



**Ontario International Airport Authority
Strategic Business Plan – Executive Summary
Adopted – January 7, 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*****