



Staff Report

File #: 21-0836

REQUEST FOR CITY COUNCIL ACTION

DATE: 09/15/2021

TO: Honorable Mayor and City Council Members

FROM: Utilities Department

SUBJECT:

Consent to Assignment and First Amendment to the Lease Agreement between the City of Corona and Corona Air Ventures, LLC for Parcel I at the Corona Municipal Airport.

EXECUTIVE SUMMARY:

Corona Air Ventures is a Master Sub-lease holder of Parcel I at the Corona Municipal Airport. It requested permission to assign its interests, rights, and obligations under the Master Sub-lease Agreement with the City for Parcel I to CW Transportation, LLC. The Consent to Assignment and First Amendment of the lease for Parcel I at the Corona Municipal Airport with Corona Air Ventures LLC. will transfer all rights and obligations of the lease from Corona Air Ventures to CW Transportation LLC.

RECOMMENDED ACTION:

That the City Council approve the Consent to Assignment and First Amendment to the Lease Agreement between the City of Corona and Corona Air Ventures, LLC for Parcel I at the Corona Municipal Airport and recommend such approval to the United States Army Corps of Engineers.

BACKGROUND & HISTORY:

The City of Corona holds a Recreational Lease with the Army Corps of Engineers (ACOE) for the acreage that makes up the Corona Municipal Airport. The total leasable space consists of hangars, offices, buildings, tie-downs, and a fueling station. The leasable space (the hangars, buildings, and tie-downs) was subsequently apportioned into seven separate parcels; the City held one, and the City subleased out the other six to three Master Sub-lease Holders.

On January 7, 2004, Corona Air Ventures entered into a Lease Agreement with the City of Corona for Parcel I at the Corona Municipal Airport. Parcel I at the Airport comprises approximately 8.8 acres, has 9 hangar buildings consisting of 60 hangars, 1 Office, 85 outside airplane tie-downs, and the

only Fueling Station on the airport.

The City's Master lease is set to expire January 31, 2037. The City has been put on notice that future lease options of this area will not include Airport activities; therefore, all sub leases will expire on January 31, 2037.

ANALYSIS:

The City received a request from Corona Air Ventures, Master Sub-lease holder of Parcel I, for permission to assign its interests, rights, and obligations under Section 15.05 of the current January 7, 2004 Master Sub-lease Agreement for Parcel I to CW Transportation, LLC. (CW Transportation). As the new assignee, CW Transportation agrees to assume all of the interests, rights, and obligations from Corona Air Ventures under the Lease Agreement and carry out those obligations according to the terms and conditions of such Agreement.

Additionally, the City required CW Transportation to complete a Master Sub-lease Holder application packet. The materials in that packet were reviewed by City staff. CW Transportation will be investing in Parcel I's infrastructure and aesthetics (asphalt and hangers) to make it more desirable for potential lessees. They will also be investing in the fueling station component of the Parcel to increase fuel sales, including the potential sale of Jet-A fuel at the airport for turbine engines. Based on the information that was provided and reviewed, it has been determined that CW Transportation would be a suitable Master Sub-lease Holder at the Corona Municipal Airport.

The City Attorney prepared the Consent to Assignment and First Amendment of Lease for Parcel I to transfer the lease from Corona Air Ventures to CW Transportation.

FINANCIAL IMPACT:

The lease rental and fee structure would remain the same under the lease assumption which consists of basic rent, an aircraft fee and fuel allowance fee. If they increase the fuel sales volume or increase the aircraft housed on their parcel (as a result of improvements), the related revenues would also increase. As for the assumption of the lease, there is no direct fiscal impact associated with the recommended action.

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 general rule 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 approves the assignment of an existing lease agreement, and there is no possibility that approving this assignment will have a significant effect on the environment. Therefore, no environmental review is required.

PREPARED BY: CURTIS SHOWALTER, ADMINISTRATIVE SERVICES MANAGER IV

REVIEWED BY: TOM MOODY, GENERAL MANAGER

Attachments:

1. Exhibit 1 - Consent to Assignment and First Amendment to Lease Agreement
2. Exhibit 2 - Corona Air Ventures Agreement for Parcel 1
3. Exhibit 3 - Master Leaseholder Application - CW Transportation, LLC
4. Exhibit 4 - Background and Parcel Objectives Letter - CW Transportation, LLC