

# ONTARIO INTERNATIONAL AIRPORT AUTHORITY COMMERCIAL COMMITTEE AGENDA – REGULAR MEETING



**OCTOBER 21, 2021 AT 9:00 A.M.**

Ontario International Airport Authority Administration Offices

1923 East Avion Street, Room 100, Ontario, CA 91761

## STANDING COMMITTEE MEMBERS

**JULIA GOUW**  
Chair

**JIM W. BOWMAN**  
Member

## WELCOME TO THE MEETING OF COMMERCIAL COMMITTEE

- All documents for public review are on file at the Ontario International Airport Administration Offices located at 1923 E. Avion Street, Ontario, CA 91761.
- Anyone wishing to speak during public comment or on an 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.
- You may submit public comments by e-mail to [publiccomment@flyontario.com](mailto:publiccomment@flyontario.com) no later than 7:00 a.m. the day of the meeting. Please identify the Agenda item you wish to address in your comments. All e-mail comments will be included in the meeting record.
- 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 State Law, remarks during public comment are to be limited to subjects within the Authority's jurisdiction. Remarks on other agenda items will be limited to those items.

Remarks from those seated or standing in the back of the board room will not be permitted. All those wishing to speak, including Committee Member and Staff, need to be recognized by the Committee Chair before speaking.

Sign language interpreters, communication access real-time transcription, assistive listening devices, or other auxiliary aids and/or services may be provided upon request. To ensure availability, you are advised to make your request at least 72 hours prior to the meeting you wish to attend. Due to difficulties in securing Sign Language Interpreters, five or more business days' notice is strongly recommended.

**1. CALL TO ORDER**

**2. ROLL CALL**

Gouw (Chair), Bowman (Member)

**3. PUBLIC COMMENTS**

The Public Comment portion of the Committee meeting is limited to a maximum of 3 minutes for each Public Comment. Under provisions of the Brown Act, the Committee is prohibited from taking action on oral requests.

**4. COMMITTEE AGENDA REVIEW/ANNOUNCEMENTS**

Staff will go over all updated materials and correspondence received after the Agenda was distributed to ensure Committee Members have received them.

**5. CONFLICT OF INTEREST**

Agenda item contractors, subcontractors and agents may require member abstentions due to conflict of interests and financial interests. Committee Member abstentions shall be stated under this item for recordation on the appropriate item.

**6. CONSENT CALENDAR**

**A. APPROVAL OF MINUTES**

Approve minutes of the Commercial Committee meeting on August 10, 2021.

**7. COMMITTEE DISCUSSION ITEMS**

**A. NEW LEASE WITH U.S. GENERAL SERVICES ADMINISTRATION FOR LEASED SPACE IN TERMINALS 2 AND 4 AT ONTARIO INTERNATIONAL AIRPORT**

Review and recommend to the Commission for approval.

**B. UPDATE TO LICENSE FEES CHARGED THROUGH THE NON-EXCLUSIVE LICENSE AGREEMENT**

Review and recommend to the Commission for approval.

**C. CONCESSION LEASE AGREEMENT WITH BATTER BOYS, INC., FOR A DUNKIN DONUTS KIOSK IN TERMINAL 2 AT ONTARIO INTERNATIONAL AIRPORT**

Review and recommend to the Commission for approval.

**D. CONCESSION AGREEMENT WITH 3SIXTY DUTY FREE AND MORE FOR A DUTY FREE OUTLET IN TERMINAL 2 AT ONTARIO INTERNATIONAL AIRPORT**

Review and recommend to the Commission for approval.

**8. COMMITTEE STAFF UPDATES**

**9. COMMITTEE MEMBER COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS**

Julia Gouw, Chair

Jim W. Bowman, Member

**10. ADJOURNMENT**

**ONTARIO INTERNATIONAL AIRPORT AUTHORITY  
COMMERCIAL COMMITTEE MEETING  
MINUTES  
August 10, 2021  
(not official until approved)**

In accordance with the Governor's Executive Orders N-25-20 and N-29-20 for the State of California, the Ontario International Airport Authority (OIAA) public meetings are being conducted via Zoom and teleconference. Members of the public utilized alternative measures established by OIAA to view the Committee meeting and/or to address the Committee Members for the meeting held on Tuesday, August 10, 2021.

