

ONTARIO INTERNATIONAL AIRPORT AUTHORITY  
COMMISSION AGENDA – JANUARY 7, 2013

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**ONTARIO INTERNATIONAL AIRPORT  
AUTHORITY  
COMMISSION AGENDA  
JANUARY 7, 2013**

**Alan D. Wapner**  
President

**Gary Ovitt**  
Vice President

**Ronald O. Loveridge**  
Secretary

**Jim W. Bowman**  
Commissioner

**Lucy Dunn**  
Commissioner



**Chris Hughes**  
Executive Director

**John E. Brown**  
General Counsel

**Grant D. Yee**  
Treasurer

**WELCOME to a meeting of the Ontario International Airport Authority.**

- Commission meetings are held at the City of Ontario Council Chambers located at 303 East B Street, Ontario, CA 91764 or at other such places as the Commission shall designate.
- All documents for public review are on file at the Authority Secretary's offices located within City of Ontario facilities at 303 East B Street, Ontario, CA 91764.
- Anyone wishing to speak during public comment or on a particular item will be required to fill out a blue slip. Blue slips must be turned in prior to public comment beginning or before an agenda item is taken up. The Secretary/Assistant Secretary will not accept blue slips after that time.
- Comments will be limited to 3 minutes. Speakers will be alerted when they have 1 minute remaining and when their time is up. Speakers are then to return to their seats and no further comments will be permitted.
- In accordance with California Law, remarks during public comment are to be limited to subjects within Commission's jurisdiction. Remarks on other agenda items will be limited to those items.
- Remarks from those seated or standing in the back of chambers will not be permitted. All those wishing to speak including Commissioners and Staff need to be recognized by the Commission President before speaking.

**ORDER OF BUSINESS:** The Commission meeting begins with Public Comment at 10:00 a.m., immediately followed by the Regular Meeting.

**(EQUIPMENT FOR THE HEARING IMPAIRED IS AVAILABLE IN THE CITY OF ONTARIO'S RECORDS MANAGEMENT OFFICE)**

**CALL TO ORDER (*OPEN SESSION*)**

**10:00 a.m.**

***ROLL CALL***

Ovitt, Bowman, Dunn, Loveridge, Wapner

**CLOSED SESSION PUBLIC COMMENT** The Closed Session Public Comment portion of the Council/Housing Authority meeting is limited to a maximum of 3 minutes for each speaker and comments will be limited to matters appearing on the Closed Session. Additional opportunities for further Public Comment will be given during and at the end of the meeting.

***CLOSED SESSION***

- GC 54956.8, CONFERENCE WITH REAL PROPERTY NEGOTIATORS  
Property: Ontario International Airport, 2900 East Airport Drive, Ontario; Authority Negotiator: Executive Director or designee; Negotiating parties: Los Angeles Mayor or his designee; Under negotiation: Price and terms of payment.

In attendance: Ovitt, Bowman, Dunn, Loveridge, Wapner

***PLEDGE OF ALLEGIANCE***

***REPORT ON CLOSED SESSION***

## **PUBLIC COMMENTS**

The Public Comment portion of the Commission meeting is limited to 30 minutes with each speaker given a maximum of 3 minutes. An opportunity for further Public Comment may be given at the end of the meeting. Under provisions of the Brown Act, the Commission is prohibited from taking action on oral requests.

As previously noted -- if you wish to address the Commission, fill out one of the blue slips at the rear of the chambers and give it to the Secretary/Assistant Secretary.

## **DISCUSSION/ACTION ITEMS**

Each member of the public wishing to address the Commission on items listed below will be given a total of 3 minutes.

### **1. APPROVAL OF MINUTES**

Minutes for the meetings of the Ontario International Airport Authority of November 5 and December 3, 2012, and approving same as on file with the Secretary/Assistant Secretary.

### **2. PRESENTATION, DISCUSSION AND APPROVAL OF THE BUSINESS PLAN FOR THE ONTARIO INTERNATIONAL AIRPORT**

That the Commissioners receive, consider and approve the business plan for the Ontario International Airport as presented by the Business Plan Ad Hoc Committee.

