



**U.S. Department of  
Transportation**

Office of the Secretary  
of Transportation

The Inspector General

Office of Inspector General  
Washington, DC 20590

July 16, 2010

The Honorable George LeMieux  
United States Senate  
Washington, DC 20510

Dear Senator LeMieux:

Thank you for your September 2009 letter requesting that we review a constituent's allegations regarding the Federal Aviation Administration's (FAA) oversight of the Venice Municipal Airport in Florida.<sup>1</sup> The constituent's allegations focused on FAA's Orlando Airport District Office's (ADO) compliance with Agency policies in making decisions on airport operations and raised concern about Venice airport revenue use.

To assess the constituent's allegations, we interviewed officials from the Orlando ADO, the City of Venice, and the Venice Municipal Airport. We also interviewed the constituent, airport tenants, and leaseholders of selected airport property. In addition, we analyzed FAA policies, procedures, and regulations, as well as documents from the Orlando ADO, the City of Venice, and the Venice Municipal Airport.

In summary, we did not substantiate the constituent's allegations that the Orlando ADO did not comply with FAA policies. However, we found sufficient support to initiate a more detailed review of airport revenue use.<sup>2</sup> The following summarizes our conclusions in response to each of the constituent's six allegations.

- **FAA appropriately denied a City of Venice request to downgrade the airport's operational status.** The constituent alleged that FAA improperly denied a City of Venice request to downgrade the airport's operating status. If FAA had granted this request, it would have restricted most jet aircraft from using the Venice airport. However, we found that FAA policy requires airport status to

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<sup>1</sup> This request had originally been submitted to our office by former Senator Mel Martinez in August 2009.

<sup>2</sup> OIG Audit Announcement on FAA Oversight of Venice Municipal Airport Revenues, June 2, 2010. Our audit objective is to determine whether FAA's oversight ensures that the City of Venice is using airport revenue only for appropriate purposes and that the airport is as self-sustaining as possible. The announcement can be accessed on our website: [www.oig.dot.gov](http://www.oig.dot.gov).

be determined by the type of aircraft using an airport. For example, the Venice airport has provided access to business class jets for decades, and the runways were built to accommodate these aircraft. Moreover, in 2006, one runway was reconstructed using Airport Improvement Program funds to allow aircraft of this type and size to continue operating at Venice. Therefore, FAA determined the airport's operating status was correctly classified.

- **FAA appropriately denied a proposed flight pattern change.** The constituent alleged that FAA improperly denied a proposed flight pattern change from left-hand to right-hand turns that, he stated, was intended to reduce airport noise impacts. However, we found that FAA policy requires proposed changes to be considered with safety as the highest priority. To determine if the proposed change was safe, FAA conducted an aeronautical study, which was coordinated with FAA's Air Traffic Organization and Office of Flight Standards. According to the study, a right-hand flight pattern could compromise safety by creating confusion among pilots who normally follow FAA's standard left-hand flight pattern for general aviation airports, like Venice. Further, FAA policy discourages non-standard flight patterns at airports like Venice that do not have an air traffic control tower.
- **FAA properly approved informal "pen-and-ink" revisions to Venice's Airport Layout Plan (ALP).** The constituent alleged that FAA improperly approved revisions to Venice's ALP, which were hand-written on the original document. The revisions were made to update the ALP, identifying a site where an airport lease-holder demolished two existing aircraft hangars so new hangars could be built. We found FAA's Southern Region ALP guidance includes a process for making ALP revisions, which specifically allows for hand-written changes.
- **FAA appropriately categorized a runway reconstruction project as a replacement in kind and properly excluded an environmental assessment.** The constituent alleged that FAA improperly categorized the 2006 runway reconstruction as "replacement in kind" instead of an upgrade to support business jet aircraft. We found that FAA properly categorized the project as replacement in kind because it did not change the runway's classification or the type of aircraft that could use the runway. In particular, business jets and smaller aircraft had operated from the runway both before and after the reconstruction. The constituent also asserted that FAA failed to conduct an environmental assessment for this reconstruction project. In accordance with FAA policy, the Agency was not required to conduct an environmental assessment for this work. Absent extraordinary circumstances, FAA has determined that projects to rebuild, resurface, or strengthen existing runways are categorically excluded from

environmental assessments. We found no evidence that would cause us to question this determination.

- **FAA appropriately accepted the airport's 2009 flight operations count.** The constituent alleged that FAA should not have accepted the airport's operations count, which he believed overstated flight operations (i.e., take-offs and landings). He also believed that FAA was using the higher count to support the airport's current operational status. We found, however, that FAA policy does not consider an airport's operations count as the sole criterion for determining an airport's classification. The type of operations it handles is also a factor. Venice airport has been used for jet operations for more than 40 years and has multiple tenants providing jet aircraft services and storage. According to FAA, these tenants cannot be deprived of airport access or business on the basis of what may be a temporary drop in operations counts—especially since operations counts were down nationwide in 2009.
- **Sufficient support exists for audit of FAA oversight of Venice airport revenue use and whether the airport is as self-sustaining as possible.** The constituent alleged that FAA has not taken effective action to stop the City of Venice from diverting airport revenue. Airports such as Venice that receive Federal assistance are required by law to (1) use airport-generated revenues to cover their capital and operating costs and (2) become as self-sustaining as possible by charging fair market value (FMV) when selling or leasing airport property.<sup>3</sup> Venice airport generates revenue from a variety of sources, including rental payments from restaurants and an apartment complex located on airport property. However, in 2009, FAA identified a number of leaseholders who appeared to be paying rent below FMV, thereby depriving the airport of revenue. We reported similar results in 1993, after determining that the City of Venice had failed to recover \$2.4 million of airport revenue over a 4-year period.<sup>4</sup> In 1999, the Government Accountability Office estimated that the City of Venice had not recovered approximately \$25 million in revenue from leases below FMV.<sup>5</sup> This points to the need for a more detailed audit of airport revenue use.

Based on our review of the constituent's allegations, we are not recommending any actions to FAA at this time. However, on June 2, 2010, we announced an audit of FAA's oversight of Venice Municipal Airport revenues and will determine if additional actions are needed. We will apprise you of our findings once we have completed our review.

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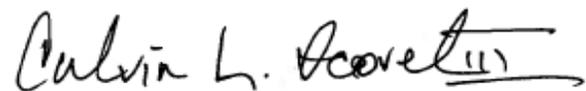
<sup>3</sup> The Airport and Airway Improvement Act of 1982, as amended and codified in Title 49 United States Code Section 47107(b).

<sup>4</sup> OIG Report Number R4-FA-3-724, "Audit of Airport Revenue Accountability: City of Venice, Florida," July 22, 1993.

<sup>5</sup> GAO Report Number RCED-99-109, "General Aviation Airports: Unauthorized Land Use Highlights Need for Improved Oversight and Enforcement," May 7, 1999.

If I can answer any questions or be of further assistance, please contact me at (202) 366-1959 or Darren L. Murphy, Program Director, at (206) 220-6503.

Sincerely,

A handwritten signature in black ink that reads "Calvin L. Scovel III". The signature is written in a cursive style with a horizontal line underlining the name.

Calvin L. Scovel III  
Inspector General

cc: FAA Associate Administrator for Airports