

# FAA pushes new airport leases

By GREG GILES NEWS EDITOR VENICEE GONDOLIER

The Federal Aviation Administration wants Chefs Rule LLC Honoluana Island Grill sublease to expire at the end of 2013 and for the city to sell the Holiday Apartments as soon as possible. Both are located on airport property leased by the city.

Those are just a few of the “corrective actions” the FAA ordered in a Dec. 13, 2010, letter to the city.

The FAA claims the city is not receiving fair market value for the leases and they weren’t approved by the agency as required, but it appears to be giving the city plenty of time to correct these and other deficiencies found after its May 2009 inspection.

The city acquiesced in a letter dated Jan. 31, saying it agreed not to renew or extend the Honoluana sublease if an aeronautical tenant can be found.

A number of council members, however, expressed their support of the restaurant at Tuesday’s special city council meeting, which featured an update on airport issues.

The original property lease of 25 years was executed in 1989. It earned the city \$437 per month in rent with a cost-of-living adjustment every five years from Purdy Enterprises. In 2008 the city signed off on a sublease by Honoluana for \$6,000 per month to Purdy Enterprises, but didn’t receive any additional revenue as a result of the deal.

“The original lease does not require any sublease to be approved by the city, and the city should not have approved this sublease,” wrote Bart Vernace, assistant manager at the FAA’s Orlando Airport District Office. “The city is not realizing all of the profit potential from this property. The city must regain control of this aeronautical property, and the FAA expects that once the sublease expires on Nov. 30, 2012, the sublease will not be extended or renewed. In addition, when the master lease expires in 2014 the city should not extend or renew this lease. If no aeronautical tenant can be found, the FAA will consider a non-aeronautical lease for this property provided it is an interim use and the lease term is five years or less.”

Likewise, the FAA took issue with the city’s 100-year lease with the Holiday Apartments. The city provided documents that indicated the FAA’s Miami district office approved the lease in October 1971, but the FAA has since changed its position on longterm leases, and wants it sold.

“The lease term ... far exceeds the maximum lease term the FAA would currently consider. While we will not rescind the agency’s previous approval of this lease,” Vernace wrote, “the city should attempt to dispose of this land at fair market value as soon as possible.”

The FAA is also requiring any subsequent amendments made to the lease be presented to the FAA for approval.

Vernace said the FAA didn’t object to the non-aeronautical use by the Tito Gaona Trapeze Academy at the old Circus Arena, but said it was unclear how the city determined the fair market value of \$300 per month to lease the property. The city indicated it couldn’t come up with any documentation justifying the current lease rate and said it intends to terminate the current month-to-month lease and enter into a new one at the fair market value of 80 cents per square foot.

The FAA didn't comment on Sharky's On The Pier's lease because it's currently under investigation by the Department of Transportation's Office of the Inspector General.

The FAA did say the Senior Friendship Center "parcel causes recurring airport compliance concerns regarding the benefit to the airport" and asked the city again to offer a proposed resolution, which the city has yet to submit.

Also missing is the city response on how it will generate fair market value for airport festival grounds and proposed changes involving the Lake Venice Golf Club driving range.

There's also a 48-acre parcel donated to the West Coast Inland Navigation District in 1963 under a quit-claim deed that hasn't been used for its stated purpose in 20 years. The land was originally used as a spoils area while dredging the Intracoastal Waterway. The FAA wants the land to revert back to the airport under the agreement for aeronautical purposes, but the Army Corps of Engineers indicated in a response dated Dec. 13, 2010, it still needs the land for canal purposes. The FAA now wants to know exactly what that means and when they expect to be finished using the land.

Airport manager Chris Rozansky said he is planning a roundtable meeting in early March with FAA officials, the Inspector General's Office within the Department of Transportation, Corps of Engineers, and West Coast Inland Navigation District, to put this and other lease issues "to rest once and for all."

One positive note was completion of many of the clean up issues the FAA identified. In October the FAA conducted a site visit that included walking the entire length of both runways, to assess its condition. It noted that metal pipe storage, dumpster storage, vehicle storage, drainage pipe storage and construction debris storage on airport property had been discontinued, and soil piles were removed. The FAA also found some hangars are being used for things other than storing aircraft, like antique cars, full-size refrigerators, couches, and a jet maintenance outfit illegally working out of a hangar. The city sent a notice out recently announcing another inspection this month, and strongly suggested removal of all unauthorized items in storage.

ggiles@venicegondolier.com