

BCC / CCAA Meeting
Immokalee Regional Airport
Drag Strip and Go Cart Track

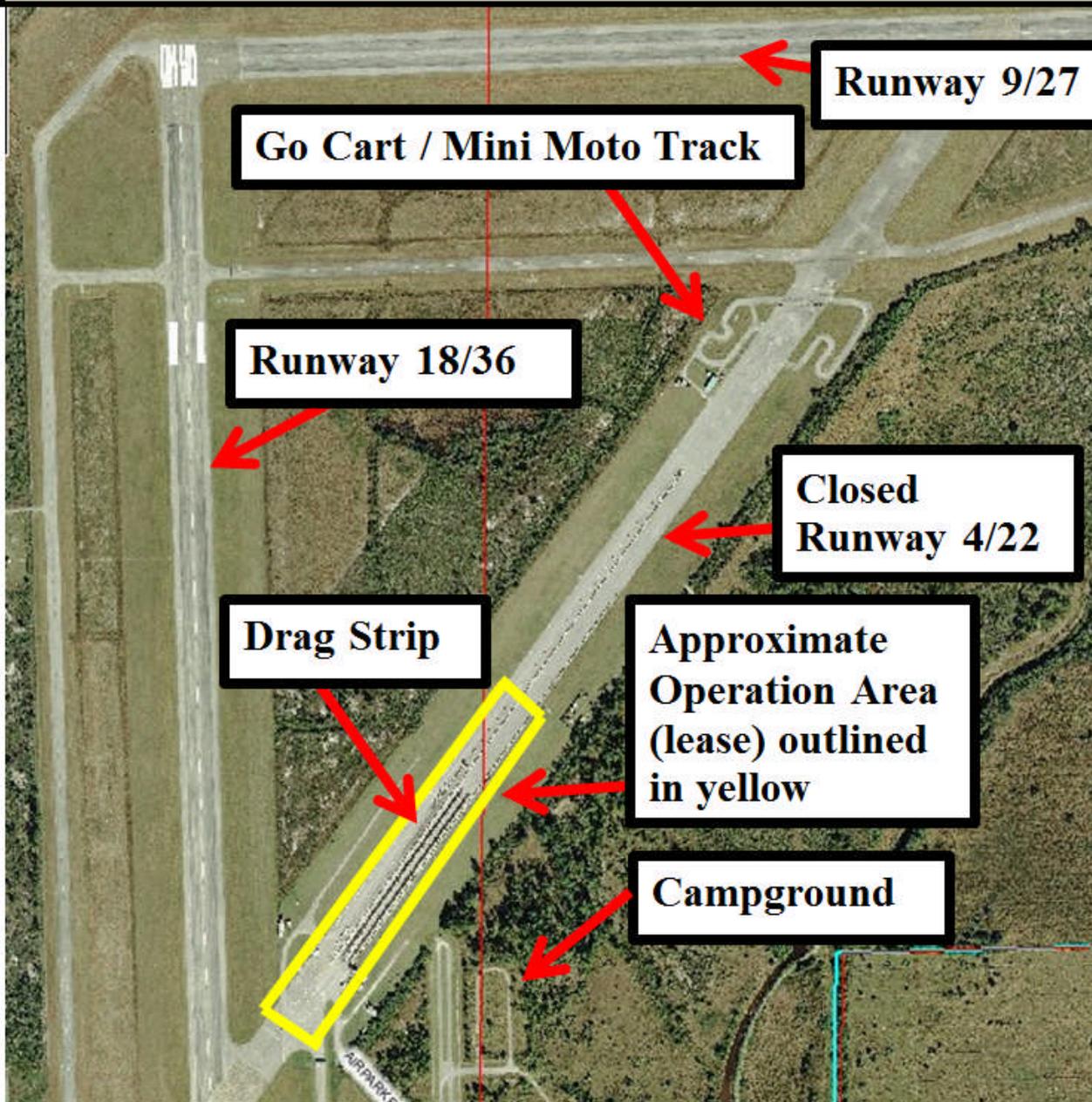


February 25, 2014

Dwight E. Brock

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

Overview 2013



Background

- On April 23, 1999, the Collier County Airport Authority (CCAA) entered into a license agreement with 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 was effective from April 1, 1999 through March 31, 2002.
 - No permanent improvements were allowed.
 - Beginning May 1, 1999, a minimum payment of \$2,000 was required with \$1,000 for each week of activity.
- On March 11, 2002, the CCAA entered into the First Amendment to extend the initial agreement through March 31, 2007.
 - Required a monthly payment of \$2,750.

