

DATE: 11/17/2021

TO: Honorable Mayor and City Council Members

FROM: Community Services Department

SUBJECT:

Consent to Master Sub-Lease Holder Diamond Aero Corporation to sublet space to Top Flight Aviation Company to operate a flight training and aircraft rental business at the Corona Municipal Airport.

EXECUTIVE SUMMARY:

Diamond Aero Corporation is a Master Sub-Lease holder of Parcels II and VI at the Corona Municipal Airport. Diamond Aero Corporation is requesting the City's consent to sublet space within its leased premises to a new business called Top Flight Aviation. Top Flight Aviation wishes to operate an aircraft rental business and flight training school. In accordance with the lease between the City and Diamond Aero Corporation and Corona Municipal Code, prior written consent is required of 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 Top Flight Aviation Company and authorize staff to assist in 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 acreage that makes up the Corona Municipal Airport. The total leasable space consists of hangars, offices, buildings, aircraft tie-downs and a fueling station. 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 Corona Air Ventures
- b. Parcel II & VI is leased to Diamond Aero Corporation, and
- c. Parcel III, IV and V is 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 require approval from the City Council and United States Army Corps of Engineers 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:

DAC wishes to sublet office space and hangars to Top Flight Aviation Training, LLC to operate a new aviation business that offers flight training and luxury aircraft rentals. If approved the business office and flight training operations will be located at 1961 Aviation Drive, Suite 201. The hangars and tie-down areas needed to store aircraft will be leased from DAC, Corona Executive Hangars, and Corona Air Ventures.

Top Flight Aviation training will focus on turbo and double engine aircraft. They also intend to create educational outreach, career pathway programs essential to inspire and recruit pilots, and plan to work with local colleges and high schools to provide presentations and career suggestion opportunities for youth.

Staff's analysis involved comparing the proposed business operations with existing businesses to determine whether there will be a positive or negative impact to airport businesses. This methodology has been historically implemented to support business synergy amongst the airport business community. Currently, 12 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, a flight school, restaurant, fuel services, etc.

Flying Academy, existing flight school, was the focus of staff's analysis since Top Flight Aviation proposes to operate a flight school. Based on staff's findings, Flying Academy provides single engine aircraft flight training, whereas Top Flight Aviation trains to fly turbo and double-engine aircraft. These businesses target a different audience; consequently, the addition of the proposed flight school should not negatively impact an existing business.

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.

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 commonsense 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 because this activity is simply addressing the consent given to a Master Sub-Lease Holder to sublet space to another entity at the Corona Municipal Airport. Therefore, no environmental analysis is required.

PREPARED BY: CYNTHIA LARA, ADMINISTRATIVE SERVICES MANAGER II

REVIEWED BY: ANNE K. TURNER, COMMUNITY SERVICES DIRECTOR

Attachments:

1. Exhibit 1- Diamond Aero Corporation Request to Sublease