## **COMMISSIONER MATTERS**

## **STAFF MATTERS**

## **ADJOURNMENT**

**ONTARIO INTERNATIONAL AIRPORT AUTHORITY  
CLOSED SESSION REPORT**

January 7, 2013

**ROLL CALL:** Bowman \_\_\_\_\_ Dunn \_\_\_\_\_ Loveridge \_\_\_\_\_ Ovitt \_\_\_\_\_ Wapner \_\_\_\_\_  
**STAFF:** Executive Director \_\_\_\_\_ General Counsel \_\_\_\_\_

In attendance: Bowman \_\_\_\_\_ Dunn \_\_\_\_\_ Loveridge \_\_\_\_\_ Ovitt \_\_\_\_\_ Wapner \_\_\_\_\_

- GC 54956.8, CONFERENCE WITH REAL PROPERTY NEGOTIATORS  
Property: Ontario International Airport, 2900 East Airport Drive, Ontario; Authority Negotiator: Executive Director or designee; Negotiating parties: Los Angeles Mayor or his designee; Under negotiation: Price and terms of payment.

| No Reportable Action | Continue | Approved |
|----------------------|----------|----------|
| / /                  | / /      | / /      |

Disposition: \_\_\_\_\_

Reported by: \_\_\_\_\_  
General Counsel/Executive Director

**ONTARIO INTERNATIONAL AIRPORT AUTHORITY  
COMMISSION MEETING**

**MINUTES**

**MONDAY, NOVEMBER 5, 2012**

*(Not Official Until Approved)*

A meeting of the Ontario International Airport Authority was held on Monday, November 5, 2012 in the City Council Chamber at Ontario City Hall, 303 East "B" Street, Ontario, California.

Notice of said meeting was duly given in the time and manner prescribed by law.

**CALL TO ORDER**

Commission President Wapner called the Ontario International Airport Authority Commission meeting to order at 10:03 a.m., and requested the Assistant Secretary to call the roll.

PRESENT: Commissioners: Gary Ovitt, Jim W. Bowman, Lucy Dunn,  
and Alan D. Wapner

ABSENT: Commissioners: Ronald O. Loveridge

Also present were: Executive Director Chris Hughes, General Counsel John Brown, and Assistant Secretary Eva M. Buice.

The Pledge of Allegiance was led by Commissioner Dunn.

**PUBLIC COMMENTS**

None.

**DISCUSSION/ACTION ITEMS**

**1. APPROVAL OF MINUTES**

Commission approved minutes for the regular meeting of the Ontario International Airport Authority dated October 15, 2012 as on file with the Assistant Secretary.

**MOTION:** Moved by Commissioner Bowman, seconded by Commissioner Dunn and carried by unanimous vote with Commissioner Loveridge absent to approve the minutes as written.

## 2. DETERMINATION OF MEETINGS

Commission adopted a resolution establishing the date, time, and location for the regular Authority meetings.

**RESOLUTION NO. OIAA 12-002.** A RESOLUTION OF THE ONTARIO INTERNATIONAL AIRPORT AUTHORITY COMMISSION, ESTABLISHING THE DATE, TIME, AND LOCATION FOR REGULAR AUTHORITY MEETINGS.

**MOTION:** Moved by Vice President Ovitt, seconded by Commissioner Bowman and carried by unanimous vote with Commissioner Loveridge absent to adopt Resolution No. OIAA 12-002.

## COMMISSIONER MATTERS

None.

## STAFF MATTERS

Bob Hazel, from the consulting firm of Oliver Wyman, gave an update on the airport's performance for the third quarter of 2012. It was noted that currently there are 59 daily departures as compared to the 111 daily departures in 2005; there has been a steady decrease in passengers at Ontario since 2007 while Los Angeles International Airport (LAX) has seen a steady increase in passengers since 2009. Ontario passenger traffic is projected to decline by an additional 5.5% for 2012, and currently the number of passengers using Ontario is at the same level as in the mid-1980s when Los Angeles acquired the airport. Ontario is considered a medium hub airport; and nationwide, medium hub airports have been challenged in recent years having seen an average 12.7% decline in passengers. Ontario's decline is 37% by comparison. With LAWA controlling Ontario, ONT will continue to lose additional air passengers and service into 2013.