Continued...

- On May 13, 2002, the Executive Airport Director indicated there were permitting problems with the County because the County did not want to issue a permit to complete construction of a permanent bathhouse when the drag strip was allowed under a temporary use permit.
- On November 13, 2006, the Executive Airport Director indicated a bathhouse, completed in conjunction with the campground, would need relocated in order to proceed with the development of the airport.
 - The owner of the Immokalee Regional Raceway expressed an interest in relocating the bathhouse to the drag strip.
- On December 11, 2006, the Immokalee Regional Airport Manager provided the owner of the Immokalee Regional Raceway a letter approving relocation at the owner's expense.
 - Owner to pay all associated expenses incurred for the bathhouse relocation.
 - Owner to obtain all necessary permits prior to completing relocation.
 - The bathhouse was relocated to the drag strip (outside the lease operational area).

Continued...

- Between 2005-2006, a go cart track was built at the end of the closed Runway 4/22.
 - Go cart operation commenced 2006/2007.
 - Go cart track was outside the lease operational area of the drag strip.
- Go cart operations were not addressed in the lease with the Immokalee Regional Raceway.
- In 2008, the pit area (i.e. covered structure) at the go cart track was constructed.
- On July 13, 2009, the Executive Airport Director lowered the Immokalee Regional Raceway's lease payments from \$2,750 to \$1,188 without CCAA approval or FAA approval.

2009 Collier County Airport Authority Invoice (land lease) Rent Reduction approved by Executive Airport Director



Collier County
2005 Main St
Naples, FL 34102
(239)642-7878x36
debimuller@colliergov.net

Ralph Hester
Immokalee Regional Raceway
PO Box 2023
Immokalee, FL 34143

| | |
|------------|-------|
| 07/01/2009 | 17177 |
| DEBIT | |
| 07/11/2009 | |

\$3,310.84

Please detach top portion and return with your payment

| | | 2,750.00 | 2,750.00T |
|-------------------------------|--|----------|-------------------|
| • Land Lease | | | |
| • Monthly Advertising Revenue | | 395.84 | 395.84 |
| SUBTOTAL | | | \$3,145.84 |
| TAX (6%) | | | \$165.00 |

*7/13/09
credit
for this invoice
per TC. remove
new invoice for
395.84 for advertising fuel into
balance = 1259.58 gross
1188.79 rent
7 Golf*

Summary:

