



Internal Audit Department

Audit Report 2014-4

Collier County Airport Authority

Drag Strip and Go Cart Track

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The files and draft versions of audit reports remain confidential and protected from public records requests during an active audit under *Nicolai v. Baldwin (Aug. 28, 1998 DCA of FL, 5th District)* and Florida Statute 119.0713. Work-papers supporting the observations noted within this report will become public record and can be made available upon request once the final audit report has been issued.

The draft audit report was initially reviewed with the Department on January 23, 2014 and was released to the Department for Management Response on February 3, 2014. The Growth Management Division Finance and Operations Manager provided the management responses on February 14, 2014. Revised management responses were provided on February 18, 2014.

Summary

The CCAA has not provided proper management oversight for operations and leases at the Immokalee Regional Airport. Instances of non-compliance have been detected for the areas reviewed.

The following observations were generated during this review:

1. It does not appear recreational vehicles and go cart track operations and/or related structures (i.e. pit area) are a permitted use in the Airport Operations Tract and operations have not received FAA approval.
2. Airport operations have lacked oversight.
 - a. There is no lease for the go cart track / operations.
 - b. The lease for drag strip operations does not include all activities being conducted by the tenant.
 - c. Drag strip operations are being conducted in areas outside of the operation area.
 - d. It does not appear there is insurance in place for go cart track operations.
 - e. Existing insurance may not be sufficient to cover operations.
 - f. The County has lost revenue.
 - g. Access to airside land has not been limited to authorized individuals / activities.
 - h. Structures for drag strip and/or go cart track operations have not obtained proper permits or proper approval.
3. The CCAA has not complied with the FAA requirements to obtain “no objection” for drag strip operations.
 - a. The FAA did not provide advance approval of non-aeronautical use of the closed 4/22 runway as a drag strip.
4. There is no agreement in place identifying responsibilities for the bathhouse located at the drag strip.
 - a. The bathhouse is outside of the drag strip operation area, but is used for drag strip operations.
5. Relocation of the bathhouse did not obtain grantor approval or proper permits.

Failure to comply with FAA assurances and/or grantor requirements may: result in findings, jeopardize current and future funding, result in disbarment from receiving federal funding, require repayment of prior received funds, result in termination of the current funding, impact future funding, result in liability for damages for misrepresentation, and/or cause safety concerns.

Objective

The objectives of the review were to: 1) determine whether grant funds were involved for the drag strip, also known as the racetrack; 2) whether grant funds were properly used (if applicable to the drag strip); and 3) determine whether the drag strip and go cart track were in compliance with Federal Aviation Administration (FAA) regulations, assurances, and requirements.

Scope

The review consisted of, but was not limited to the following tasks:

- Review of applicable FAA communications and documentation;
- Review of applicable FAA assurances;
- Review of applicable Florida Statutes and Florida Agency Guidance;
- Review of applicable Board of County Commissioner (BCC) Ordinances and Resolutions;
- Review of applicable BCC Agenda Items;
- Review of applicable Collier County Airport Authority (CCAA) Immokalee Regional Airport Master Plans;
- Review of applicable CCAA Airport Layout Plans (ALP);
- Review of applicable CCAA Resolutions;
- Review of applicable CCAA Meeting Minutes and Agenda Items;
- Review of applicable Immokalee Regional Airport - Airport Operations Planned Unit Development (PUD);
- Review of applicable United States Department of Labor Occupational Safety and Health Administration Standard Industrial Classifications (SIC);
- Review of applicable agreements for land use at Immokalee Regional Airport;
- Review of Collier County Property Appraisers information and aerial maps;
- Review of Internal Audit Report 2014-3 report and work-papers;
- Review of CCAA agreement and amendments for Immokalee Regional Raceway;
- Observation of the drag strip (racetrack), go cart track, bathhouse, and surrounding areas;
- Interviews with Collier County Airport Authority staff;
- Interviews with Clerk's Finance and Accounting staff;
- Interviews with Immokalee Regional Airport land lease tenant;
- Interviews with citizen; and
- Documentation provided by a citizen.

For a timeline of the Executive Airport Directors reference *Exhibit G*.

Scope Limitation

The scope of the review did not include analysis of the Immokalee Regional Raceway monthly payments and supporting documentation for lease payment compliance. The review of lease revenue compliance is underway with Growth Management Division and Clerk's Finance.

Background

On April 23, 1999, the CCAA entered into a license agreement with RTH Enterprises, Inc. d/b/a Immokalee Regional Raceway for the sole purpose of operating an “IHRA Sanctioned Drag Racing Strip” noting drag racing is an inherently risky activity and imposing additional safety requirements. The agreement indicated the Immokalee Regional Raceway had constructed a vehicle access road from Airpark Boulevard to the operational area. The agreement was effective April 1, 1999 through March 31, 2002. The agreement required the Immokalee Regional Raceway to pay the following fees: \$150.00 monthly occupancy fee, \$1,000.00 fee each week of an activity for commercial activities fee, 50% of gross revenues derived from advertising concessions for the advertising fee, \$5,000.00 deposit where the CCAA retains interest earned on the deposit. Beginning May 1, 2009, the Immokalee Regional Raceway was required to pay \$2,000.00 per month at a minimum for \$1,000.00 fee each week of activity. The agreement indicated no permanent improvements will be permitted.

In August of 2000, the CCAA entered into grant agreements to complete construction and improvements to enhance the Immokalee Regional Airport Industrial Park including the following specific projects: extension of Airpark Boulevard, Industrial Park site improvements, Automotive Sports Complex support infrastructure and permit, sketches and schematics, feasibility analysis, ERP permit, restrooms, spectator parking, campground, and project master plan.

On November 19, 2001, CCAA Resolution 01-35, the CCAA approved extending the lease, set to expire on March 31, 2002, for an additional five years. Airport staff were directed to negotiate the lease terms and bring the lease back to the next CCAA Board Meeting.

On March 11, 2002, the CCAA entered into the First Amendment to Licensing Agreement with RTH Enterprises, Inc., a Florida Corporation d/b/a Immokalee Regional Raceway to extend the initial lease expiring on March 31, 2002. The First Amendment extended the lease period, effective April 1, 2002 through March 31, 2007. The First Amendment incorporated a 30 day cancellation clause without liability to either party in the event of cancellation, the tenant to pay \$200.00 yearly for a Commercial Operating Privilege Fee, the tenant to pay \$2,750.00 monthly plus applicable Florida taxes, the tenant to pay 50% of gross revenues derived from advertising concessions plus applicable Florida taxes, and requiring a \$5,000.00 deposit with the CCAA retaining any interest earned on the deposit. As part of the lease, the tenant agreed to construct a temporary lime rock road at the entrance to the drag racing site.

On May 13, 2002, the then Executive Airport Director (*Reference Exhibit G* for a timeline of management) indicated the bathroom being constructed for the drag strip had permitting problems with the County because the County did not want to issue a permit to complete construction of a permanent bathroom when the drag strip was allowed under a temporary use permit. The Health Department indicated a permanent bathroom would need constructed for the campground in order to obtain an operating certificate. The CCAA approved removing the restrooms from the drag strip and constructing the bathhouse at the campground.

On September 9, 2002, the CCAA accepted the Conceptual Master Plan for Motor Sports Park. According to CCAA minutes, the CCAA determination to continue forward with the Motor Sports Park project had not been decided and was to be discussed with citizens through public meetings.

On February 10, 2003, the CCAA directed staff to present additional expenditure options for the Motor Sports Park Complex for the public workshop to discuss the project. It does not appear a public workshop occurred or that different expenditures options were presented to the CCAA by Airport staff.

On November 13, 2006, the Executive Airport Director provided an update to the CCAA. The Executive Airport Director indicated the bathhouse at the campground would need relocated in order to proceed with development of the airport. The owner of Immokalee Regional Raceway expressed interest in relocating the bathhouse to the drag strip area. The Executive Director indicated a letter would be provided to the owner with permission to relocate the bathhouse conditioned on the owner obtaining all the necessary permits.

On December 11, 2006, the Immokalee Regional Airport Manager, provided the owner of the Immokalee Regional Raceway a letter approving the relocation of the bathhouse to the drag strip. The letter indicated the bathhouse "...must be destroyed..." and relocation of the bathhouse would be allowed at the Immokalee Regional Raceway's expense. The letter indicates "...As per our discussion in November 2006, it was agreed that all expenses associated with the bath house relocation, as well as obtaining all necessary permits...becomes your sole responsibility prior to the facility being relocated." The bathhouse was relocated to the drag strip (outside the operation area).

On April 15, 2009, the FAA accepted the Immokalee Regional Airport Master Plan and conditionally approved the Airport Layout Plan (ALP). The approval was subject to the airport obtaining the environmental approvals needed. The approval did not provide assurance of federal funds for the projects and additional approval was needed prior to construction.

On July 13, 2009, the Executive Airport Director lowered the Immokalee Regional Raceway's lease payment from \$2,750.00 to \$1,188.28 without CCAA approval or FAA approval.

On December 7, 2010, the FAA contacted the Airport Executive Director regarding airport airside land usage for a drag strip. The FAA indicated they were unaware of providing approval for the non-aeronautical use of the land as a drag strip. The FAA indicated land would need FAA approval for non-aeronautical use on airside land to be leased at fair market value, the lease approved by the FAA, and the Airport Layout Plan (ALP) updated to reflect the property usage. On December 9, 2010, the Executive Airport Director acknowledged the FAA concern and indicated a response would be provided within 30 days.

On January 12, 2011, the Executive Airport Director provided a letter to the FAA formally requesting permission to use closed Runway 4/22 for non-aeronautical use as a drag strip. The letter recommended increasing the basic rent from \$1,188.28 to \$2,500.00 per month.

On February 22, 2011, the FAA communicated to the CCAA, "We do not object to the continued use of this airport property for drag strip, provided the following:

- Anything vertical or horizontal that was constructed for this operation must be submitted to this office for airspace approval as an ALP change.
- The operation must not constitute a hazard to air navigation or interfere with the operation of the airport in anyway.
- The compensation outlined...is treated as airport revenue and deposited into the airport fund.
- The terms of the agreement are on a month-to-month interim basis, and the property will revert to an aeronautical user if required to meet aeronautical demand.
- The use agreement will not be amended or renewed in the future without FAA concurrence."

On March 22, 2011, the CCAA entered into the Second Amendment to Licensing Agreement with RTH Enterprises, Inc. a Florida Corporation d/b/a Immokalee Regional Raceway to amend the License Agreement and continue the agreement on a month-to-month basis. The Second Amendment revised the fee structure as follows: the tenant to pay \$200.00 yearly for a Commercial Operating Privilege Fee, the tenant to pay \$2,500.00 monthly, the tenant to pay 50% of gross revenues derived from advertising concessions plus applicable Florida taxes, and requiring a \$5,000.00 deposit with the CCAA retaining any interest earned on the deposit.

Based on Collier County Property Appraiser aerial images of the Immokalee Regional Airport closed Runway 4/22 in 2013, it appears a drag strip and go cart track have been constructed on the runway and the bathhouse from the campground was moved to the drag strip area (*Reference Exhibit B*). The drag strip and an access road were constructed prior to 1999. The drag strip was put into operation by the Immokalee Regional Raceway in 1999. There were no significant changes to the drag strip between 2002 and 2003. In 2004, a structure was built; seating and containers were added at the drag strip. In 2005, it appears structures were expanded and additional containers were added at the drag strip. In 2006, additional containers were added outside of the lease operation area and additional seating was added at the drag strip. The go cart track appears to have been constructed at the end of the runway outside of the lease operation area in 2006. In 2007, the bathhouse was removed from the campground (*References Audit Report 2014-3*) and was relocated to the drag strip area. It appears a pit area was being constructed at the go cart track. In 2008, it appears the pit area was finished including a covered structure. In 2009,

there were no significant changes to the go cart track. In 2010, the go cart track was modified to add additional paths in the area on top of the runway. In 2011 through 2012, there were no significant changes to the go cart track. In 2008 through 2012, containers were relocated, but stayed on premise; otherwise, no significant changes at the drag strip. In 2013, it appears additional seating was added; otherwise, no significant changes at the drag strip.

Observations

1) It does not appear recreational vehicles and go cart track operations and/or related structures (i.e. pit area) are a permitted use in the Airport Operations Tract and operations have not received FAA approval.

