



**City of Venice  
City Manager's Report  
Agenda Item Request**

**DATE:** July 5, 2013  
**TO:** Ed Lavallee, City Manager  
**FROM:** Chris Rozansky, C.M., Airport Administrator CR  
**SUBJECT:** Letter of Intent to Enter Lease Negotiations for 222 Airport Ave E.

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**Background:**

On March 12, 2013 the City of Venice consented to the assignment of a lease from Purdy Enterprises, Inc. to Tristate Aviation Group of Florida, LLC (Tristate) for the leasehold located at 222 Airport Ave E., commonly known as the Honoluana Restaurant. A Landlord Estoppel Certificate was executed by the City on March 12, 2013 granting Tristate 90 days from the date the lease was assigned (120 days from the date the estoppel certificate was executed) to recommence restaurant operations.

Paragraph 3 of the lease states: *The discontinuance of restaurant operations for a period in excess of ninety (90) days shall constitute a default under the terms of this Lease and, unless before or during such ninety (90) days period Lessee demonstrates to Lessor a reasonable and diligent good faith effort to provide such function, and that there is no or little need therefore, Lessor, at its option, without notice, shall be entitled to terminate this Lease in accordance with the provisions of Paragraph 18.*

It is staff's opinion that Tristate has made a reasonable and diligent good faith effort to renovate the restaurant building and recommence restaurant operations. In their letter dated May 10, 2013 Tristate submitted a demolition permit that took longer to obtain than anticipated because the original building plans could not be located. However, after beginning demolition, it became evident to Tristate that it was not economically justifiable to renovate the existing facility. On June 28, 2013 Tristate submitted a Letter of Intent requesting to enter into negotiations for a new lease to demolish the current building and develop a new restaurant facility.

It is important to note that the FAA stated in their August 11, 2009 Land Use Inspection Report:

*Any non-aeronautical uses of airport property require FAA concurrence. While the lease rate for this parcel appears to be more consistent with aeronautical rates rather than non-aeronautical (fair market rental) rates, this non-aeronautical use of airport property appears to be reasonable; however our records do not indicate that the FAA has concurred with this use. The*

*City should request FAA concurrence for this use. The City should also review the Purdy lease rates to ensure that they are consistent with FMV rental rates.*

The existing lease expires on December 31, 2013 and has a five year option to renew through December 31, 2018. Negotiating a new lease is in the best interest of Venice Municipal Airport. It would facilitate a capital investment in the Airport, support economic development for the community, ensure additional revenues in support of the financial self-sustainability of the Airport and provide an opportunity to resolve FAA concerns.

**Requested Action:**

Staff requests City Council consent to enter into lease negotiations with Tristate for 222 Airport Ave E. and to maintain the current lease until a new lease is executed.

**Attachments:**

Tristate letter dated May 10, 2013

Tristate letter dated June 28, 2013