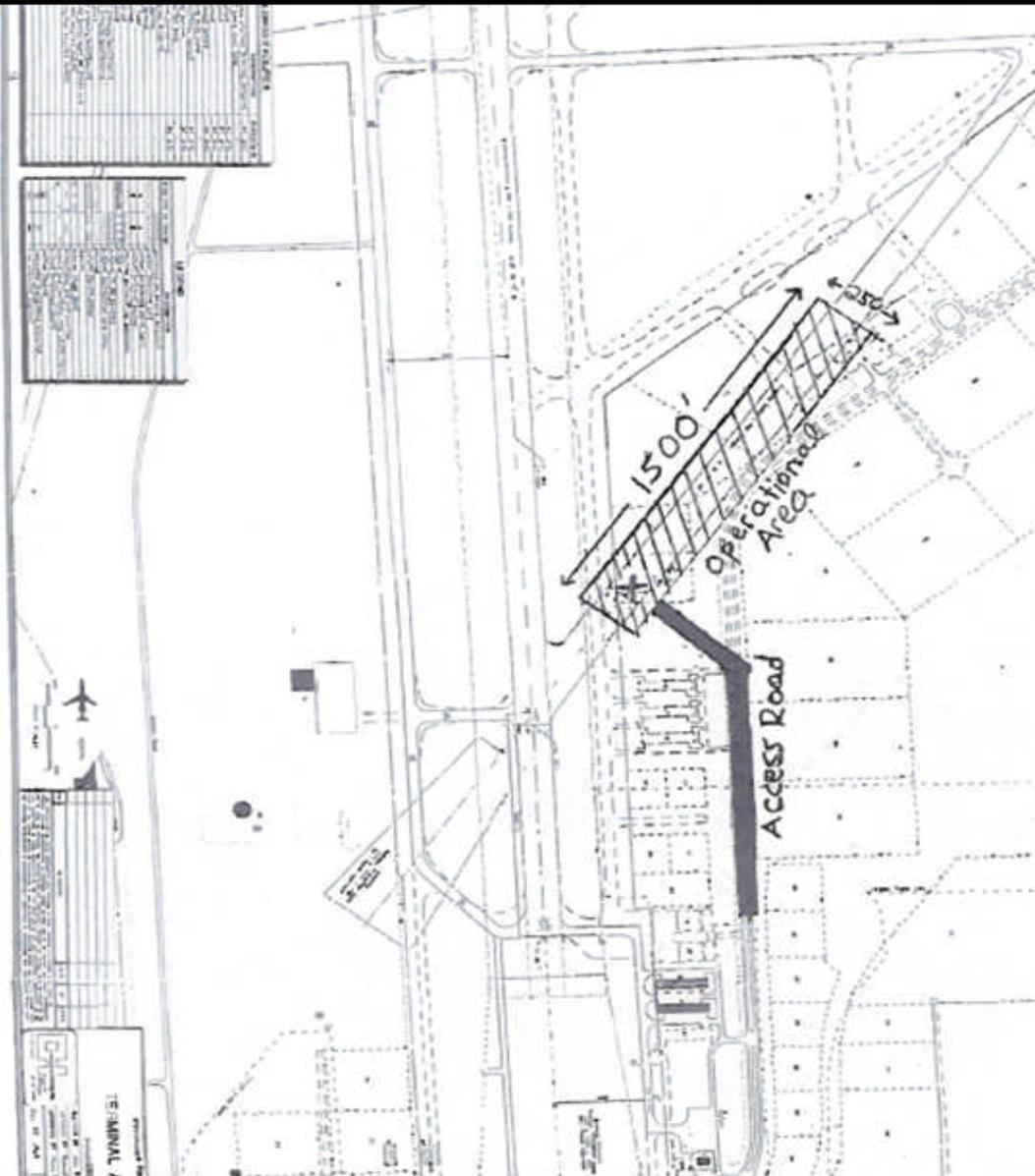
- Lease payments were lowered from \$2,750 to \$1,188 without CCAA approval or FAA approval.
- Lower lease payments approved by Executive Airport Director.

Continued...

- On December 7, 2010, the FAA expressed concern regarding use of aeronautical land for non-aeronautical use on airside land and leasing the land for less than fair market value (FMV).
 - The airport layout plan (ALP) was required to be updated to show actual property use.
- On January 12, 2011, the Executive Airport Director provided a letter to the FAA formally requesting permission to use the closed Runway 4/22 for non-aeronautical use as a drag strip.
 - The go cart track operations and bathhouse were not identified in the letter and permission was not requested for those activities.

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

2011



Summary:

- Drag Strip lease operations area is 1,500 feet by 250 feet.

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

2013



Summary:

- Drag Strip lease operations area is 1,500 feet by 250 feet.

**Immokalee Regional Airport – 1/22/2014
Field Work Photographs – Drag Strip**



Drag Strip Starting Line

Bleachers



Continued...

- On February 22, 2011, the FAA communicated “no objection” to the continued use of the property for a drag strip **provided**:
 - Anything vertical or horizontal that was constructed for the operation be submitted as an ALP change (The ALP has not been updated for the changes).
 - Compensation is treated as airport revenue.
 - Terms of the agreement are on a month to month basis and will revert to aeronautical use if required to meet aeronautical demand.
 - The agreement will not be amended or renewed without FAA concurrence.
- On March 22, 2011, the CCAA entered into the Second Amendment to the agreement.
 - To continue on a month to month basis.
 - Required a monthly payment of \$2,500 (Rate was less than FMV and prior to July 2009 the rent rate was \$2,750).