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

**1. CALL TO ORDER**

Chair Gouw called the Commercial Committee meeting to order at 11:02 a.m.

**2. ROLL CALL**

PRESENT VIA ZOOM: Commissioners: Jim Bowman, Member  
Julia Gouw, Chair

ABSENT: Commissioners: None

Also present via Zoom webinar were: Chief Executive Officer Mark A. Thorpe, Deputy Chief Executive Officer Atif J. Elkadi, Chief Commercial Officer Dan Cappell, Director of Marketing and Communications Eren Cello, General Counsel Lori Ballance, and Board Clerk Natalie Gonzaga.

**3. PLEDGE OF ALLEGIANCE**

Deputy CEO Elkadi led the Pledge of Allegiance.

**4. PUBLIC COMMENT**

Members of the public wishing to provide public comment were able to do so via email comments to [publiccomment@flyontario.com](mailto:publiccomment@flyontario.com), live via telephone at (909) 414-1718, via telephone recording comments at (909) 544-5307, or by mail.

There were no public comments.

**5. COMMITTEE AGENDA REVIEW/ANNOUNCEMENT**

No announcements were made.

## **6. COMMITTEE DISCUSSION ITEMS**

### **a. FUTURE FINANCE & AUDIT COMMITTEE MEETING SCHEDULE**

Discussion regarding future standing committee meeting schedule.

CEO Thorpe made recommendations for the regular meeting schedule for the Committee.

Chair Gouw recommended quarterly regular meeting schedule with special meetings as needed. Member Bowman concurred.

The Commercial Committee members recommended to the full Commission a quarterly regular meeting schedule, with special meetings called as needed.

## **7. PRESENTATIONS**

### **a. Marketing Campaign Update**

Eren Cello, Director of Marketing and Communications, provided a presentation on the ONTo What Matters Most recovery campaign.

## **8. COMMITTEE MEMBER COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS**

Chair Gouw and Member Bowman expressed gratitude to Staff on their marketing efforts at ONT.

## **9. ADJOURNMENT**

Chair Gouw adjourned the Commercial Committee meeting at 11:32 a.m.

RESPECTFULLY SUBMITTED:

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NATALIE GONZAGA, BOARD CLERK

APPROVED:

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JULIA GOUW, CHAIR



**DATE:** OCTOBER 21, 2021

**TO:** COMMERCIAL COMMITTEE

**SUBJECT:** NEW LEASE WITH U.S. GENERAL SERVICES ADMINISTRATION FOR LEASED SPACE IN TERMINALS 2 AND 4 AT ONTARIO INTERNATIONAL AIRPORT

**RELEVANT STRATEGIC OBJECTIVE:** Provide Customer Friendly Facilities and Services.

**RECOMMENDED ACTION(S):** That the Commercial Committee review and recommend to the Commission for approval to execute a new lease agreement with the U.S. General Services Administration (GSA) for leased breakroom and office space in Terminals 2 and 4 at Ontario International Airport (ONT).

**FISCAL IMPACT SUMMARY:** GSA will be obligated to pay a total of \$229.45 per square foot per year (psfpy) for 4,895 square feet for its leased spaces in Terminals 2 and 4. This will generate approximately \$93,596.48 per month. The shell rental rate (\$124.23 psfpy) will be adjusted with a step increase of 3.5% each year, and the operating costs (\$105.22 psfpy) will be adjusted via CPI each year.

**BACKGROUND:** On October 7, 2017, GSA entered into a four (4) year lease with the OIAA to rent facilities at ONT for administrative office, break rooms, and training rooms for TSA personnel. GSA's current lease expired on October 6, 2021, and has entered into a holdover until the new lease has been approved by the Board.

A new lease has been finalized with GSA as of October 2021, and staff is recommending the to authorize the CEO to execute such lease agreement for a term of five (5) years effective October 7, 2021 through October 6, 2026.

