



Staff Report

File #: 23-0559

REQUEST FOR CITY COUNCIL ACTION

DATE: 07/19/2023

TO: Honorable Mayor and City Council Members

FROM: Community Services Department

SUBJECT:

REQUEST FROM MASTER SUB-LEASE HOLDER DIAMOND AERO CORPORATION TO SUBLET OFFICE SPACE TO BWI AVIATION INSURANCE TO OPERATE AN AVIATION INSURANCE BUSINESS AT THE CORONA MUNICIPAL AIRPORT

EXECUTIVE SUMMARY:

This staff report asks the City Council to consent to the request from Diamond Aero Corporation to sublet office space within their leased premises to a new business called BWI Aviation Insurance. Diamond Aero Corporation is a Master Sub-Lease holder of Parcels II and VI at the Corona Municipal Airport. BWI Aviation wishes to relocate its insurance office to the Corona Municipal Airport. In accordance with the lease between the City and Diamond Aero Corporation, and requirements in the Corona Municipal Code, prior written consent is required by the City and the United States Army Core of Engineers before this action can take place.

RECOMMENDED ACTION:

That the City Council consent to the request from Diamond Aero Corporation to sublet space to BWI Aviation Insurance and authorize staff to assist in the furtherance of this consent to obtain approval from the United States Army Corps of Engineers.

BACKGROUND & HISTORY:

The City of Corona (City) holds a recreational lease with the United States Army Corps of Engineers (USACOE) for the acreage that makes up the Corona Municipal Airport. The leasable space comprises hangars, offices, buildings, aircraft tie-downs, runways, and open space. The leasable space is apportioned into seven (7) separate parcels and subleased to three (3) master sub-lease holders as follows:

- a. Parcel I is leased to CW Transportation, LLC

- b. Parcel II & VI is leased to Diamond Aero Corporation and
- c. Parcel III, IV, and V are leased to Corona Executive Hangars.

On May 16, 2018, Diamond Aero Corporation (DAC) entered into a lease agreement with the City. In accordance with the lease Section 3.7 Uses, DAC is authorized to utilize the premises solely for parking, storing, tying down, maintenance, and repair of aircraft, as well as other lawful aviation-based purposes incidental thereto. Any other uses than those defined in Section 3.7 must go through the two-step approval process noted in Section 3.13 and Corona Municipal Code 4.12.020, which requires approval from the City Council and USACOE prior to operating any commercial establishment at the airport. Lastly, as stipulated in lease Section 3.13.1, consent shall not be unreasonably withheld.

ANALYSIS:

Diamond Aero Corporation wishes to sublet office space to BWI Aviation Insurance (BWI) to conduct business operations, consisting primarily of sales of aviation insurance policies. If approved, the business office will be located at 1961 Aviation Drive, Suite 203.

BWI, formerly Bill White Insurance Agency Inc, is a multi-generational family-owned aviation insurance business based in Corona. BWI has specialized in aviation insurance since 1977. Nearly 20 years ago, BWI operated out of the Corona Municipal Airport but, due to flooding events, relocated its offices to Sixth Street. For the past 15 years, BWI has expanded its business nationwide, providing insurance policies to owners of small experimental aircraft, twin-engine turbines, helicopters, and private jets, while maintaining its business relations with a significant number of Corona-based aircraft owners.

New business requests require City and USACOE approval. However, prior to scheduling the matter for approval, staff conducts additional analysis comparing the proposed business operations with existing businesses to determine whether there will be a positive or negative impact to airport businesses and general operations. This methodology has been historically implemented to support business synergy amongst the airport business community and the overall operations of the airport. Currently, 13 authorized businesses operate in the airport, including the three master sub-lease holders. Businesses at the airport provide full airplane maintenance, repair shops, aircraft paint shop, upholstery, flight schools, restaurant, fuel services, etc.

Currently, no aviation insurance businesses operate from the Corona Municipal Airport premises. Therefore, the addition of the proposed business should not negatively impact an existing business or general operations. Accordingly, and in compliance with lease section 3.13.1, consent should not be unreasonably withheld.

If approved, staff will forward this action to USACOE for final review and approval.

FINANCIAL IMPACT:

Approval of this action will have no impact on the City's Airport Fund 275.

ENVIRONMENTAL ANALYSIS:

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the common sense exemption that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This action requests consent to the request from Diamond Aero Corporation to sublet space to BWI Aviation Insurance and there is no possibility that approving this project will have a significant effect on the environment. Therefore, no environmental analysis is required.

PREPARED BY: CYNTHIA LARA, ADMINISTRATIVE SERVICES MANAGER II

REVIEWED BY: DONNA FINCH, INTERIM COMMUNITY SERVICES DIRECTOR

Attachments:

1. Exhibit 1 - Diamond Aero Corporation written request
2. Exhibit 2 - BWI written request