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

2005



Summary:

- There was no go cart track at the end of the closed runway.

2006

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



Summary:

- Between 2005-2006 a paved go cart track was constructed.
- The location did not have structures.
- There is no lease for the constructed asset or property.

2007

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



Summary:

- Go cart track became fully operational in approximately 2006-2007.
- Vehicles were added to the premise.

2008

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



Summary:

- “Pit Area” was constructed including a covered structure.

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

2014



Summary:

- Operating company is not under lease with the County.
- Permanent structures have been constructed on the property.

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

2014



Summary:

- Operating company is not under lease with the County.
- Permanent structures have been constructed on the property.

2009

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

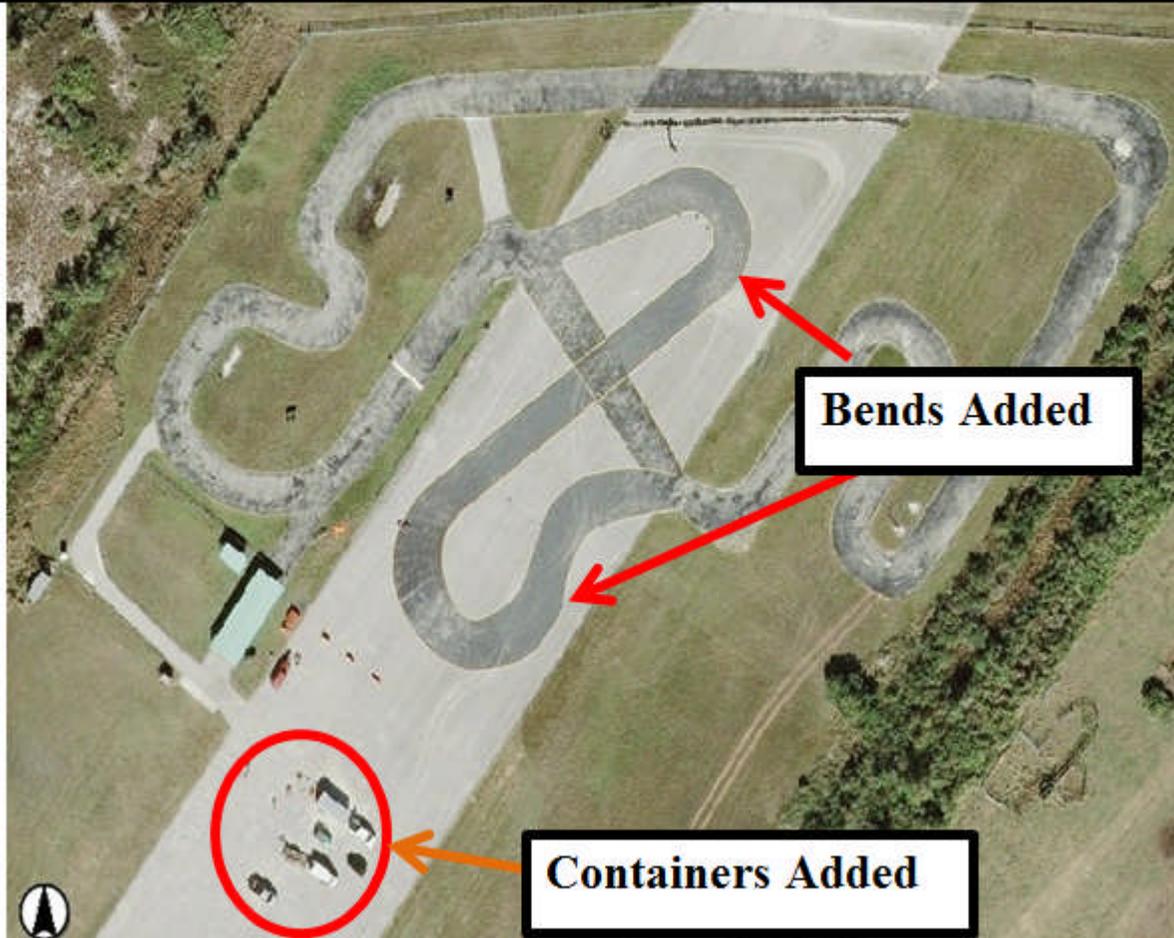


Summary:

- No significant apparent changes.