BCC Ordinance 2010-07 for the Immokalee Regional Airport – Airport Operations Planned Unit Development (PUD) Exhibit C separates the areas around closed Runway 4/22 into two sections including the Airport Operations Tract to the west of the closed runway and the Industrial Development Tract to the east of the closed runway. The go cart track has a portion of the go cart operations in each tract.

PUD Section IA1d for the Airport Operations Tract - Permitted Uses – Principal Uses indicates “Vehicle racing, limited to the existing 1/8 mile track length and associated racetrack activities and operations (Group 7948)...” and Section IA2B1 Accessory Uses – Conditional Uses indicates “Vehicle racing, including associated racetrack activities and operations (Group 7948).”

The United States Department of Labor Occupational Safety and Health Administration Standard Industrial Classifications (SIC) Group 7948 Racing including track operation includes racetrack operations. Group 7999 Amusement and Recreation Services includes go cart raceway operations. It does not appear go cart track operations are included in SIC Group 7948. It does not appear go cart track operations are an allowed use in the Airport Operations Tract.

PUD Section IIA11 for the Industrial Development Tract – Permitted Uses – Principal Uses indicates “Services (Groups...7948...7999).” It appears the go cart track in the Industrial Development Tract is an allowed land use.

On January 22, 2014, the Immokalee Regional Raceway owner indicated customers for the drag strip operations frequently stayed at the Immokalee Regional Airport overnight in self-contained motor homes (i.e. recreational vehicles). The area where the visitors park the motor homes is outside the lease operation area for the drag strip. The SIC Group 7948 does not include this type of activity. PUD Section IA2k for the Airport Operation Tract and PUD Section IIA2k – Accessory Uses – indicates “Recreational vehicle campground and ancillary support facilities when in conjunction with vehicle racing...Recreational vehicles, tents, and other structures and facilities allowed in the campground...” It does not appear overnight guests and/or motor homes are allowed outside of the campground.

The FAA does not appear to have approved the non-aeronautical use for recreational vehicles and/or go cart track / operations or the structures constructed / added to the area (i.e. pit area, construction of the go cart track, etc.). When non-aeronautical activities are conducted on airside land, the operations must obtain FAA approval prior to commencing operations.

It does not appear recreational vehicles and go cart track operations and/or related structures (i.e. pit area) are a permitted use in the Airport Operations Tract.

Recommendations:

- If the County determines go cart operations will be allowed, the County should obtain a comparable use determination letter for the portion of the go cart track in the Airport Operations Tract.
- The PUD may need amended to include recreational vehicles and go cart track operations (Group 7999) as an allowed use at the Immokalee Regional Airport in the Airport Operations Tract.
- Operations not permitted by the PUD should not be conducted at the Immokalee Regional Airport.
- The Immokalee Regional Airport Master Plan and Airport Layout Plan should be updated to include authorized uses of land.
- FAA approval should be obtained for the recreational vehicle activities and go cart track / operations as a non-aeronautical use of airside land, if the County allows operations.

County Management Response:

“The county, in conjunction with guidance from the Board of County Commissioners, is currently reviewing all aspects of the raceway and go-cart operations as allowable activities.

This review shall include, but is not limited to, zoning, permitting, lease and grantor compliance issues. Staff will review the land use limitations and work with the tenant to facilitate the proper application.

The go-carting operations have been ceased at this time, per the request of the Growth Management Division administration. The Code Enforcement Department has been contacted and is working with the tenant to achieve compliance, as per BCC direction on February 11, 2014.

County staff will ensure compliance with FAA requirements for the Immokalee Regional Airport Master Plan and Airport Layout Plan.

The county will work with the FAA to obtain approval for any activities/operations/structures/uses of land for anything not currently approved in writing by that agency.”

Internal Audit Response to County Management Response:

On February 18, 2014, West Coast Carting updated their website and posted notices for the next race to be held at the Immokalee go cart track on March 2, 2014. Additionally, the website indicates driving lessons and track rentals are currently available. The website does not indicate the race scheduled for February 16, 2014 was cancelled and/or that operations have been halted; however, County Management verified the activity did not occur. The county should continue to monitor operations until the insurance, lease agreement, and FAA or other agency requirements issues are resolved.

2) Airport operations have lacked oversight.

Airport operations do not appear to have been properly overseen by management. It appears there are operations that are not permitted by the PUD, individuals have been operating private business on CCAA property without a lease or insurance, rent has not been received from the use of the land, land improvements / structures have been constructed without permits and proper approval, and access has not been limited to authorized individuals / lessors.

The County has not properly managed go cart operations conducted at the Immokalee Regional Airport. As a result, there is no lease with the tenant and no insurance on the activity. The Immokalee Regional Raceway has allowed visitors to stay overnight in self-contained motor homes (i.e. recreational vehicles) in areas outside of their lease operation area. The Immokalee Regional Raceway sells food and beverages from a concessions vehicle and sells merchandise (i.e. t-shirts) for events, which does not appear to be included as operations within the lease. The Immokalee Regional Raceway may not have sufficient insurance coverage for all activities associated with the drag strip (raceway). This may expose the County to possible liability and loss.

On January 12, 2011, the Executive Airport Director provided a letter to the FAA formally requesting permission to use closed Runway 4/22 for non-aeronautical use as a drag strip. Airport management failed to include go cart track operations and motor homes in the request for permission letter sent to the FAA.

The County has lost revenues on the property being used by individuals without a lease in place and by not collecting monthly payments for use of the land. This has exposed the County to lost revenues and increased risk.

The County has not properly limited access on the airside land at the Immokalee Regional Airport to authorized land uses or tenants. Go cart operations have occurred with the tenants not having a lease indicating the individuals were not authorized to be on the airside property. By allowing individuals to conduct personal business on airside land at the Immokalee Regional Airport without a lease, the County is exposed to increased risk, limited control, potential security issues, and potential litigation.

Recommendations:

- If the County determines recreational vehicles and go cart track / operations will be allowed, a proper lease and insurance should be completed. Any lease for non-aeronautical use of airside land should be approved by the FAA prior to allowing operations.
 - If the lease is for less than fair market value (FMV), the FAA should approve the deviation.
- The County should oversee airport operations and review all activities on the airport for compliance and leases.
- The County should continually review and monitor operations.
- The County should verify insurance coverage is in place for all airport activities.
- The County should verify rent is being received from all tenants and that all tenants have valid leases and insurance.
- The County should limit airside land access to only authorized individuals and activities.
- The County should verify proper permitting was obtained for any structures built for drag strip and/or go cart track operations.
- The County should verify concessions have been inspected and approved by the County Health Department and that a permit has been issued for operations.

County Management Response:

“The county, in conjunction with guidance from the Board of County Commissioners, is currently reviewing all aspects of the raceway and go-cart operations as allowable activities. Updated proof of insurance (and related coverage limits) has been requested from the Immokalee Regional Raceway. If a new lease, or an amendment to the lease, is approved by the BCC (pending FAA concurrence), it will also be requested for approval from the FAA, including the non-aeronautical use and rate, if it is determined to fall below fair market value thresholds. The lease will not be considered valid if the FAA does not provide approval.

The review of leases has been a high priority for both Airport and GMD Staff over the past several months and a report of issues noted has been provided to the County Manager and Clerk’s Office to keep all parties aware of pending issues and potential areas of non-compliance requiring remediation. Note: the investigation and review is ongoing as Staff expects additional issues to surface as further documentation and details become available.

Ongoing monitoring efforts by Airport staff of the raceway operations are in effect. Regular inspections and spot checks will be included as part of ongoing protocol.

The review of leases previously mentioned includes a comprehensive review of insurance coverage and associated limits; this includes involvement with the Department of Risk Management.

The review of rental income and completeness of tenants versus agreements is part of the review of leases previously mentioned.

The county will review all airside land access and work with the FAA and tenants to comply with applicable regulations.

Proper permitting of all structures in the raceway area is currently under review. The county will be scheduling an on-site visit with Code Enforcement and the Building Official to review all of the structures.

The Health Department will be contacted to ensure proper inspections and permits have been completed for the raceway concessions.”

3) The CCAA has not complied with the FAA requirements to obtain “no objection” for drag strip operations.

In April 1999, the CCAA entered into an agreement to allow Immokalee Regional Raceway to use the closed 4/22 runway as a drag strip. The CCAA did not properly notify and request permission from the FAA of the non-aeronautical use on airside land violating the FAA assurances.

On December 7, 2010, the FAA contacted the Airport Executive Director regarding airport airside land usage for a drag strip. The FAA indicated they were unaware of providing approval for the non-aeronautical use of the land as a drag strip. The FAA indicated land would need FAA approval for non-aeronautical use on airside land, to be leased at fair market value, the lease approved by the FAA, and the Airport Layout Plan (ALP) updated to reflect the property usage. On December 9, 2010, the Executive Airport Director, acknowledged the FAA concern and indicated a response would be provided within 30 days.

On February 22, 2011, the FAA communicated to the CCAA, “We do not object to the continued use of this airport property for drag strip, provided the following:

- Anything vertical or horizontal that was constructed for this operation must be submitted to this office for airspace approval as an ALP change.
- The operation must not constitute a hazard to air navigation or interfere with the operation of the airport in anyway.
- The compensation outlined...is treated as airport revenue and deposited into the airport fund.
- The terms of the agreement are on a month-to-month interim basis, and the property will revert to an aeronautical user if required to meet aeronautical demand.
- The use agreement will not be amended or renewed in the future without FAA concurrence.”

It does not appear the ALP has been updated to include the constructed structures (i.e. bathhouse, two story building, etc.) used for drag strip operations.

On January 12, 2011, the Executive Airport Director submitted a letter to the FAA detailing the terms of the Second Amendment to the License Agreement with the Immokalee Regional Raceway and formally requesting permission to use closed Runway 4/22 for non-aeronautical use as a drag strip. The letter indicated the owner of Immokalee Regional Raceway “...does not have a permanent building structure; therefore, he would be given sixty (60) days to remove all equipment and materials from the location...” Structures were evidenced in 2006. Indicating there were no permanent structures appears a misrepresentation of construction activities. The Second Amendment to the License Agreement indicates “...Tenant will be given six (6) months to vacate the premises and remove all of its improvements and fixtures...”

When the FAA does not provide advance approval for non-aeronautical land uses, the CCAA violates FAA assurances. If the CCAA violates FAA assurances / requirements for “no objection”, the FAA may deem the operations in violation of their requirements. When assurances / requirements are breached or there are violations, the FAA may, at its option: discontinue any FAA funding or require repayment of previously received funds.

Recommendations:

- The Airport Layout Plan should be revised to include construction for drag strip operations (i.e. bathhouse, two story building, bleachers, etc.).
- The County should comply with FAA assurances / requirements for all airport activities.
- The County should obtain the FAA’s approval for the agreement amendment and structures used for drag strip operations.
- The County should verify the tenant is complying with the agreement for safety requirements.
- Prior to renewing the Immokalee Regional Raceway lease, the County should obtain advance approval from the FAA for the land use and for the lease agreement / lease terms.
- The County should not enter into non-aeronautical uses on airside land without advance FAA approval.

County Management Response:

“County staff will ensure compliance with FAA requirements for the Immokalee Regional Airport Master Plan and Airport Layout Plan.

The county will comply with FAA assurances and requirements.

The county will work with the FAA to obtain approval for any activities/operations/structures/uses of land for anything not currently approved in writing by that agency.

A review of safety requirements will be completed and ensure wording is added to any future lease or related amendment for the tenant.

If a new lease, or an amendment to the lease, is approved by the BCC (pending FAA concurrence), it will be submitted to the FAA for approval. The lease will not be considered valid if the FAA does not provide approval.

The county will not use any land for non-aeronautical purposes on air-side property without concurrence from the FAA, as required to meet assurances.”

4) There is no agreement in place identifying responsibilities for the bathhouse located at the drag strip.

When the bathhouse was relocated to the drag strip, it does not appear the Immokalee Regional Raceway agreement was amended to include the use of the County asset. The location of the bathhouse is outside of the drag strip operation area (1,500 feet by 250 feet – *Reference Exhibit A*) and does not appear to be insured by the lessee. When assets are used by tenants, the asset allowed usage should be incorporated into a lease to ensure clear responsibilities of each party, to identify the property being used by the lessee, and provide insurance on the property in use.