**PROCUREMENT:** N/A

**CEQA COMPLIANCE AND LAND USE APPROVALS:** The agreement is not a "project" within the meaning of Section 15378 of the CEQA Guidelines because there is no potential for a direct or indirect physical change in the environment. As a result, the authorization is not subject to CEQA.

**STAFFING IMPACT (# OF POSITIONS):** N/A

**IMPACT ON OPERATIONS:** N/A

**SCHEDULE:** N/A

**ATTACHMENTS:** N/A

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**DATE:** OCTOBER 21, 2021

**TO:** COMMERCIAL COMMITTEE

**SUBJECT:** UPDATE TO LICENSE FEES CHARGED THROUGH THE NON-EXCLUSIVE LICENSE AGREEMENT

**RELEVANT STRATEGIC OBJECTIVE:** Develop Airport Related Business.

**RECOMMENDED ACTION(S):** That the Commercial Committee review and recommend to the Commission approval of the new License Fees for the Non-Exclusive License Agreement (NELA) at Ontario International Airport (ONT).

**FISCAL IMPACT SUMMARY:** Upon OIAA approval, the 10% Gross-Revenue License Fees will apply to all services provided at ONT with the exception of services provided to the United States Military.

**BACKGROUND:** Operation and control of Ontario International Airport requires the Ontario International Airport Authority to issue NELAs to permit airline service providers and certain other companies to operate at Ontario International Airport.

On November 7th, 2016, the OIAA Board approved a resolution adopting a fee schedule charged to NELA holders based on the fee schedule in effect at the time of the Agreement's execution. Said fees charged to NELA holders may also be changed from time to time by Resolution of the Commission. Based on the current fee schedule, NELA holders pay an annual fee of \$500 along with a 10% Gross Revenue Fee of any services provided to any company at ONT except for Signatory Airlines and United States Military. As the airport continues to grow, costs continue to increase to ensure compliance with agreement provisions and rules and regulations. Therefore, staff is recommending an amendment to the fees to include Signatory Airlines.

Upon approval, NELA holders shall pay an annual fee of \$500 along with a 10% Gross Revenue Fee of any services provided to any company at ONT except for United States Military.

**PROCUREMENT:** N/A

**CEQA COMPLIANCE AND LAND USE APPROVALS:** The proposed change in the rate structure is not a "project" within the meaning of Section 15378 of the CEQA Guidelines because there is no potential for a direct or indirect physical change in the environment. As a result, the authorization is not subject to CEQA.

**STAFFING IMPACT (# OF POSITIONS):** N/A

**IMPACT ON OPERATIONS:** N/A

**SCHEDULE:** N/A

**ATTACHMENTS:** N/A

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**DATE:** OCTOBER 21, 2021

**TO:** COMMERCIAL COMMITTEE

**SUBJECT:** CONCESSION LEASE AGREEMENT WITH BATTER BOYS, INC., FOR A DUNKIN DONUTS KIOSK IN TERMINAL 2 AT ONTARIO INTERNATIONAL AIRPORT

**RELEVANT STRATEGIC OBJECTIVE:** Provide Customer-Friendly Facilities and Services.

**RECOMMENDED ACTION(S):** That the Commercial Committee review and recommend to the Commission for approval to execute a (5) year, with three (3) one-year options to extend concession lease agreement with Batter Boys, Inc., to provide one Dunkin Donuts kiosk in Terminal 2 at Ontario International Airport (ONT).

**FISCAL IMPACT SUMMARY:** Upon the Rent Commencement Date of this agreement, Batter Boys shall pay the OIAA an eight percent (8%) concession fee of its annual gross revenues, plus annual budget savings from actual operating expenses to contribute up to an additional 3% concession fee to provide a total annual percentage rent up to 11% of the annual gross revenues. Annual rent of \$124.23 per square foot shall be paid monthly upon occupancy for any office or storage space rented in the terminals, if required to support their operations.