2010

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



Summary:

- The go cart track center area has been expanded with bends added.

2011

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



Summary:

- No significant apparent changes.

2012

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



Summary:

- No significant apparent changes.

2013

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



Summary:

- No significant apparent changes.

Summary of Findings

- Recreational vehicles and go cart track operations and/or related structures (i.e. pit area) are not a permitted use in the Airport Operations Tract and have not received FAA approval.
 - Lack of appropriate zoning for operations.
 - Structures for the drag strip and/or go cart track have not obtained proper permits or proper approval.
- The County has not complied with FAA requirements to obtain “no objection” for the drag strip operations.
 - Lacked prior approval.
 - Airport Layout Plan (ALP) has not been updated to include operations and construction.

2014

**Immokalee Regional Airport – 1/22/2014
Field Work Photograph – Drag Strip**



Summary:

- Permanent structures have been constructed on the property.

Continued...

- Airport operations have lacked oversight.
 - There is no lease for the go cart track / operations.
 - The lease for the drag strip does not include all activities conducted by the tenant (i.e. recreational vehicles, concessions, etc.).
 - Drag strip operations are being conducted outside of the operational area.
 - Existing insurance may not be sufficient to cover all operations.
 - The County has lost revenue.
 - Access to airside land has not been limited to authorized individuals / activities.

**Immokalee Regional Airport – 1/31/2014
Field Work Photographs – Drag Races**



Recreational Vehicles (self-contained motor homes)



**Immokalee Regional Airport – 1/31/2014
Field Work Photographs – Drag Races**



**Tire Mounting
& Parts Sales**

Nitrous Refills

**NITROUS
REFILLS**



CERTIFICATE OF LIABILITY INSURANCE

IMMOKALEER

DATE (MM/DD/YYYY)
1/31/2012

2012 Insurance

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

| PRODUCER Commercial Lines: 713-507-4700 Wells Fargo Motorsports 24 Greenway Plaza, Suite 1100 Houston, TX 77046-2401 | CONTACT NAME _____ PHONE (A/C No. Ext): _____ FAX (A/C No.): _____ E-MAIL ADDRESS: _____ | | | | | | | | | | | | | | | | | | | | |
|---|---|-------------------------------|--|--------|------------|--------------------------------------|-------|------------|----------------------------------|-------|------------|--|--|------------|--|--|------------|--|--|------------|--|
| | <table border="1"> <tr> <th colspan="2">INSURER(S) AFFORDING COVERAGE</th> <th>NAIC #</th> </tr> <tr> <td>INSURER A:</td> <td>Great American E&S Insurance Company</td> <td>16091</td> </tr> <tr> <td>INSURER B:</td> <td>Great American Assurance Company</td> <td>26344</td> </tr> <tr> <td>INSURER C:</td> <td></td> <td></td> </tr> <tr> <td>INSURER D:</td> <td></td> <td></td> </tr> <tr> <td>INSURER E:</td> <td></td> <td></td> </tr> <tr> <td>INSURER F:</td> <td></td> <td></td> </tr> </table> | INSURER(S) AFFORDING COVERAGE | | NAIC # | INSURER A: | Great American E&S Insurance Company | 16091 | INSURER B: | Great American Assurance Company | 26344 | INSURER C: | | | INSURER D: | | | INSURER E: | | | INSURER F: | |
| INSURER(S) AFFORDING COVERAGE | | NAIC # | | | | | | | | | | | | | | | | | | | |
| INSURER A: | Great American E&S Insurance Company | 16091 | | | | | | | | | | | | | | | | | | | |
| INSURER B: | Great American Assurance Company | 26344 | | | | | | | | | | | | | | | | | | | |
| INSURER C: | | | | | | | | | | | | | | | | | | | | | |
| INSURER D: | | | | | | | | | | | | | | | | | | | | | |
| INSURER E: | | | | | | | | | | | | | | | | | | | | | |
| INSURER F: | | | | | | | | | | | | | | | | | | | | | |
| INSURED RTH Enterprise Inc. dba Immokalee Regional Raceway P.O. Box 2023 Immokalee, FL 34143 | | | | | | | | | | | | | | | | | | | | | |

