VENICE MUNICIPAL AIRPORT

# Airport Rates and Fee Adjustment

*Fair Market Rent Realignment and Multi-Year Phase-In Plan*

**Presented to the City Council of the City of Venice, Florida**

Nicholas Dumas, MPA-EM, A.A.E., ACE, ASE • Airport Director

Andrew Magenheimer, MAI • Appraiser at Slack, Johnston, & Magenheimer, Inc.

# Why the Airport Must Adjust Its Rates



## 19 Years

Since rates were last set (2007). Standard 4% annual adjustments would have reached today's market level naturally.

## < 50%

VNC currently charges less than half of what comparable regional public airports charge for similar space.

## Compliance Risk

Below-market aeronautical rates can be deemed revenue diversion and jeopardize future FAA grant funding.

# The Case for Fair Market Rates



### Federal Self-Sustainability Mandate

Grant Assurance 24 requires the City to keep VNC as financially self-sustaining as possible. Maintaining 2007 rates violates federal policy.

### Protecting Local Taxpayers

VNC is an enterprise fund. User fees, not general tax dollars from residents who do not own aircraft, must support the airport.

### Reinvestment in the Facility

New revenue is legally restricted to the airport and is used to fund maintenance, security gates, resurfacing of taxiways and runways, and mitigation projects.

### Right-Sizing the Waitlist

Below-market rates encourage speculative and non-active storage. Market rates ensure adequate funding for the infrastructure that serves active aviators.

# How the New Rates Were Determined



## 1 Define the Universe

Screened 131 Florida public airports; excluded large hubs and airports under 30,000 annual operations.

## 2 Survey the Market

Direct survey of 50+ Florida airports via questionnaires and manager / FBO interviews.

## 3 Adjust for Condition

Weighted each building's age, size, door width, and condition, from 1975 to new 2025 construction.

## 4 Conclude Fair Rent

Set per-unit market rent, plus tie-down and fuel flowage fees, per USPAP standards.

# New Hangar and Fuel Rates vs. Current



**Current versus Appraised Facility Rates and Fee**

| Facility Rates and Fee | Current | Appraised Market | Increase |
|---|---|---|---|
| Buildings 900 & 901 — Medium T-Hangars | $475 | $725 | +53% |
| Buildings 1000 & 1011W — T-Hangars (new) | $275 | $625 | +127% |
| Buildings 1001–1009 — T-Hangars | $275 | $600 | +118% |
| Building 1010 — Shade Hangar | $175 | $275 | +57% |
| Building 1011E, Unit 157 — Modified T-Hangar | $500 | $1,070 | +114% |
| Building 1011E, Unit 158 — Modified T-Hangar | $275 | $580 | +111% |
| Building 1011E, Units 159 & 170 — Modified | $275 | $640 | +133% |
| Building 1011E, Unit 169 — Modified T-Hangar | $275 | $680 | +147% |
| Fuel Flowage Fee (per gallon) | $0.05 | $0.10 | +100% |

### Reading the Table

**Current rates**
Shown in red.

**Appraised market rates**
Shown in green.

Percent increases are large only because rates had not increased for 19 years.

*Source: Slack, Johnston & Magenheimer, Inc. Fair Market Rental Analysis, monthly rent per unit.*

# New Tie-Down Fee Structure

**From aircraft type to wingspan.** The current schedule bases fees on engine type. The proposed schedule uses aircraft wingspan and the tie-down footprint it occupies, a fairer, market-standard measure.

| CURRENT SCHEDULE — BY ENGINE TYPE | | |
|---|---|---|
| **Category** | **Daily** | **Monthly** |
| Single Engine / Helicopter | $4.50 | $45 |
| Light Twin | $5.50 | $55 |
| Medium Twin | $9.00 | $85 |
| Heavy Twin | $18.00 | $130 |
| Aircraft w/ Three or More Engines | $29.00 | $240 |

| PROPOSED SCHEDULE — BY WINGSPAN | | | |
|---|---|---|---|
| **Aircraft Wingspan** | **Tie-Down Area (SF)** | **Daily** | **Monthly** |
| Less than 40.0 ft | 1,200 | $20 | **$120** |
| 40.0 – 49.9 ft | 1,900 | $30 | **$190** |
| 50.0 – 59.9 ft | 2,800 | $40 | **$280** |
| 60.0 – 69.9 ft | 4,700 | $70 | **$470** |
| 70.0 – 89.9 ft | 6,200 | $95 | **$620** |
| Greater than 90.0 ft | 10,400 | $155 | **$1,040** |

*Daily rates are set at the market standard of 15% of the monthly rate.*

*Source: Slack, Johnston & Magenheimer, Inc. Fair Market Rental Analysis, tie-down fee schedule.*

# Proposed Multi-Year Phase-In



Rather than an immediate jump to full market rent, which the FAA allows, the City proposes three annual increases, followed by predictable adjustments tied to inflation and periodic reappraisal.

**Jan 1, 2027**

### Year 1

The first increment is applied; approximately one-third of the total increase takes effect.

**Jan 1, 2028**

### Year 2

Second increment applied, continuing the gradual, budgetable transition.

**Jan 1, 2029**

### Year 3

Rates reach the full appraised market level established by the appraisal.

**2030 – 2033**

### Years 4–7

(Years 1–4)

**Predictable Adjustment**

Rates increase 4% annually to keep pace with inflation and rising costs.

**2034**

### Year 8

(Year 5)

**Reappraisal**

A new market appraisal is commissioned and rates realign. This is a recurring cycle.

**Executed lease amendments from the tenants are due by December 31, 2026. Leases not returned may be placed in default effective January 1, 2027.**

# Public Engagement and FAA Compliance



The rollout exceeds the FAA's minimum consultation expectations from the FAA's Charges and Fees Policy and the Airport Compliance Manual and builds a strong administrative record to remain compliant with Grant Assurance 24.

## MEANINGFUL CONSULTATION

- **Advance Notice of Methodology** Tenants receive the market study and rate basis before any decision is finalized.
- **Tenant Workshop** An informational session with airport staff and the appraiser.
- **Written Comment Period** A 30-day period accepting comments by email, mail, online, and hand-delivery.
- **Comment Response Matrix** Every concern will be logged and answered, documenting meaningful consultation.

# Public Engagement and FAA Compliance - continued



## FAA Defensibility Factors

- Independent third-party appraisal
- Transparent sharing of methodology
- Meaningful opportunity for tenant comment
- Documented responses to concerns
- Public Council deliberation
- Multi-year phased implementation
- Revenues dedicated to airport purposes

REQUESTED ACTION

# Council Approval of the Rate Adjustment

*Staff respectfully requests that City Council concur that:*

1. The proposed rates are based upon an independent, professional market appraisal.
2. The rates are reasonable and non-discriminatory, and the phased implementation is reasonable.
3. The Airport's plan satisfies the FAA's meaningful-consultation expectations.
4. The City must pursue self-sustainability under Grant Assurance 24.
5. The airport's plan complies with the FAA's Charges and Fees Policy, Airport Compliance Manual, and Grant Assurances.

**Instruct the Airport Director and staff to conduct tenant notification and the phased implementation.**

SUMMARY AND NEXT STEP

# Conclusion

### Fair and Defensible

Rates are grounded in an independent USPAP appraisal and remain in line with regional peers.

### Federally Compliant

Adjustment satisfies Grant Assurance 24 and protects the City's future FAA grant eligibility.

### Phased and Fair

A three-year phase-in and transparent comment process minimize tenant disruption.

**Thank you.**