for three consecutive months, then the City Manager or designee, in City Manager’s or designee’s discretion, not more than once and within eighteen months after initial adoption of landing fees, may increase landing fees by an amount equal to the average percentage decrease for the three months in the amount that is greater than 10%. The increase is to fund full recovery of Airfield Cost Center costs and shall not exceed the amounts noticed in the Notice of Proposed Fees – Falcon Field Airport Fees posted on December 10, 2025 at mesaaaz.gov. By way of example, if the aircraft operations are reduced for three consecutive months by an average of twenty-one percent, the City Manager or designee may increase the landing fees by 11%. Prior to any such increase in fees, the City Manager or designee shall provide a sixty-day notice of the increase in fees

before they go into effect.

<sup>2</sup> **Landing Fee Exemptions.** The following are exempt from landing fees:

- a. The first ten landings each month by an aircraft based at Falcon Field.
- b. Rotorcraft, drones and eVTOL landing on exclusive use ramps.
- c. Emergency landings in which a Federal Aviation Administration (FAA) Alert I, II, or III is declared.
- d. All but one of the landings performed in a continuous session for training and testing purposes during which a rotorcraft is: hovering and landing in a fixed location; moving in the rotorcraft training/testing traffic pattern; moving back and forth between the Echo ramp and a private ramp; or performing any combination of the foregoing.
- e. Aircraft (including rotorcraft, eVTOL, and drones) owned by federal, state, local government and government agencies, political subdivisions of the state, and federally approved foreign governments (“Government Agency”).
- f. Aircraft (including rotorcraft, eVTOL, and drones) under contract for sale to a Government Agency through a Department of Defense process or with the oversight of the Defense Contract Management Agency, or to a foreign government under a Direct Commercial Sales contract, when operating in furtherance of such United States or foreign government contract.
- g. Aircraft (including rotorcraft eVTOL, and drones) owned by based tenants landing at Falcon Field as part of production flight testing prior to delivery to an end-use customer.
- h. Flights conducted in support of government functions, including public safety, search and rescue, disaster response, infrastructure protection, and emergency operations.
- i. Special events sponsored by the City of Mesa and flights for medical purposes (transporting patients, blood, or organs) and animal rescue purposes. Does not include flights intended to promote, market, or increase interest or education in aviation.

<sup>3</sup> **Policies and Procedures for Implementation.** The City Manager or designee, in City Manager’s or designee’s discretion, may adopt policies and procedures, including definitions, as needed for the implementation and administration of the landing fees in a commercially reasonable manner similar to other comparable general aviation airports.

**Schedule of Fees & Charges**

**Exhibit B – Falcon Field**

**Department: Falcon Field Airport**

<b>Description of Service</b>	<b>Current Fee Range</b>	<b>Proposed Fee Range</b>	<b>Unit</b>	<b>Total Fiscal Impact</b>	<b>Notes</b>
Tie Downs					
<i>Small Single Engine Aircraft</i>					Delete, consolidating language.
<i>Small Twin Engine Aircraft</i>					Delete, consolidating language.
<i>Large Propeller Aircraft (&gt; 12,500 lbs. MCTW)</i>					Delete, consolidating language.
<i>Jet Aircraft</i>					Delete, consolidating language.
<i>Helicopter</i>					Delete, consolidating language.
<b>OPEN TIE DOWN</b>	\$55.00	<b>\$68.00</b>	Month	\$17,791.00	New Language. Increased fee.
<i>Covered Tie Down</i>	\$151.00	<b>\$168.00</b>	Month	\$23,868.00	Increased fee.
<i>Tie Down Transfer Fee</i>	\$50.00	<b>\$100.00</b>	Per Transfer	\$50.00	Increased fee.
<b>TIE DOWN SECURITY DEPOSIT (MAY BE REFUNDABLE; COLLECTED AT SIGNING OF AGREEMENT)</b>					New Language.
<b>OPEN TIE DOWN</b>		<b>\$136.00</b>	<b>TIE DOWN</b>	\$136.00	New Language. New fee.
<b>COVERED TIE DOWN</b>		<b>\$336.00</b>	<b>TIE DOWN</b>	\$336.00	New Language. New fee.
<b>HANGARS</b>					
<i>Regular T-Hangar</i>	\$308.00	<b>\$339.00</b>	Month	\$135,036.00	Increased fee.
<i>Large T-Hangar</i>	\$465.00	<b>\$512.00</b>	Month	\$21,996.00	Increased fee.
<i>Small Executive Hangar</i>	\$724.00	<b>\$796.00</b>	Month	\$5,184.00	Increased fee.
<i>Large Executive Hangar</i>	\$1,464.00	<b>\$1,610.00</b>	Month	\$5,256.00	Increased fee.
<b>HANGAR SECURITY DEPOSIT (MAY BE REFUNDABLE; COLLECTED AT SIGNING OF AGREEMENT)</b>					New Language.

Description of Service	Current Fee Range	Proposed Fee Range	Unit	Total Fiscal Impact	Notes
Regular T-Hangar	\$300.00	\$678.00	Hangar	\$378.00	Increased fee.
Large T-Hangar	\$350.00	\$1,024.00	Hangar	\$674.00	Increased fee.
Small Executive Hangar	\$400.00	\$1,592.00	Hangar	\$0.00	Increased fee.
Large Executive Hangar	\$450.00	\$3,220.00	Hangar	\$0.00	Increased fee.
STORAGE ROOMS					
<i>Small</i>	\$86.00	\$112.00	Month	\$22,776.00	Increased fee.
<i>Large</i>	\$204.00	\$224.00	Month	\$2,880.00	Increased fee.
<b>STORAGE ROOM SECURITY DEPOSIT (MAY BE REFUNDABLE; COLLECTED AT SIGNING OF AGREEMENT)</b>					New language.
Small	\$100.00	\$224.00	Each	\$0.00	Increased fee.
Large	\$200.00	\$448.00	Each	\$0.00	Increased fee.
FACILITY APPLICATION FEE					
<del>Open Tie Down Small Single Engine Aircraft</del>					Delete, consolidating language.
<del>Open Tie Down Small Twin Engine Aircraft</del>					Delete, consolidating language.
<del>Open Tie Down Large Propeller Aircraft (&gt;12,500 lbs. MGTW)</del>					Delete, consolidating language.
<del>Open Tie Down Jet Aircraft</del>					Delete, consolidating language.
<del>Open Tie Down Helicopter</del>					Delete, consolidating language.
<b>OPEN TIE DOWN</b>	\$100.00		Tie Down		New language.
<i>Late Payment Fee (Hangars, Tie Downs, Storage Rooms)</i>	\$20% of Account Balance Due		Month		Delete \$ from fee.
FUEL FLOWAGE FEE					
100LL AVGAS & Alternative Fuels	\$0.14	\$0.15	Per Gallon	\$14,665.00	Increased Fee.

Description of Service	Current Fee Range	Proposed Fee Range	Unit	Total Fiscal Impact	Notes
<del>LEASE DOCUMENT TRANSACTION FEE</del>	<del>\$300.00</del>	<b>\$500.00</b>	Each	\$4,800.00	Delete 'Lease'/Update language. Increased fee.
RENTAL CAR CONCESSIONS					
<i>Rental Car Parking Space - Car</i>	\$30.00		<b>MONTH</b>		Add unit.
<b>TERMINAL ADVERTISING BOARD DISPLAY</b>		<b>\$100.00</b>	<b>MONTH</b>	\$1,200.00	New language. New fee.

**Estimated Total Annual Fiscal Impact:        \$257,026.00**