Venice, Florida
"City on the Gulf"

CITY OF VENICE
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Edward F. Lavallee
City Manager

May 20, 2014

Mayor and Members of the City Council:

On May 15, 2014, the City received a letter from the Federal Aviation Administration (FAA) referencing land use inspections by the FAA and the Office of Inspector General (OIG), on Venice Airport properties. Specifically, the letter addresses activities and negotiations between the FAA and the City to resolve issues related to revenues to the Airport for use of properties being used for non-aeronautical purposes.

Following considerable negotiations among the three parties, the attached letter details the specific steps necessary to close the property revenue issues defined in former OIG land inspection audits. As outlined in the FAA letter, the following steps will lead to FAA closure of the audit recommendations and findings:

- Having performed property appraisals on Airport land currently leased to the Venice Pier Group (d/b/a Sharky's Restaurant), the City agrees to transfer the fair market value (FMV) of the leased land in the amount of $2,200,000 to the Airport Enterprise Fund in exchange for the FAA's release of federal obligations associated with that property;
- To resolve a disputed claim by the OIG of revenue diversion, as a gesture of good faith, the City agrees to deposit an additional sum of $195,000 into the Airport Enterprise Fund; and
- Having performed property appraisals on a 48 acre tract of land previously deeded to the West Coast Inland Navigation District (WCIND) by the FAA, the City agrees to transfer FMV of that property in the amount of $475,000 into the Airport Enterprise Fund.

It is recommended that the Venice City Council agree to the conditions cited above for resolution of the stated property issues. Upon approval of said conditions by the Council, the City will then request a release of federal obligations associated with the Sharky's property through the FAA Orlando Airports District Office. The FAA will, in turn, seek to close this issue upon receipt of documentation that the $2,200,000 and the $195,000 was deposited into the Airport Enterprise Fund. Following this transaction, a formal deed of release will be executed by the FAA and by the City.

It is further recommended that the City Council agree to transfer into the Airport Enterprise Fund $475,000 representing FMV of the 48 acre tract of land deeded to WCIND. The FAA will consider this issue closed when documentation of the transfer of funds is received and a formal deed of release is executed by both the FAA and the City.

Respectfully,

Edward F. Lavallee
City Manager
City of Venice