**BACKGROUND:** ONT is a medium hub airport and is a major air-cargo facility in Southern California, with more than 750,000 tons being carried to and from the airport each year. The OIAA wishes to provide passengers traveling through ONT with a friendly environment that helps reduce the stress of travel, while providing them with a superior travel experience and productivity-enhancing amenities. The OIAA is confident that the development of a broad width and breadth of food and beverage outlets in each of its terminals will be an important step to provide such highly-sought-after amenities.

The proposed term of the proposed concession will be five (5) years from Date of Beneficial Occupancy (DBO) with three (3) one-year options to extend at the discretion of the CEO. Batter Boys provides a nationally recognized and sought-after restaurant brand in the airport. Therefore, staff recommends the OIAA Commission approve a concession lease agreement with Batter Boys.

**PROCUREMENT:** The great partnership with Batter Boys and success of the Dunkin kiosk in T4 and potential in T2 with increasing enplanements led to the negotiation of the agreement for a similar kiosk in T2.

**CEQA COMPLIANCE AND LAND USE APPROVALS:** The proposed project is Categorically Exempt (Class 1) from the provisions of CEQA pursuant to Section 15301, because it provides for the exemption of existing facilities. Operations, repair, maintenance, permitting, leasing, licensing, or

minor alteration of existing structures or facilities involving negligible or no expansion of use beyond that existing at the time of the lead agency's determination.

**STAFFING IMPACT (# OF POSITIONS):** N/A

**IMPACT ON OPERATIONS:** N/A

**SCHEDULE:** N/A

**ATTACHMENTS:** N/A

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**DATE:** OCTOBER 21, 2021

**TO:** COMMERCIAL COMMITTEE

**SUBJECT:** CONCESSION AGREEMENT WITH 3SIXTY DUTY FREE AND MORE FOR A DUTY FREE OUTLET IN TERMINAL 2 AT ONTARIO INTERNATIONAL AIRPORT

**RELEVANT STRATEGIC OBJECTIVE:** Provide Customer-Friendly Facilities and Services.

**RECOMMENDED ACTION(S):** That the Commercial Committee review and recommend to the Commission for approval to execute a ten-year term concession agreement with one five-year option at the discretion of the CEO, with 3Sixty Duty Free and More, Inc., to manage and operate a Duty-Free concession in Terminal 2 at Ontario International Airport (ONT).

**FISCAL IMPACT SUMMARY:** The concessionaire is responsible for all capital investment and will pay the OIAA a concession fee ranging from 5% of gross sales to 25.06% of gross sales based on financial tiers identified within the agreement and no minimum annual guarantee.

**BACKGROUND:** ONT is a medium hub airport and the OIAA wishes to provide passengers traveling with a friendly environment that helps reduce the stress of travel, while providing them with a superior travel experience and world class amenities. The OIAA is confident that the introduction of a Duty-Free concession is an important step to provide such highly-sought-after amenities for the continued growth and productivity of the OIAA concession business.

The incumbent operator Hudson's are contractually committed to open a Duty Free Kiosk when ONT hits 200,000 International Enplanements and a full Duty-Free Store when ONT hits 750,000 International Enplanements. Initial discussions with Hudson's confirmed that they have no interest in operating a kiosk until the 200,000 international enplanements has been reached. ONT had 148,996 international enplanements in calendar year 2019. Based on today's international enplanements (calendar year 2021 the forecast is 44,560) the OIAA do not wish to wait until the 200,000 enplanements has been reached, just to have a kiosk, with a desire to move straight to a Duty Free store.

The OIAA commercial team therefore began discussions with three International Duty Free Operators in 2020 to assess the viability of operating a Duty Free concession at ONT; two withdrew due to the COVID-19 global pandemic, leaving 3Sixty Duty Free and More, as the preferred operator and only operator to submit a proposal.

**PROCUREMENT:** N/A

**CEQA COMPLIANCE AND LAND USE APPROVALS:** N/A

**STAFFING IMPACT (# OF POSITIONS):** N/A

**IMPACT ON OPERATIONS:** There is no impact on operations.

**SCHEDULE:** To open no later than May 1, 2022.

**ATTACHMENTS:** N/A

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