Commission President Wapner questioned how long the downward trend was projected to continue and inquired about the tipping point at which the airport could no longer sustain itself. Mr. Hazel indicated that was difficult to predict either at this time.

Commissioner Dunn questioned the passenger level activity versus the cargo activity at the airport. Mr. Hazel explained that cargo statistics are not published like passenger statistics, so that information was not readily available. Executive Director Hughes offered to pursue the matter and bring back information on the cargo activity of ONT.

## **COMMISSIONER MATTERS**

Vice President Ovitt expressed his belief that the downturn in the economy and the airport passenger level declines had bottomed out.

Commissioner Bowman indicated that he had a keen interest in the cargo factors and suggested that they were important to establishing the balancing point with regard to the distribution of operating costs for the airport overall.

Commission President Wapner noted the support from the surrounding area and suggested that the overall strategy was working. He requested status reports from the ad hoc committees.

Vice President Ovitt noted that Steve Pontell from the airport business alliance was present and thanked him for their support of the airport.

## **ADJOURNMENT**

Commission President Wapner adjourned the Ontario International Airport Authority Commission Meeting at 10:36 a.m. to the next regularly scheduled meeting on Monday, December 3, 2012 at 10:00 a.m.

Respectfully submitted:

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ASSISTANT SECRETARY

APPROVED:

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ALAN D. WAPNER, PRESIDENT  
ONTARIO INTERNATIONAL AIRPORT AUTHORITY



**ONTARIO INTERNATIONAL AIRPORT AUTHORITY  
COMMISSION MEETING**

**MINUTES**

**MONDAY, DECEMBER 3, 2012**

*(Not Official Until Approved)*

The Regular Meeting scheduled for Monday, December 3, 2012, was cancelled due to a lack of pressing business. The next regular meeting is scheduled for Monday, January 7, 2013, in the Ontario City Council Chambers, 303 East B Street, Ontario, California.

Respectfully submitted:

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VICKI KASAD, MMC, ASSISTANT SECRETARY

APPROVED:

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ALAN D. WAPNER, PRESIDENT  
ONTARIO INTERNATIONAL AIRPORT AUTHORITY

**ONTARIO INTERNATIONAL  
AIRPORT AUTHORITY**

*Agenda Report*  
**January 7, 2013**

**SECTION:  
DISCUSSION/ACTION ITEMS**

**SUBJECT: PRESENTATION, DISCUSSION AND APPROVAL OF THE BUSINESS PLAN FOR THE ONTARIO INTERNATIONAL AIRPORT**

**RECOMMENDATION:** That the Commissioners receive, consider and approve the business plan for the Ontario International Airport as presented by the Business Plan Ad Hoc Committee.

**FISCAL IMPACT:** None.

**BACKGROUND:** At the October 15, 2012 meeting, the Commission established an ad hoc committee to direct the creation of a preliminary business plan which will guide the operation and marketing of ONT and meet the specifications and requirements established by the Federal Aviation Administration (FAA) for consideration of the transfer of operations to the Authority. At this time, the ad hoc committee will present an update on their efforts for discussion, consideration and approval.

**STAFF MEMBER PRESENTING:** Commissioner Jim W. Bowman  
Commissioner Lucy Dunn

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Prepared by: Chris Hughes  
Department: Administration

Approved: \_\_\_\_\_  
Continued to: \_\_\_\_\_  
Denied: \_\_\_\_\_

Exec. Director  
Approval:  \_\_\_\_\_

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**Ontario International Airport Authority**  
**Strategic Business Plan – Executive Summary**  
**Draft – January 3, 2013**

**Mission:** Operate and grow Ontario International Airport (ONT) as one of the most competitive, efficient, innovative and customer-friendly passenger, cargo and business airports in the United States as a key economic asset serving the Inland Empire and the entire Southern California region.

**Introduction**

Ontario International Airport is at a turning point. The City of Ontario and the County of San Bernardino are leading a broad group of cities, legislators, neighborhood groups, business interests and concerned citizens that has coalesced around the need for local control of this critical regional economic asset. The challenge now is to chart the future for the Airport and set it on a path toward recovery and service to the community.