Prior to the County allowing operations / use of County assets, leases should be in place to limit the County’s liability and risk. When land usage is allowed without a property lease, the County is exposed to liability and potential lawsuits.

Recommendations:

- The Immokalee Regional Raceway agreement should be amended to include the responsibilities of each party for the usage of the bathhouse and to include the land being used by the lessee.
- Structures used by the Immokalee Regional Raceway should be incorporated into their agreement.

County Management Response:

“The bathhouse was originally purchased/constructed with funds from the US Department of Commerce, Economic Development Administration related to a grant for Airport Boulevard improvements and a campground area addition. The structure was moved without permission from the grantor, no permits have been noted on file as well as missing environmental compliance documentation for the septic system. If the county deems this structure allowable in the area where it is currently located, all permitting, zoning and environmental issues will have to be remediated before it can be legally used by the general public. At such time, the use will be added to the IRR lease and related responsibilities will accompany that section of the lease.

The IRR lease is under full review and any such land and structures allowed to be used will be incorporated into the lease document.”

5) Relocation of the bathhouse did not obtain grantor approval or proper permits.

The bathhouse was constructed as part of an Industrial Park Infrastructure Improvements project (*Reference Audit Report 2014-3*). The project was funded by an Economic Development Administration (EDA) grant from the U.S. Department of Commerce, a Florida Department of Transportation (FDOT) grant, and a County match (provided by the BCC). The construction of the bathhouse was paid for with the County match. The total cost of the bathhouse was \$94,285.13 including electric paid for with EDA grant funds.

On November 13, 2006, the Executive Airport Director provided an update to the CCAA. The Executive Airport Director indicated the bathhouse at the campground would need relocated in order to proceed with development of the airport. The owner of Immokalee Regional Raceway expressed interest in relocating the bathhouse to the drag strip area. The Executive Director indicated a letter would be provided to the owner with permission to relocate the

bathroom conditioned on the owner obtaining all the necessary permits. It does not appear the CCAA formally approved the relocation. It does not appear the CCAA obtained approval from the grantor agencies for the relocation of the bathroom.

On December 11, 2006, the prior Immokalee Regional Airport Manager, provided the owner of the Immokalee Regional Raceway a letter approving the relocation of the bathroom to the drag strip. The letter indicated the bathroom "...must be destroyed..." and relocation of the bathroom would be allowed at the Immokalee Regional Raceway's expense. The letter indicates "...As per our discussion in November 2006, it was agreed that all expenses associated with the bath house relocation, as well as obtaining all necessary permits...becomes your sole responsibility prior to the facility being relocated." Proper permits were not obtained for the relocation of the bathroom.

When assets are obtained through grant projects, appropriate authority should be obtained prior to relocating assets or modifying the use of the assets. Failure to comply with grantor requirements may result in: audit findings, jeopardize current and future grant funding, require repayment of grant funds, and/or result in liability for the County.

Recommendations:

- Grantor approval should be obtained for the relocation of the bathroom.
- Board approval should be officially obtained for future project modifications.
- Proper permitting should be obtained for the relocation of the bathroom (i.e. septic and water).
- The County should provide Finance the appropriate documentation to update asset records.

County Management Response:

"Once a full assessment of the campground and Airpark Boulevard improvements can be made in relation to Internal Audit report 2014-3, grantor approval of movement of the bathroom will be requested. The county may determine a different location to best suit the bathroom for permitting, zoning and environmental compliance reasons, so this request to the grantor will only be made if the bathroom will remain in its current location at the raceway.

Staff agrees grantor permission is required in advance for such project changes as the relocation of the bathroom.

The county will ensure the bathroom is properly permitted in its final location. Permits could not be found on file for the current location of the structure.

The county will provide Finance with the appropriate paperwork to reflect any necessary adjustments to the value and/or location of the asset in question."

Conclusion

Airport Management has not provided proper management oversight to the Immokalee Regional Airport leases and/or operations by lessees. By not providing proper oversight, the CCAA appears to be in violation of grantor requirements and FAA assurances. The CCAA would benefit from incorporating additional management oversight into their operations. Care should be taken to quickly resolve the issues identified through this audit and prevent future instances of non-compliance.

Failure to comply with FAA assurances and/or grantor requirements may: result in findings, jeopardize current and future funding, result in disbarment from receiving federal funding, require repayment of prior received funds, result in termination of the current funding, impact future funding, result in liability for damages for misrepresentation, and/or cause safety concerns.

Audits do not relieve management of their responsibilities. It is the responsibility of County management to understand and implement the proper procedural controls in order to reduce and limit the risk of fraud, error, and misappropriation of County assets. Internal Audit may recommend improvements in audit reports, but ultimately it is the duty and decision of County management to formulate processes and controls that ensure compliance with Federal regulation, State statute, County ordinance, and County policies.

Recommendations:

- The County should take care when entering into resolutions and agreements to ensure all dates and information are accurate and consistent. Care should be taken to ensure the agreements do not contain conflicting language.
- The County should review all operations and leases to ensure compliance with grantor requirements and FAA assurances.
- The County should review the operations for special events and make sure the tenant is complying with safety and security requirements such as having a fire truck, ambulance, and/or security.
- Verify infrastructure and utilities being used.
- Verify structural permits and/or FAA approval.

County Management Response and Additional Comments:

“With the merger of the Airport Authority into the Growth Management Division, the Authority has a more robust support system in relation to grants management as well as monitoring of county approved policies and procedures (which include properly monitoring and safeguarding of assets).”

A comprehensive review of leases has been ongoing for several months by Staff, including, but not limited to: lease completeness, proper billing procedures and amounts, insurance coverage for all tenants, and implications with any grantor agencies involved with those leases. Note: the investigation and review is ongoing as Staff expects additional issues to surface as further documentation and details become available.

A review of safety requirements will be completed and ensure wording is added to any future lease or related amendment for the tenant. Reference Audit Report 2014-3 for infrastructure, utilities, and permits.

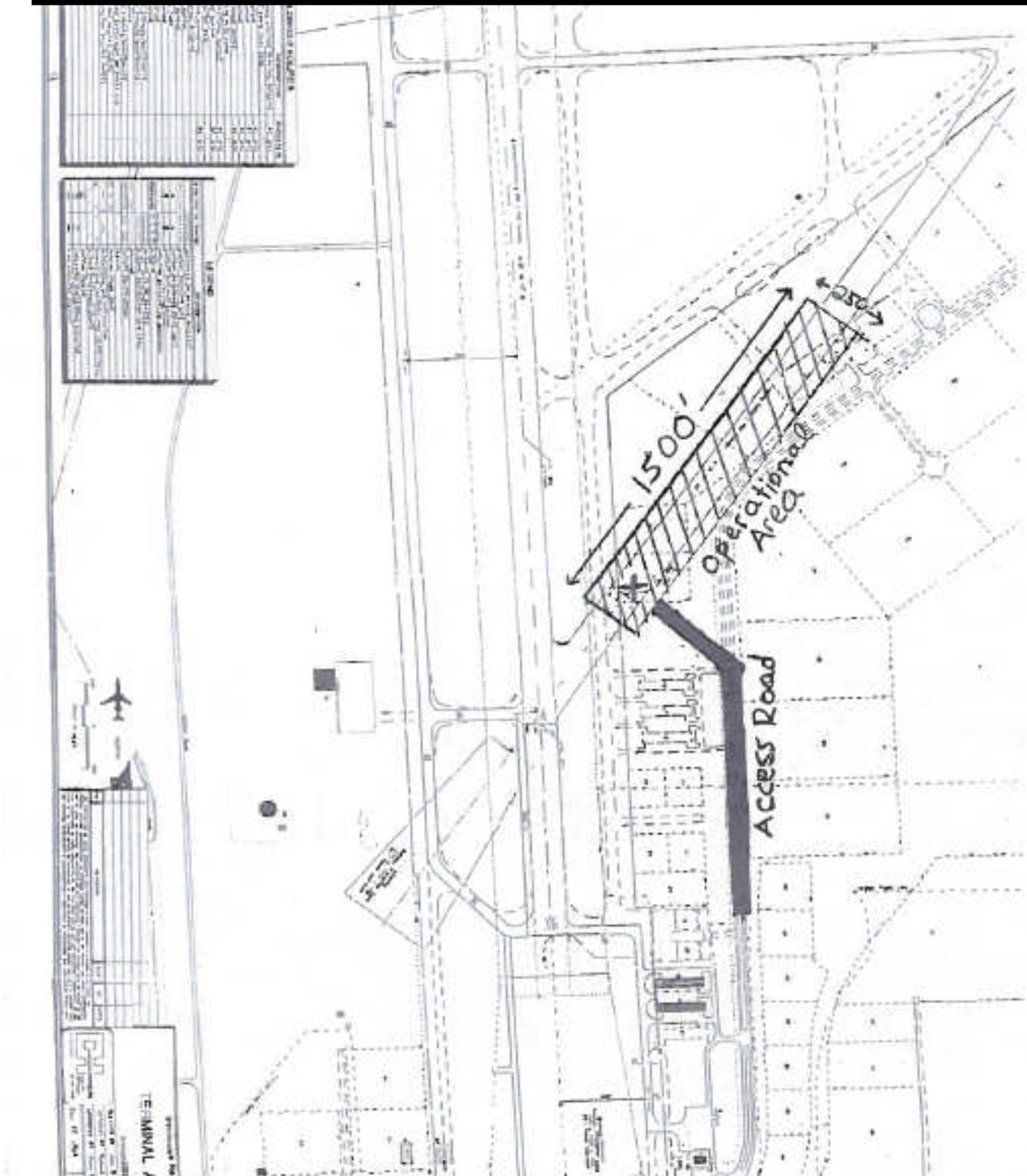
Staff looks forward to remediating these findings and will work with the Clerk’s Office on the corrections and keeping the proper parties notified of communications from the grantor.”

Internal Audit Response to County Management Comments and Additional Comments:

Internal Audit would like to gratefully acknowledge the cooperation and assistance from County staff for addressing and reviewing issues initially identified by Internal Audit. The assistance and responses provided by the division greatly assisted in the audit process for the review.

Exhibit A

2011 FAA Approved - Operation Area for the Immokalee Regional Raceway Drag Strip



Note: 2.50 inches (length of the operational area) is approximately 1,500 feet; 1 inch is approximately 600.0 feet