COVERAGES **CERTIFICATE NUMBER:** 3879865 **REVISION NUMBER:** See below

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

| NSR LTR | TYPE OF INSURANCE | ADDL INSR | UBR WVR | POLICY NUMBER | POLICY EFF (MM/DD/YYYY) | POLICY EXP (MM/DD/YYYY) | LIMITS |
|---------|---|-----------|---------|------------------|-------------------------|-------------------------|---|
| A | GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GENL. AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO. LIMIT <input type="checkbox"/> LOC | | | GLO3914949IMMO | 01/01/2012 | 01/01/2013 | EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Per occurrence) \$ 300,000 MED EXP (Any one person) \$ Excluded PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ None PRODUCTS - COMP/OP AGG \$ 5,000,000 |
| | AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> Hired AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> NON-OWNED AUTOS | | | | | | COMBINED SINGLE LIMIT (Per accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ |
| B | <input type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED. <input type="checkbox"/> RETENTION \$ | | | EXC226814702IMMO | 02/01/2012 | 02/01/2013 | EACH OCCURRENCE \$ 2,000,000 AGGREGATE \$ 2,000,000 |
| | WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE/OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below | | | | | | <input type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$ |

Summary:

- Insurance does not appear to include go cart operations.

“...only as respects liability arising out of the operations of the named insured.”

| |
|---|
| AUTHORIZED REPRESENTATIVE  |
|---|

Continued...

- There is no agreement in place identifying the responsibilities for the bathhouse located at the drag strip.
 - The bathhouse is located outside of the drag strip operation area, but is used for drag strip operations.
- Relocation of the bathhouse did not obtain grantor approval or proper permits.

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

2014



Summary:

- Bathhouse was relocated to the drag strip from the campground.
- The bathhouse is outside the drag strip operation area.
- Bathhouse is a permanent structure.

Overall Recommendations

The CCAA should:

- Resolve zoning concerns and obtain a comparable use determination letter, if the County allows operations.
- The Immokalee Regional Airport Master Plan and Airport Layout Plan should be updated to include authorized uses of land.
- FAA approval (i.e. “no objection”) should be obtained for recreational vehicle activities and go cart track operations as a non-aeronautical use of airside land, if the County allows operations.
 - FAA should approve leases that are less than FMV.
- Review all activities at the Immokalee Regional Airport for compliance and leases.

Continued...

- Verify insurance coverage is in place with proper coverage for all airport activities.
- Verify rent has been received from all tenants and that all tenants have valid leases.
- Limit airside land access to only authorized individuals and activities.
- Verify proper permitting for all structures built for the drag strip and/or the go cart track operations.
- Verify concessions have been inspected and approved by the County Health Department and that a permit has been issued for operations.
- Grantor approval should be obtained for the relocation of the bathhouse.

Continued...

- The Immokalee Regional Raceway agreement should be amended to include the responsibilities of each party for the usage of the bathhouse.
- Structures used by the Immokalee Regional Raceway should be incorporated into the agreement.
- Proper permitting should be obtained for the relocation of the bathhouse.
- Provide Finance the appropriate documentation to update asset records.
- 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.

Overall Recommendations

In the future, the CCAA and County should:

- Ensure all operations are properly permitted by the PUD at the Immokalee Regional Airport.
- Provide oversight to the Immokalee Regional Airport operations.
- Comply with FAA assurances and requirements for all airport activities.
- Obtain advance FAA approval for all non-aeronautical leases.
- Obtain Board and grantor agency approval for future project modifications.
- Take care when entering into resolutions and agreements to ensure all dates and information are accurate and consistent.

Conclusion

- The Airport Management has not provided proper management oversight to the Immokalee Regional Airport leases and/or operations by lessees.
- The CCAA is in violation of grantor requirements and FAA assurances.
- Care should be taken to quickly resolve the issues identified through this audit and prevent future instances of non-compliance.

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 | |

Thank you to County staff
for addressing issues initially
raised by Internal Audit

