



Clerk of the Circuit Court
Board of County Commissioners
Marion County

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Internal Audit Division

David R. Ellspermann

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MEMORANDUM

TO: David R. Ellspermann, Clerk of Circuit Court

FROM: Wallace K. Watford, Internal Auditor

DATE: March 26, 2001

RE: RECENT INTERNAL AUDIT ACTIVITIES REGARDING DUNNELLON AIRPORT

As you are aware, I have researched and provided certain information to Commissioner Harris regarding the Marion County/Dunnellon Airport and Park of Commerce. This memorandum report is to formalize my activities to date and provide a background for related future activities.

Commissioner Harris requested information on Airport property affected by the numerous State grants received. I responded in a memorandum dated December 18, 2000 (attached). This included an analysis of grants received and the probable remaining portion due to the State if the related property were sold as of September 2001. A map was provided which highlighted the grant-related property.

During a subsequent telephone conversation on January 31, 2001 concerning specific terms of grant agreements, Commissioner Harris asked if I knew the acreage of the properties that were not related to the grants. I referred to Dwight Gano, Planning Director, who had been very helpful in my previous audit of the Airport. Commissioner Harris did so and Mr. Gano and I met later in February 2001 to discuss the issues. Mr. Gano performed his research, which resulted in a memorandum report to Commissioner Harris dated February 26, 2001 (attached).

Also, on February 20, 2001, pursuant to your request, I met a realtor who was researching certain issues concerning a sale of all or part of the Airport to a private party.

The following summarizes my general conclusions regarding State grants and probable outcome of any sale of Airport property. Most of the State grants directly pertain to airside operations and runway improvements, but one grant was specifically for the purchase of land for airport expansion. Further, certain of the grants (e.g., for drainage and roadways) may relate to any portion of the entire Airport. The Florida Department of Transportation (FDOT) will have to be consulted to confirm the exact relationships.

The grant agreements require that, should the property be disposed, the State be repaid on a proportional

basis. However, repayment will not be required if Marion County replaces the facility or equipment with like property for public transportation use. Strictly speaking, this would require Marion County to buy or invest in another airport.

The issue has been raised that perhaps FDOT grants may not have to be repaid if the private buyers maintain the property as a general aviation airport open to the public. The previously expended grants would therefore continue to have the same purpose and outcome and the FDOT does allow private general aviation airports to receive grants. I believe this could be a valid negotiating point with FDOT, who may find it has merit. However, my reading of the grant agreements and previous discussions with FDOT staff lead me to believe it is more likely that FDOT will strictly enforce the grant restriction requiring repayment by Marion County. In any event, any proposed deal must be submitted to FDOT to get their opinion.

Prospective buyers could be very concerned about the length and terms of existing leases, particularly the ones extended by BCC during the past year. As mentioned in our published report, the County may have to negotiate with these lessees to effect a sale of a significant portion of the Airport. This might be mitigated if the property remained a general aviation airport and leases were assigned to the buyers.

Attachments

c: Dwight D. Gano, Planning Director