Exhibit B

**Immokalee Regional Airport – 2013
Collier County Property Appraiser – Aerial Image**

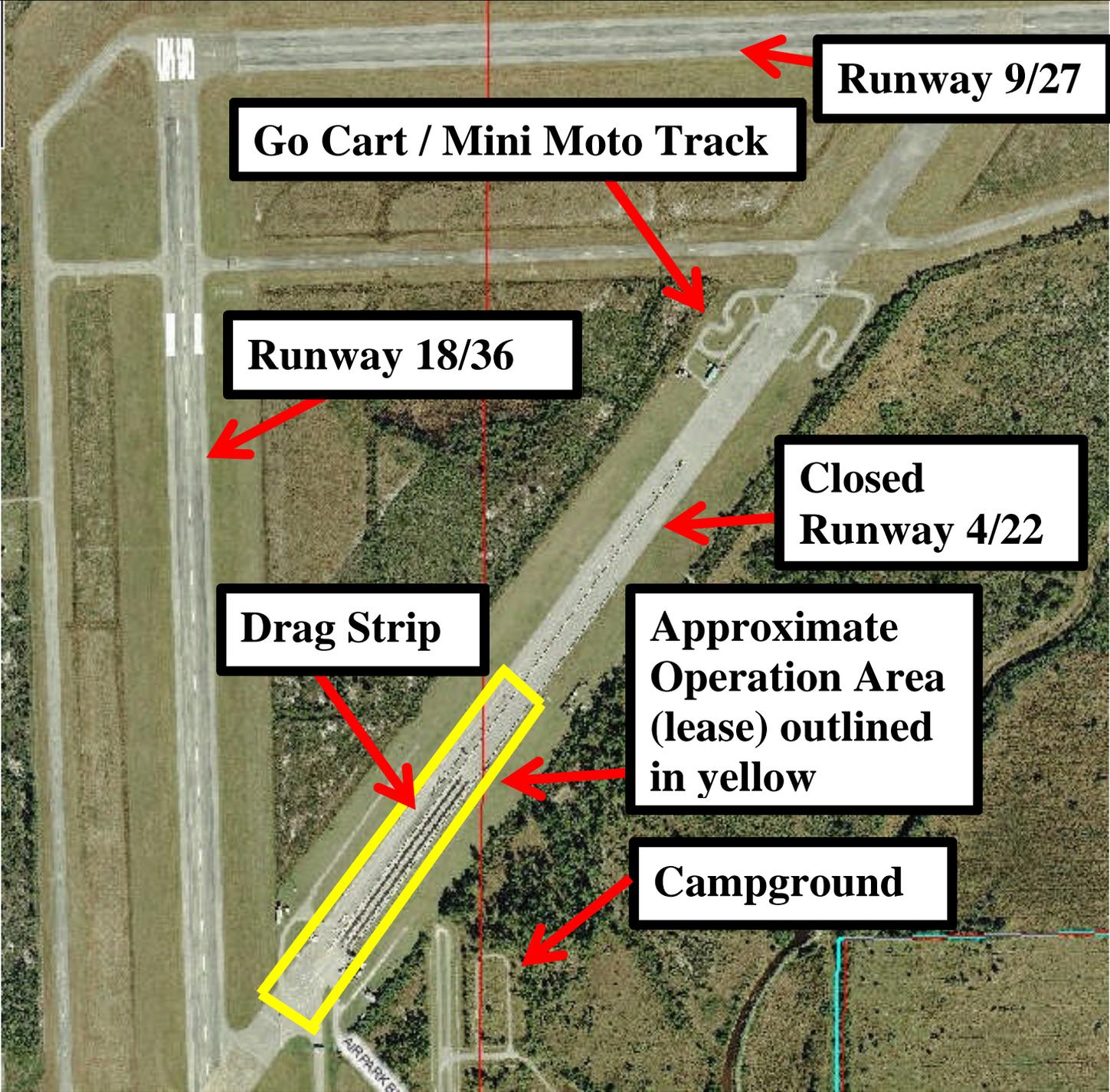


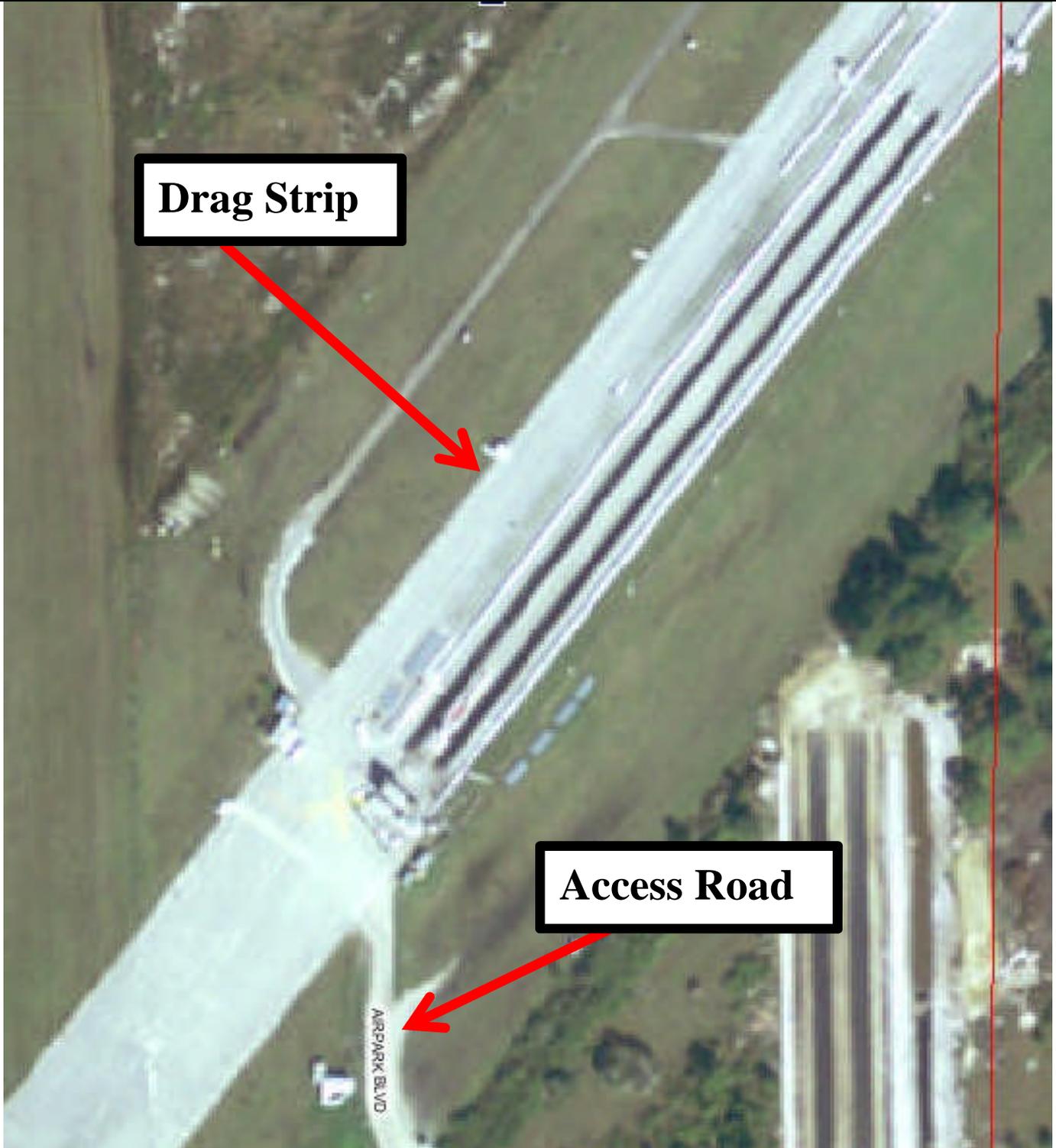
Exhibit C

**Immokalee Regional Airport – 1995
Collier County Property Appraiser – Aerial Image
Drag Strip**



Summary: In 1995, the drag strip and go cart track were not constructed on Runway 4/22. The access road to the drag strip area had not been built.

**Immokalee Regional Airport – 2002
Collier County Property Appraiser – Aerial Image
Drag Strip**



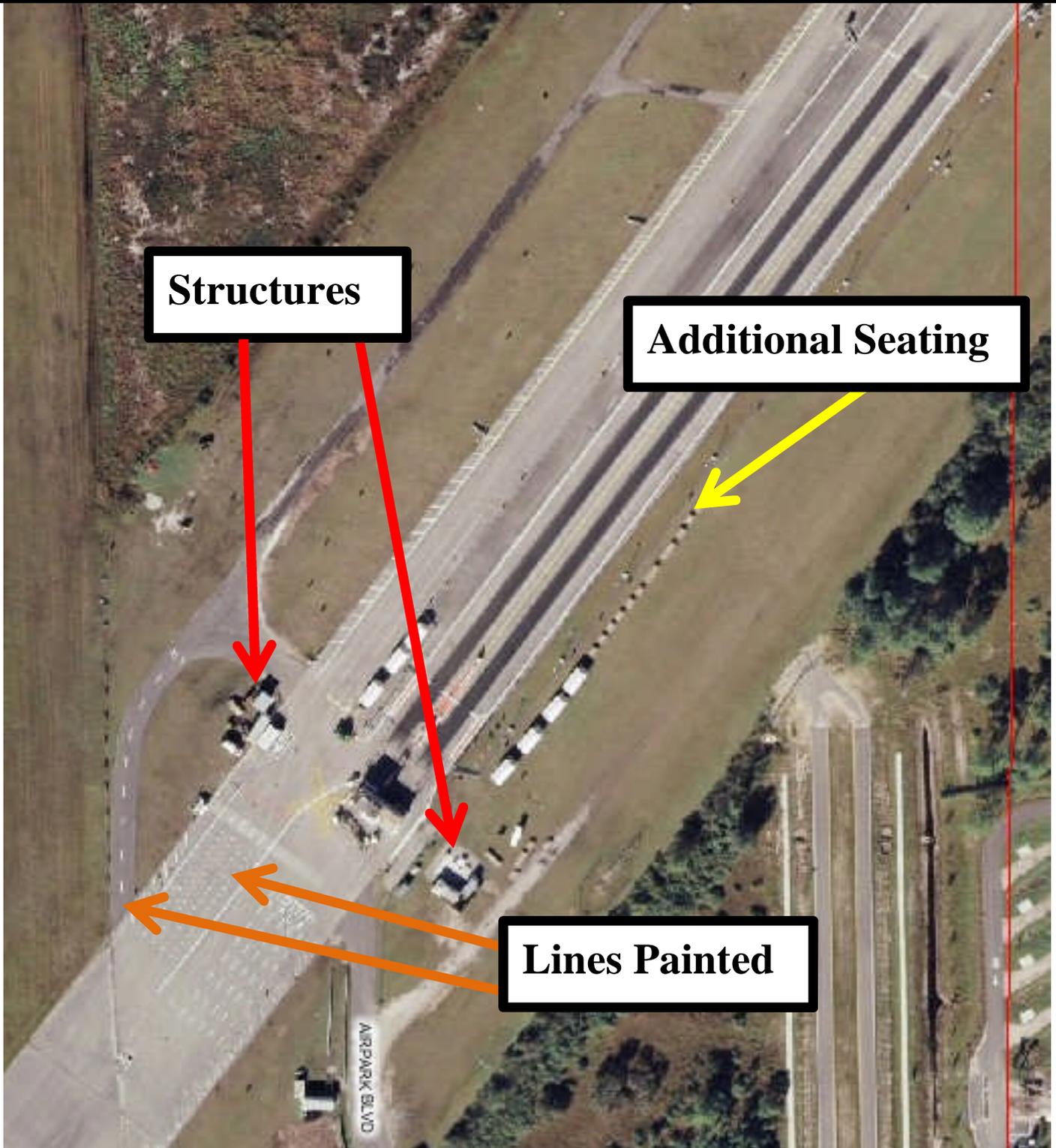
Summary: The drag strip had been constructed and began operating in 1999. An access road was built to access the drag strip. The go cart track had not been built.

**Immokalee Regional Airport – 2003
Collier County Property Appraiser – Aerial Image
Drag Strip**



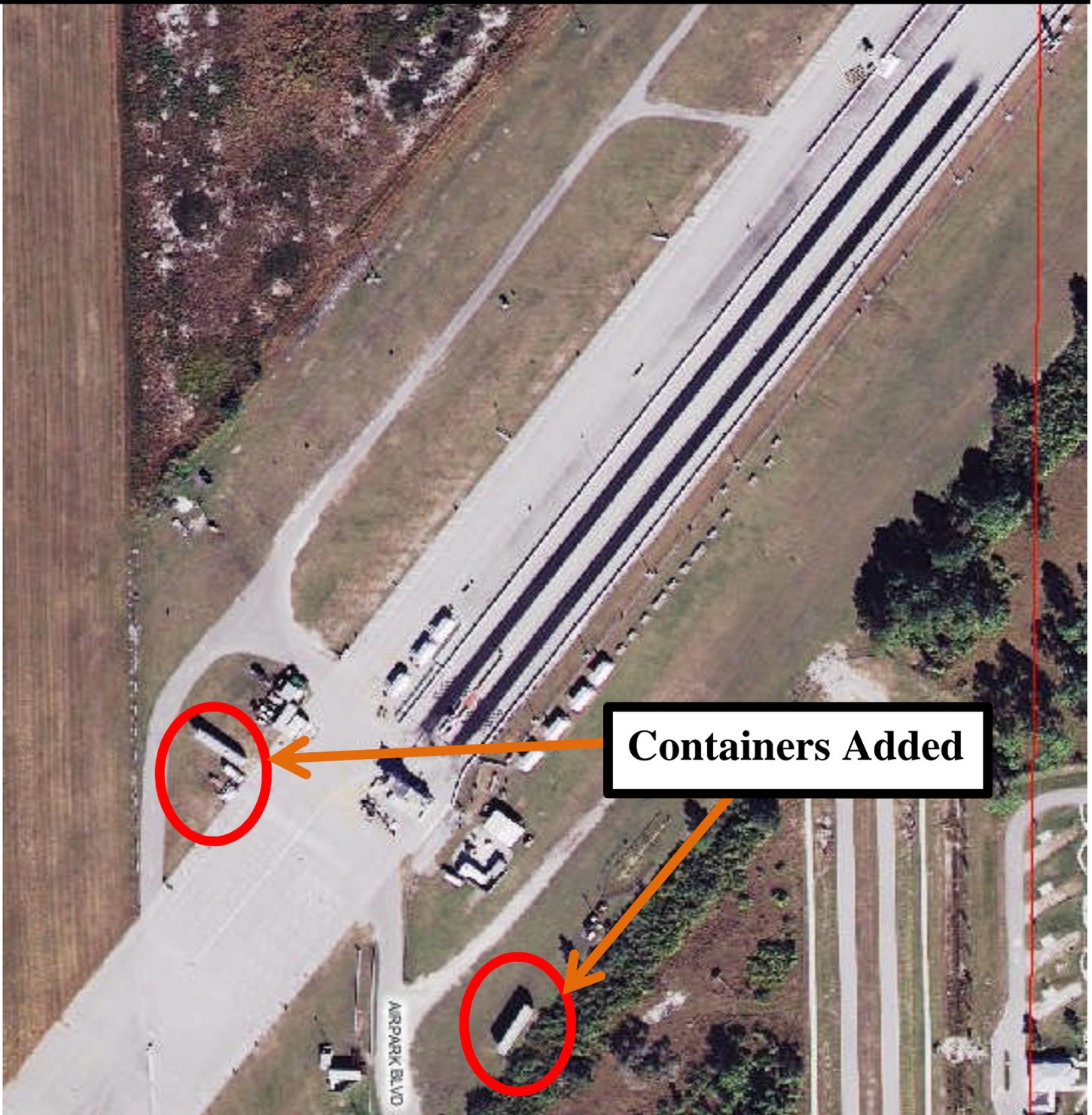
Summary: No significant apparent changes.