The City of Ontario and the County of San Bernardino have established the Ontario International Airport Authority (OIAA) to:

1. Manage the Ontario International Airport as a separate enterprise from that of City Government;
2. Develop a specialized airport work force with the necessary knowledge, skills and abilities;
3. Manage the Airport's procurement process efficiently using private sector methods wherever appropriate;
4. Plan for the highest and best use of all Airport property and facilities in concert with the surrounding infrastructure and land uses;
5. Respond nimbly to market opportunities; and
6. Separate Airport finances from City of Ontario and County of San Bernardino finances.

The purpose of this Strategic Business Plan Executive Summary is to set the corner stone of primary goals that will guide decision makers, leaders and managers building success for the Airport. It is organized in a series of key qualities that define what a regional airport needs to fully serve its users while acting as a catalyst for economic growth and prosperity. These goals are informed with a set of activities needed to accomplish each. From this Executive Summary the Authority will develop a complete set of organizational plans and procedures that will guide the formation and development of this new and exciting endeavor.

## **I. Ontario International Airport Authority Goals**

Successfully managing any competitive, service-oriented public organization requires a clear set of goals that define the customer experience and the stakeholder expectations. The Ontario International Airport Authority is in the unique position as a new startup organization to set these goals from the outset. The Authority is also faced with significant challenges that must be recognized and embraced from the beginning. This section outlines the Authority's initial challenges and offers a set of primary goals that will help to mitigate these challenges and guide this new organization.

Airports are unique financial organizations with strict oversight by the Federal Aviation Administration (FAA). Revenues and grant funds received by the Authority from airport activities and operations are required to remain “on the airport” and used for airport purposes. In line with these requirements will be a strict accounting and financial controls organization to maintain the full faith and trust of the public, airlines, tenants and the FAA.

It is assumed from the beginning that all services will be provided with efficiency and cost-effectiveness. Fiscal responsibility, personal accountability and organizational effectiveness will be key qualities that define the OIAA organization and its employees. These organizational qualities will frame the approach to tackling the immediate challenges facing the Authority.

The primary challenges facing the new Authority include:

- ONT operating costs are too expensive for the medium-hub airport market segment and non-competitive with the other secondary airports in Southern California. The reduction of these expenses is one of the most important keys to begin recovery.
- ONT passenger service is in serious decline that requires immediate and decisive action to reverse.
- Existing Southern California passenger and cargo airport options are numerous and competition for these customers is fierce.
- Airline industry consolidation continues with significant pressure on reducing service to medium and small hub airports when the costs at those facilities are too high and margins too low relative to other market choices for capital deployment.
- Business and corporate aviation continues to wane in the face of slow economic growth and high jet fuel prices.
- A comprehensive economic development regional strategy.

Based on these challenges and strategic objectives, the following are the Ontario International Airport Authority goals that will guide the Authority through its first three to five years of operation. Also included are a set of key activities needed to accomplish these goals.

### **1.0 Reduce Airline Costs**

*The Authority seeks to reduce airline costs so that ONT can compete effectively.*

The primary goal of reducing airline costs will help to shape decision-making for the OIAA on many key issues. Expenses will be cut with the objective of achieving best in class efficiency by incorporating best practices from other airports and other industries. Personnel will be reduced

through employee transfers, attrition, and retirements; certain functions such as janitorial, grounds-keeping and non-aviation-related maintenance will be on a contract basis.

The Authority will work with the City of Ontario and San Bernardino County and other local agencies (public safety, fire protection, etc.) to streamline administrative functions wherever possible to reduce costs and duplication of staff. It is critical to maintain a high level of administrative service while increasing connection between the Authority and its local counterparts.

The Authority will work with existing air carriers, ground handling service providers and other expert operators at ONT to identify third-party service providers and consortium opportunities to save operations and maintenance costs for all airport users. Any such service arrangements will be based on the actual cost savings that can be achieved and the quality of service that can be maintained for affected users of these services.