**Immokalee Regional Airport – 2004
Collier County Property Appraiser – Aerial Image
Drag Strip**



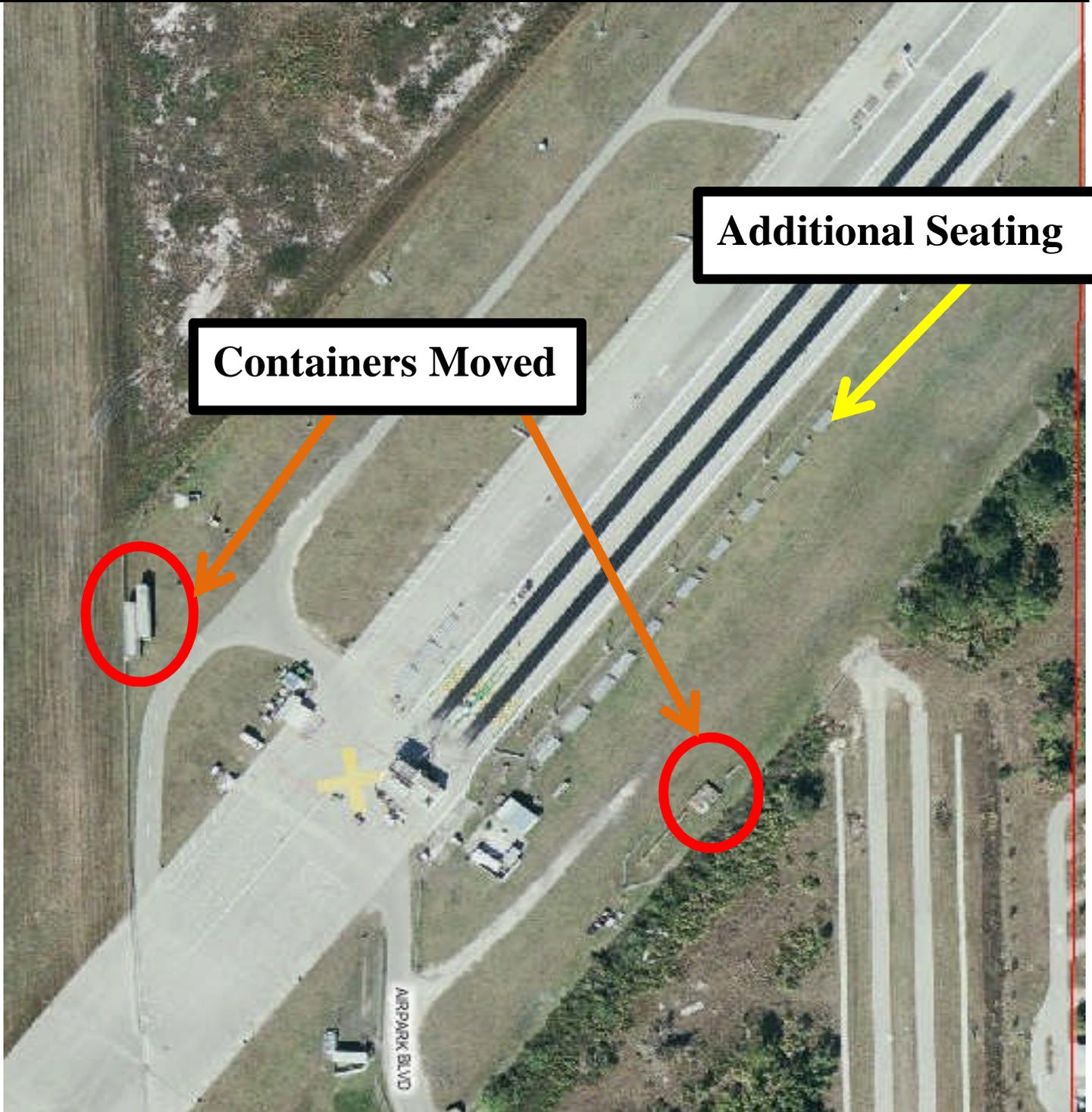
Summary: Lines were painted on the drag strip, additional seating was added, and structures were built.

**Immokalee Regional Airport – 2005
Collier County Property Appraiser – Aerial Image
Drag Strip**



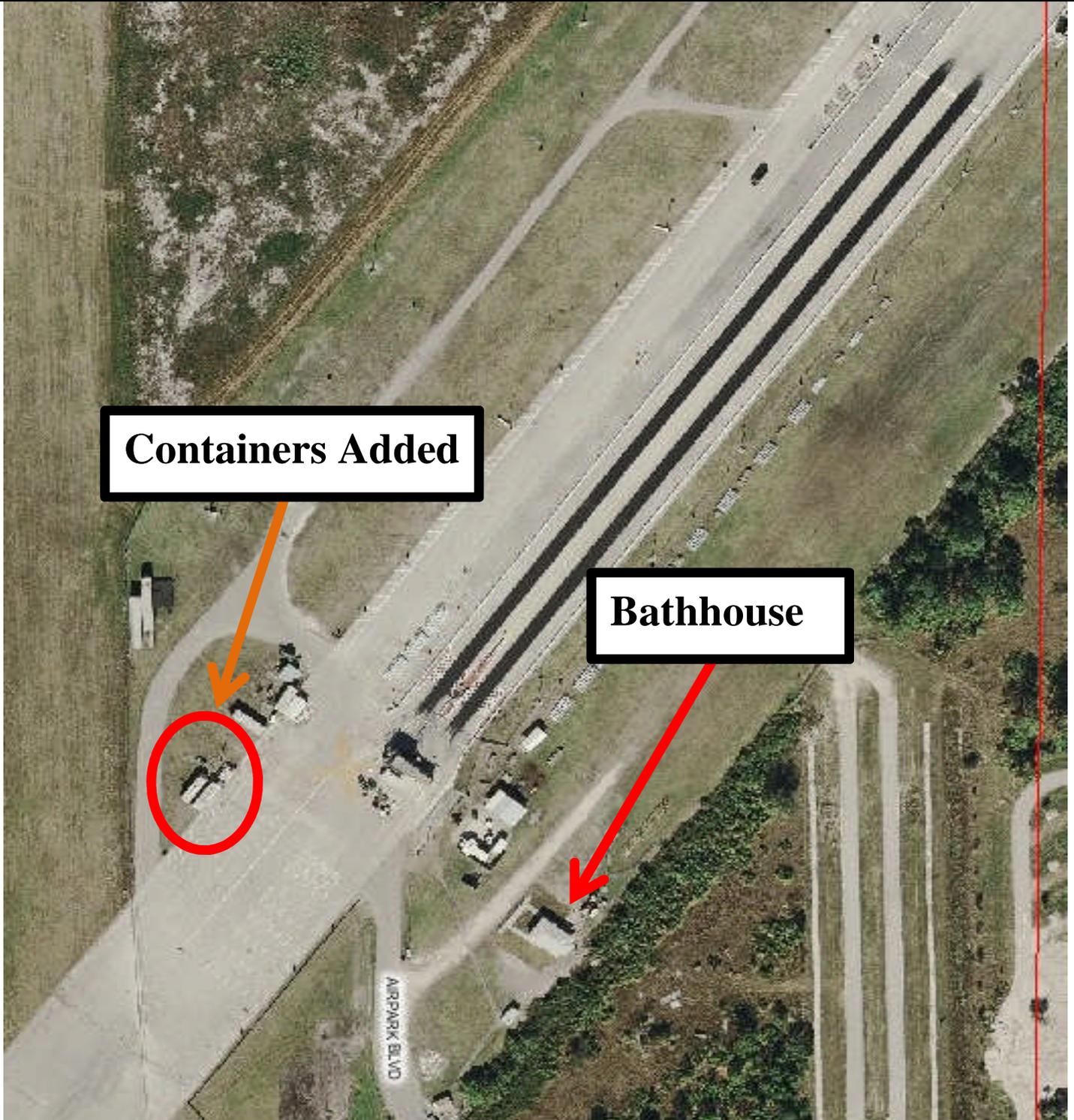
Summary: Structures that were added in 2004 appear to have been enlarged and expanded. Containers appear to have been added to the left of the drag strip and near the tree line on the right of the drag strip, outside of the drag strip operation area.

**Immokalee Regional Airport – 2006
Collier County Property Appraiser – Aerial Image
Drag Strip**



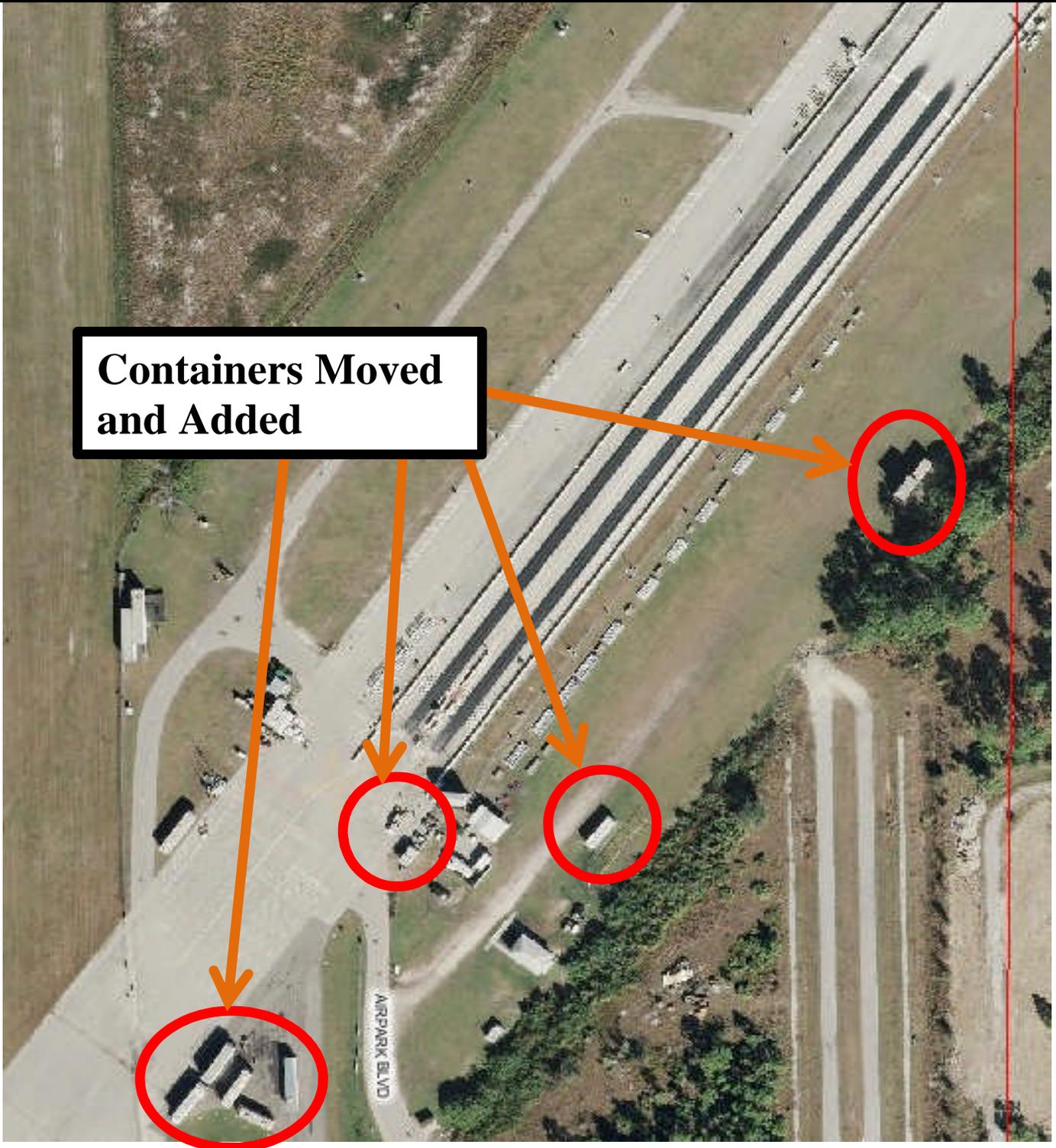
Summary: The containers added in 2005 appear to have been moved to the far left boarder next to the small side road, outside of the drag strip operation area. It appears a playground was added by the tree line to the right of the drag strip. It appears seating area was enlarged and expanded.

**Immokalee Regional Airport – 2007
Collier County Property Appraiser – Aerial Image
Drag Strip and Bathhouse**



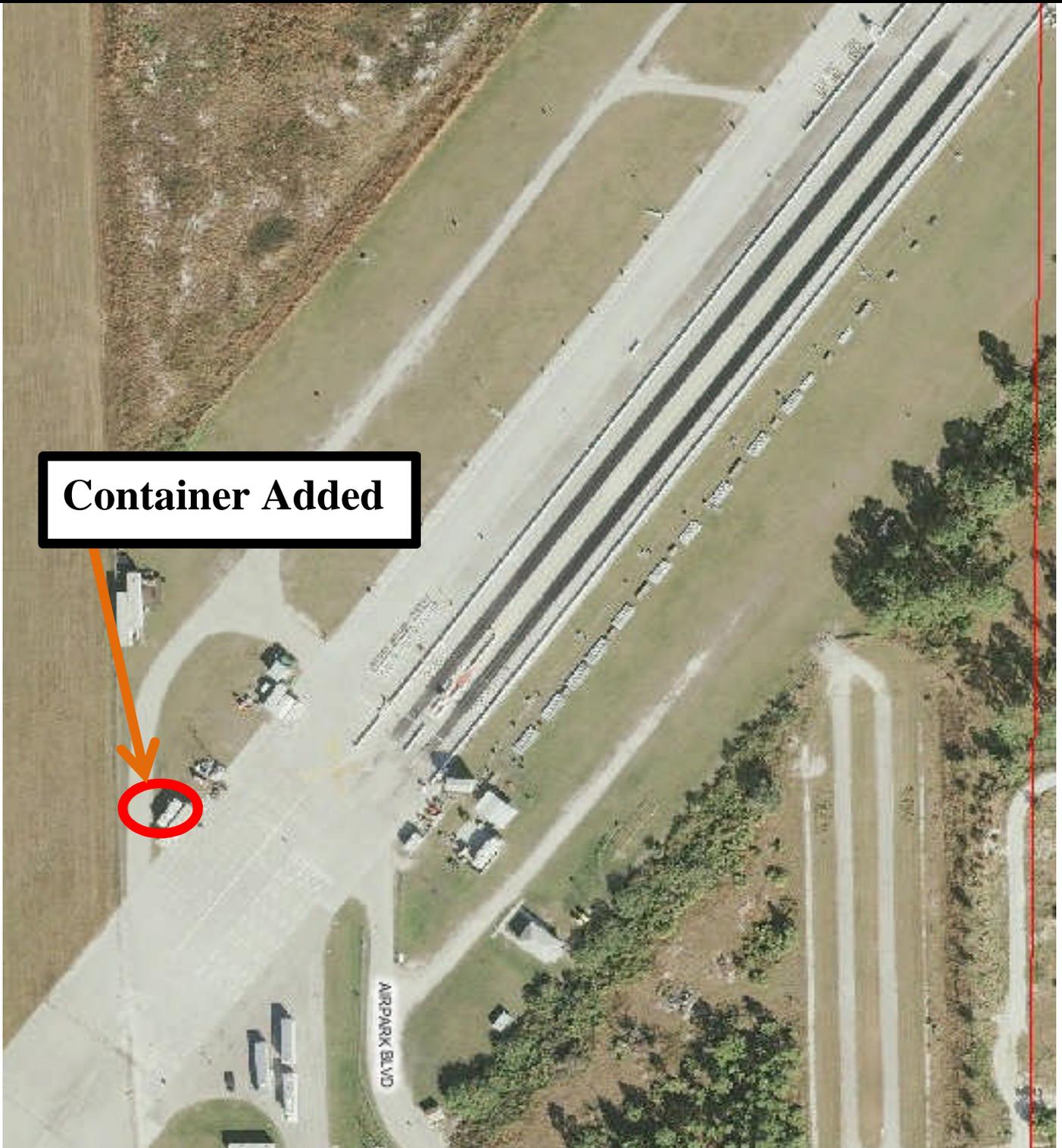
Summary: The containers to the left of the drag strip were added during 2007. The bathhouse was relocated to the drag strip from the campground, outside of the drag strip operation area.

**Immokalee Regional Airport – 2008
Collier County Property Appraiser – Aerial Image
Drag Strip and Bathhouse**



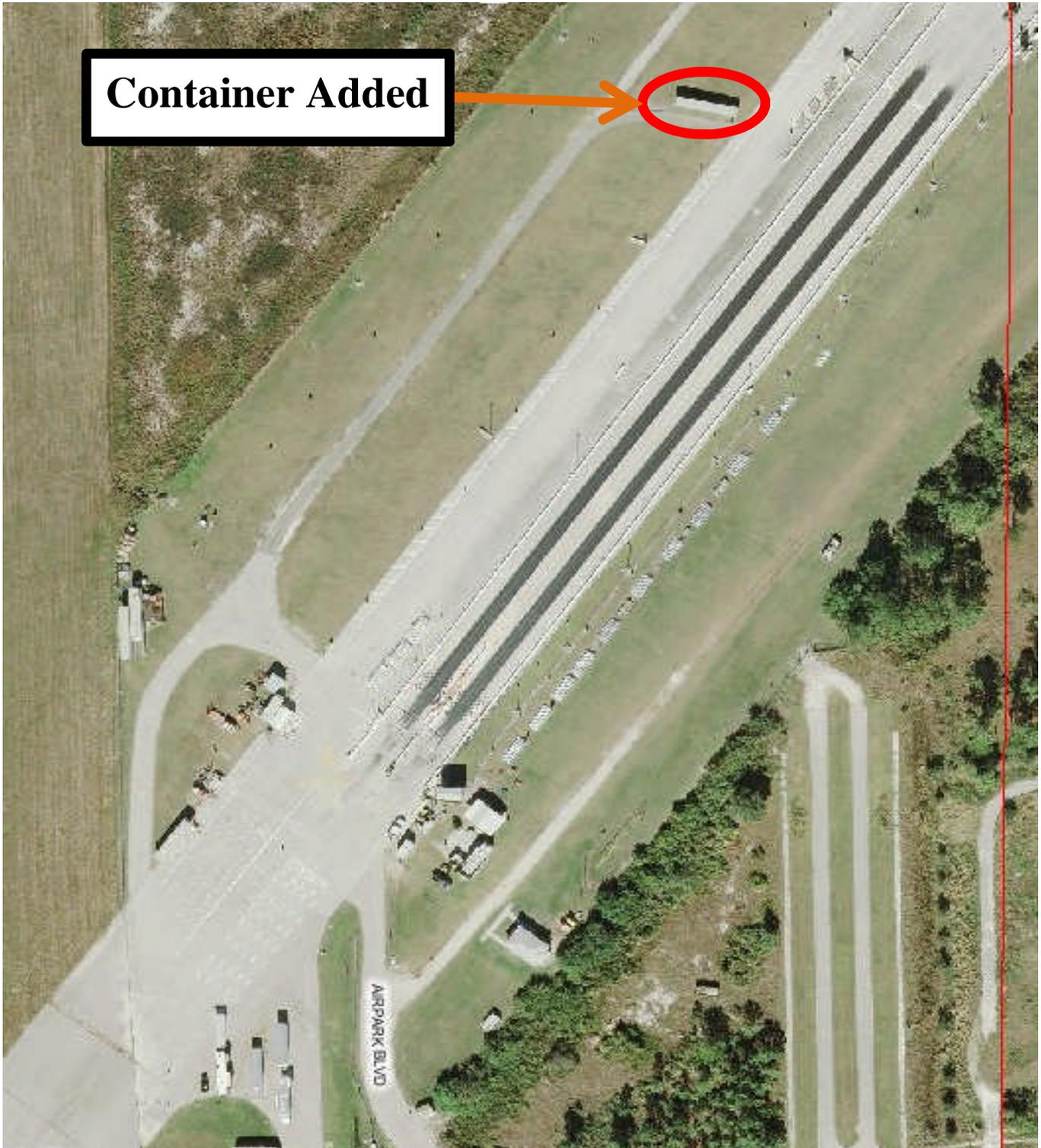
Summary: It appears some containers from 2007 were moved and there were additional containers added. No other significant apparent changes. Containers to the right of the drag strip are outside the drag strip operation area.

**Immokalee Regional Airport – 2009
Collier County Property Appraiser – Aerial Image
Drag Strip and Bathhouse**



Summary: It appears some containers were removed and one small container added. No significant apparent changes.

**Immokalee Regional Airport – 2010
Collier County Property Appraiser – Aerial Image
Drag Strip and Bathhouse**



Summary: It appears some containers were removed and one container added. No significant apparent changes.

**Immokalee Regional Airport – 2011
Collier County Property Appraiser – Aerial Image
Drag Strip and Bathhouse**



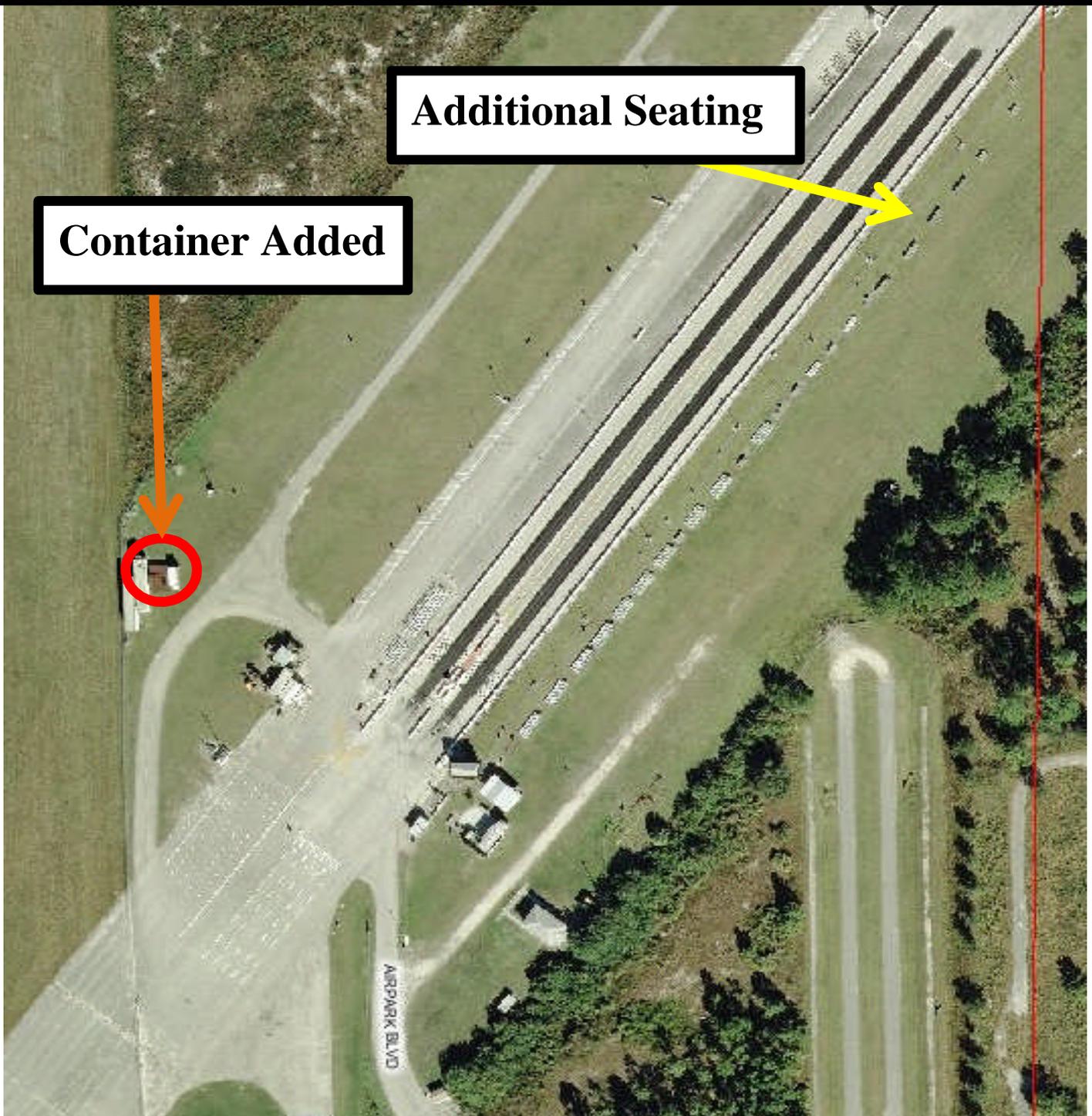
Summary: No significant apparent changes.