### 1.0 Key Activities

- a. Scrutinize and benchmark against best practices all operating costs to determine opportunities for reductions.
- b. Match staffing to operating requirements based on benchmarked best practices for airport operations.
- c. Evaluate benefits/costs of increased outsourcing.
- d. Re-bid service and supply contracts based on streamlined procurement regulations.

### **2.0 Develop Airport-Related Businesses**

*The Authority seeks to develop airport-related businesses, including air cargo, both to help minimize airline costs and to generate more local jobs and economic activity.*

The Authority is entrusted with significant land and facility holdings. These assets provide for ancillary airport uses to ensure the most non-airline revenue possible while helping lowering passenger costs. Airport land will be developed to encourage aviation market uses that are consistent with robust cargo, freight, express mail, aircraft maintenance, corporate aviation and other similar uses.

These airport-related business land uses will be master planned in conjunction with ground transportation networks and off-airport land uses to create a seamless transportation hub. The City of Ontario and the nearby areas of San Bernardino County are already one of the largest business logistics and transportation hubs in the country. ONT will fully leverage this competitive position and geographic advantage to expand the air transportation component of this valuable goods movement network.

In addition to leveraging the value of its land, ONT will leverage its access to customers and consumers. Commercial services will be maximized to allow every opportunity for passenger spending on valuable goods and services within the passenger facilities. Indoor and outdoor advertising, theming and naming rights will be aggressively marketed and artfully placed to maximize revenue opportunities without creating visual clutter.

## 2.0 Key Activities

- a. Develop an airport land use plan focused on airport-related revenue producing uses.
- b. Coordinate airport land use plan with compatible land use, transportation and goods movement planning efforts.
- c. Re-initiate negotiations abandoned by LAWA with potential cargo and other developers.
- d. Optimize parking business through use of technology to improve revenue contribution.
- e. Optimize revenue from retail, food and beverage, banking services, rental cars, and other businesses.
- f. Introduce streamlined contracting process to encourage private sector involvement.
- g. Develop incentives if required to encourage airport-related business development.
- h. Assess and, if appropriate, restructure current airport contracts with vendors.
- i. Expand and optimize the use of the existing Ontario Foreign Trade Zone for the benefit of international shippers and international trade.
- j. Increase non-aviation revenue opportunities when all aviation needs have been identified and secured for the long term development of the Airport.

## **3.0 Expand Air Service**

*The Authority seeks to expand ONT air service by adding more flights to more destinations at reasonable fares.*

Many airports in the United States have a contentious and sometimes adversarial relationship with the airlines that serve the market. The Authority recognizes the changing dynamic in the airline industry driven by carrier consolidation, market maturity, volatile fuel prices and increasing labor costs. The Authority is a good business partner and will support their existing ONT air service while working to attract new service. The Authority will also work closely with the region's business community to develop an effective air service program, which will include appropriate incentives and marketing support from the business community.

## 3.0 Key Activities:

- a. Aggressively market ONT to incumbent airlines and airlines with the potential to serve ONT.
- b. Develop effective community support programs to build local demand for flights from ONT.
- c. Develop air service incentive programs.
- d. Develop ONT advertising and marketing campaign aimed at airlines and passengers.
- e. Expand international air traffic growth to serve the local and regional demand.

## **4.0 Provide Customer Friendly Facilities and Services**

*The Authority seeks to provide customer friendly facilities and services that significantly raise airport customer service and satisfaction.*

Working closely with its airline partners, ONT ease of use and convenience are a return to the days when air travel was convenient and enjoyable. It is the primary job of the Authority staff to

ensure that all of its customers have the best airport experience that can be provided. This task begins with thoughtful planning of every customer interaction point and is measured by active outreach to customers for performance feedback. The goal will always be to achieve best in class service ratings as benchmarked against other similar airports and other service industries.

#### 4.0 Key Activities

- a. Assess all customer touch points for ways to improve service and reduce costs.
- b. Implement new technology solutions for parking revenue management and other services.
- c. Survey and benchmark ONT customer satisfaction on regular basis.
- d. Aggressively seek out local and national firms interested in improving the ONT experience.
- e. Partner with area and regional tourism agencies and organizations to promote and maximize the use of ONT to foster tourist activities in Southern California.

\*\*\*\*\*End of Executive Summary\*\*\*\*\*