**Immokalee Regional Airport – 2012
Collier County Property Appraiser – Aerial Image
Drag Strip and Bathhouse**



Summary: One container by the drag strip finish line was removed. No significant apparent changes.

**Immokalee Regional Airport – 2013
Collier County Property Appraiser – Aerial Image
Drag Strip and Bathhouse**



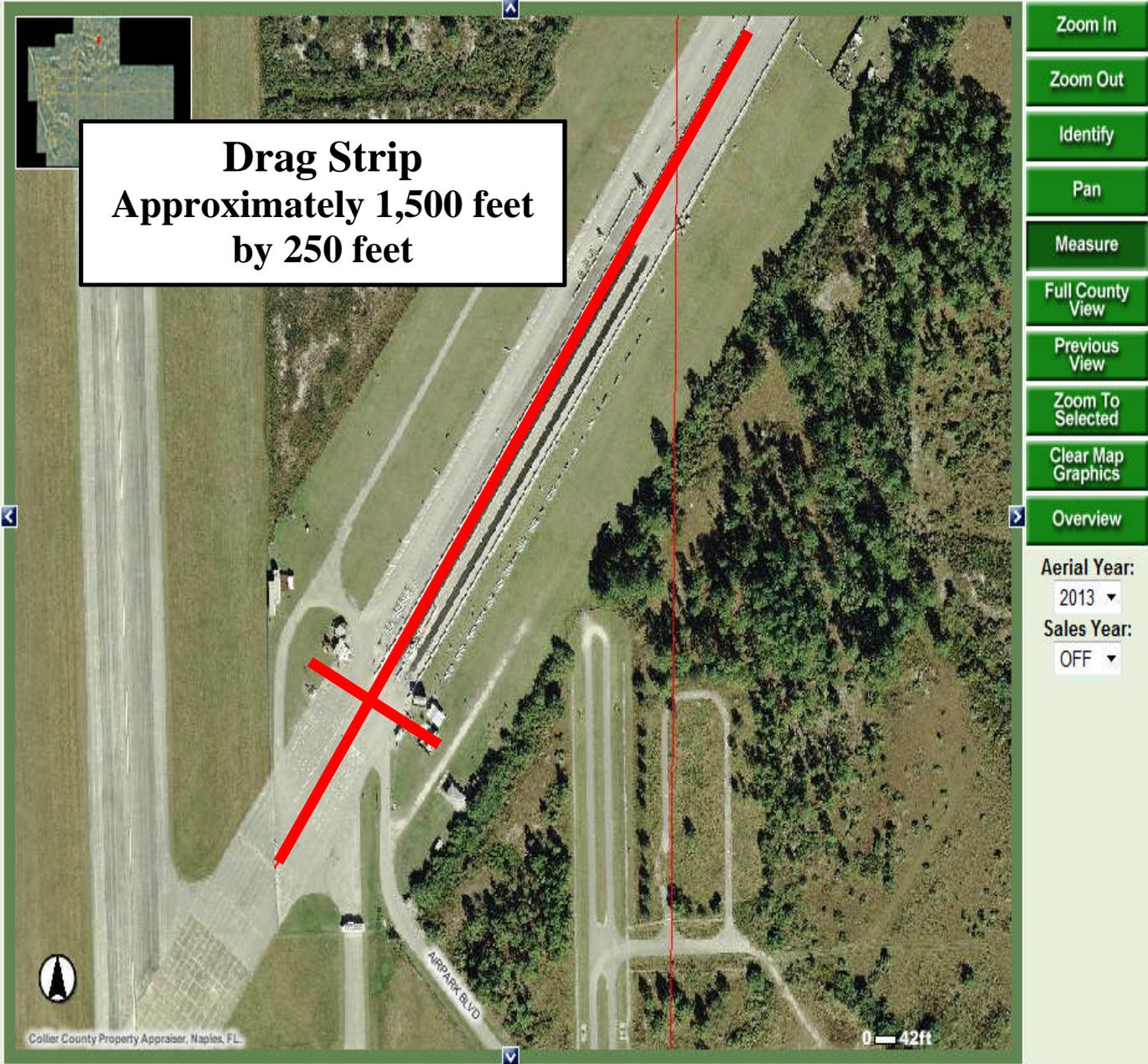
Summary: It appears additional seating was added. One container appears to have been removed and another added, outside of the drag strip operation area.

Exhibit D

Immokalee Regional Airport – 2013 Collier County Property Appraiser – Aerial Image Drag Strip - Measurements

Total: 1500.3 ft Segment: 1145.2 ft

**Drag Strip
Approximately 1,500 feet
by 250 feet**



Aerial Photography: January Urban - 2013 - Rural - 2012

Summary: The bathhouse does not appear to be within the operational area of the drag strip lease with Immokalee Regional Raceway.

Exhibit E

**Immokalee Regional Airport – 2005
Collier County Property Appraiser – Aerial Image
Go Cart Track (End of Runway 4/22)**



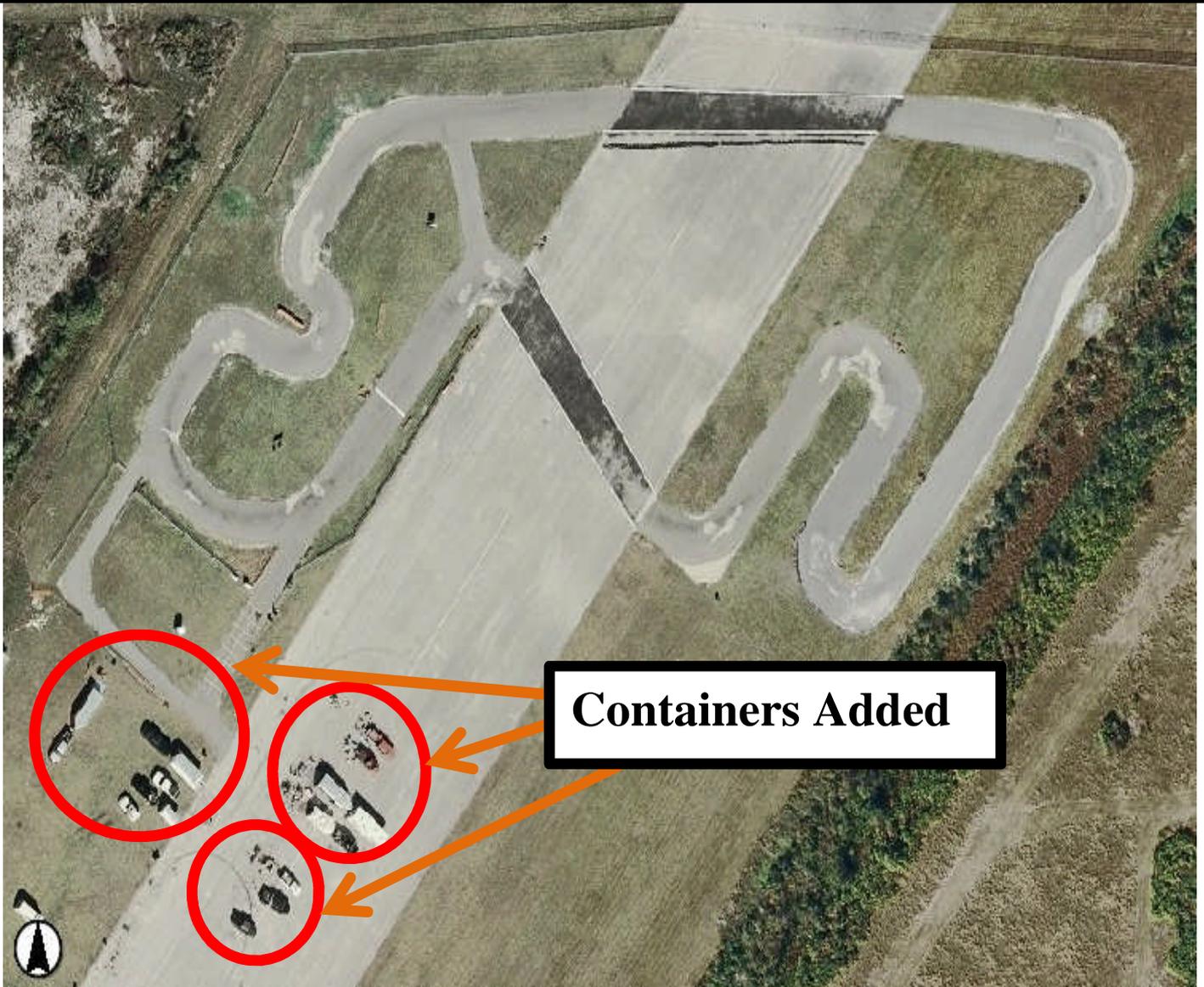
Summary: The go cart track had not been constructed on Runway 4/22.

**Immokalee Regional Airport – 2006
Collier County Property Appraiser – Aerial Image
Go Cart Track (End of Runway 4/22)**



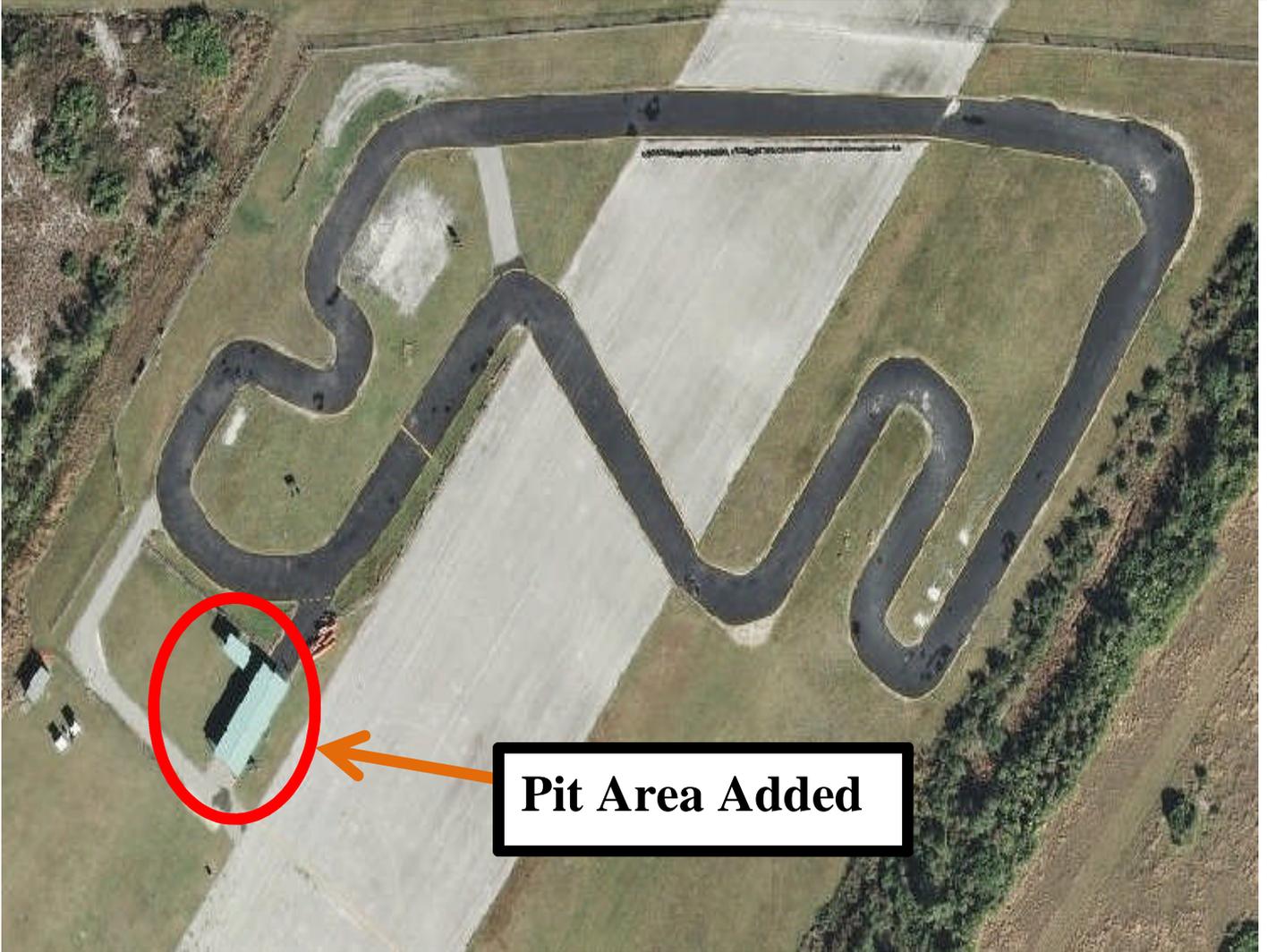
Summary: It appears between 2005-2006 a paved go cart track was built at the end of Runway 4/22. Track operations include go cart racing and mini Moto racing. The location did not have any structures. There was no lease for the constructed asset or property.

**Immokalee Regional Airport – 2007
Collier County Property Appraiser – Aerial Image
Go Cart Track (End of Runway 4/22)**



Summary: The go cart track became fully operational with races beginning in approximately 2006 / 2007. Vehicles have been added to the premise and it appears a “pit area” was being constructed near the vehicles.

**Immokalee Regional Airport – 2008
Collier County Property Appraiser – Aerial Image
Go Cart Track (End of Runway 4/22)**



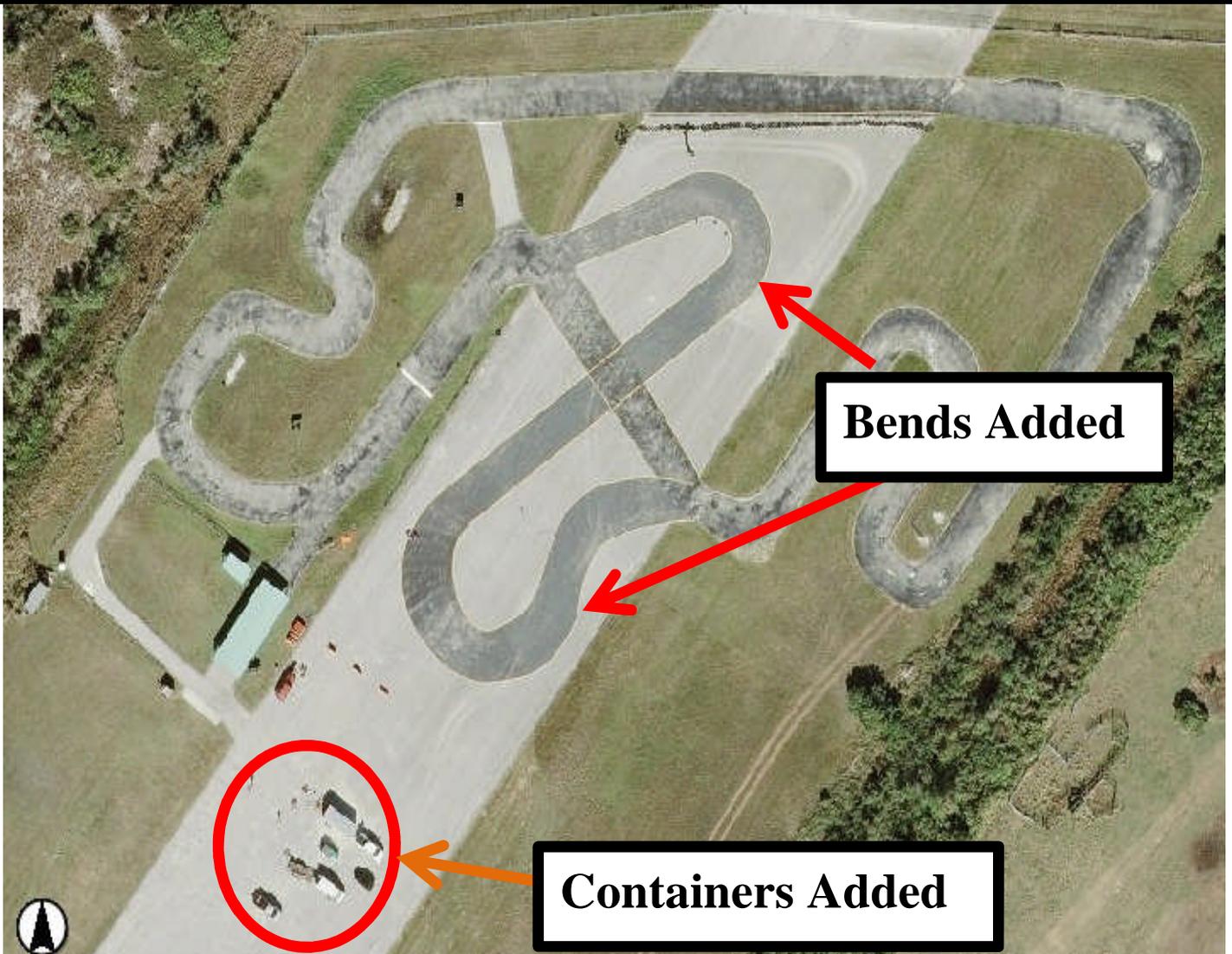
Summary: It appears the vehicles have been removed from the location. The “pit area” has been constructed including a covered structure. It appears the go cart track has been slightly modified.

**Immokalee Regional Airport – 2009
Collier County Property Appraiser – Aerial Image
Go Cart Track (End of Runway 4/22)**



Summary: No significant apparent changes.

**Immokalee Regional Airport – 2010
Collier County Property Appraiser – Aerial Image
Go Cart Track (End of Runway 4/22)**



Summary: Vehicles have been added to the premise. The center area of the go cart track has been altered to increase the amount of bends across the closed runway.

**Immokalee Regional Airport – 2011
Collier County Property Appraiser – Aerial Image
Go Cart Track (End of Runway 4/22)**



Summary: No significant apparent changes.

**Immokalee Regional Airport – 2012
Collier County Property Appraiser – Aerial Image
Go Cart Track (End of Runway 4/22)**



Summary: No significant apparent changes.

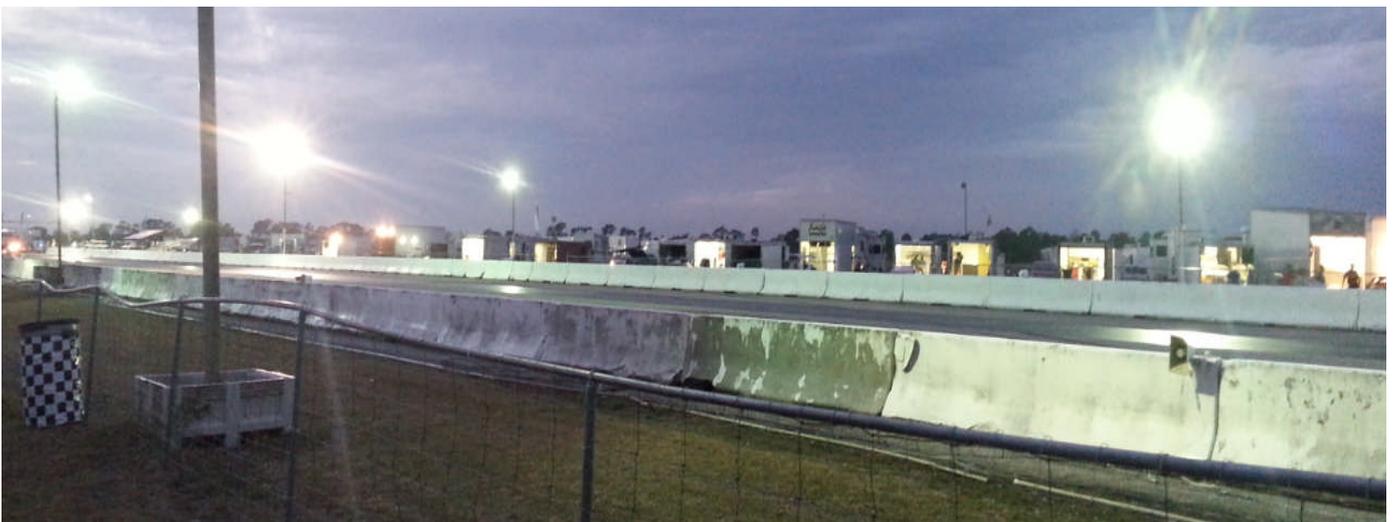
**Immokalee Regional Airport – 2013
Collier County Property Appraiser – Aerial Image
Go Cart Track (End of Runway 4/22)**



Summary: No significant apparent changes.

Exhibit F

**Immokalee Regional Airport – 1/31/2014
Fieldwork Photographs – Closed Runway 4/22
Drag Races**



Summary: During drag strip races, attendees have been allowed to park recreational vehicles (i.e. self-contained motor homes) on property outside the drag strip lease operation area. Recreational vehicles are not allowed outside of the campground.

**Immokalee Regional Airport – 1/31/2014
Fieldwork Photographs – Closed Runway 4/22
Drag Races**



Summary: During drag strip races, vendors are selling parts, nitrous refills, and tire mounting services.

**Immokalee Regional Airport – 1/22/2014
Fieldwork Photographs – Closed Runway 4/22
Bathhouse by Drag Strip (in use)**



Summary: Bathhouse that was relocated to the drag strip from the campground to support drag strip operations. The bathhouse is outside the drag strip lease operation area.

**Immokalee Regional Airport – 1/22/2014
Fieldwork Photographs – Closed Runway 4/22
Drag Strip Operation Area**



Summary: Drag Strip starting line.



Summary: Drag Strip and bleacher seating area.

**Immokalee Regional Airport – 1/22/2014
Fieldwork Photographs – Closed Runway 4/22
Drag Strip Operation Area**



Summary: Permanent structure (two story building) constructed for drag strip operations.

**Immokalee Regional Airport – 1/22/2014
Fieldwork Photographs – Closed Runway 4/22
Go Cart Track**



Summary (both images): Go Cart Track starting line. Operating company's sign (operating company is not under a lease with the CCAA / County). A permanent structure has been constructed on the property.

**Immokalee Regional Airport – 1/22/2014
Fieldwork Photographs – Closed Runway 4/22
Go Cart Track**



Summary (both images): 2nd structure constructed on the property used for go cart track operations.

**Immokalee Regional Airport – 1/22/2014
Fieldwork Photographs – Closed Runway 4/22
Go Cart Track**



Summary (both images): A portion of the go cart track.

Exhibit G

Management Timeline

Executive Airport Director	Starting	Ending	Notes
John Drury	1994	Approx. September 2002	
Bob Tweedie	October 2002	May 2003	Interim
Gene Schmidt	May 2003	December 2004	
Teresa Cook	December 2004	December 2009	
Debra Brueggerman	December 2009	May 2010	Interim
Penny Phillippi	May 2010	September 2010	Interim
Thomas Chris Curry	September 2010	September 2013	