

**ONTARIO INTERNATIONAL AIRPORT
AUTHORITY
COMMISSION AGENDA
SPECIAL MEETING**

APRIL 27, 2017 AT 4:00 P.M.

**Ontario International Airport Administration Offices
1923 E. Avion Street, Ontario, Room 100, CA 91761**

Alan D. Wapner
President

Ronald O. Loveridge
Vice President

Lucy Dunn
Secretary

Jim W. Bowman
Commissioner

Curt Hagman
Commissioner



Kelly J. Fredericks
Chief Executive Officer

Lori D. Ballance
Interim General Counsel

Jeff P. Reynolds
Treasurer

Welcome to the Regular Meeting of the Ontario International Airport Authority.

- 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 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 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 chambers will not be permitted. All those wishing to speak, including Commissioners and Staff, need to be recognized by the Authority President before speaking.

ORDER OF BUSINESS The Authority meeting begins with Closed Session and Closed Session comment at 4:30 p.m., Public Comment at 4:30 p.m. immediately followed by the Regular Meeting.

(EQUIPMENT FOR THE HEARING IMPAIRED IS AVAILABLE UPON REQUEST AT THE REGULAR MEETING.)

CALL TO ORDER (*OPEN SESSION*)

4:00 p.m.

ROLL CALL

Loveridge, Dunn, Bowman, Hagman, President Wapner

CLOSED SESSION PUBLIC COMMENT: The Closed Session Public Comment portion of the 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: 1150 S. Vineyard Avenue, Ontario, CA 91761; Negotiator: Kelly Fredericks; Negotiating Parties: Guardian Air Services, LLC; Under Negotiation: Price and terms of payment.
- GC 54956.8, CONFERENCE WITH REAL PROPERTY NEGOTIATORS
Property: 1923 E. Avion Street, Ontario, CA 91761, Terminal #2 and Terminal #4; Negotiator: Kelly Fredericks; Negotiating Parties: Delaware North Companies Travel Hospitality Services, Inc.; Under Negotiation: Price and terms of payment.
- GC 54957, PUBLIC EMPLOYEE APPOINTMENT
Title: General Legal Counsel
- GC 54956.9(d)(2), CONFERENCE WITH LEGAL COUNSEL, ANTICIPATED LITIGATION:
Three (3) cases.

In attendance: Loveridge, Dunn, Bowman, Hagman, President Wapner

PLEDGE OF ALLEGIANCE

REPORT ON CLOSED SESSION

General Legal Counsel

PUBLIC COMMENTS

4:30 p.m.

The Public Comment portion of the Authority meeting is limited to 30 minutes with each speaker given a maximum of 3 minutes. An opportunity for further Public Comment will 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.

AGENDA REVIEW/ANNOUNCEMENTS The Chief Executive Officer will go over all updated materials and correspondence received after the Agenda was distributed to ensure Commissioners have received them.

PRESENTATION

RECOGNITION OF OUTGOING ASSISTANT SECRETARY - VICKI KASAD

CONSENT CALENDAR

All matters listed under CONSENT CALENDAR will be enacted by one motion in the form listed below – there will be no separate discussion on these items prior to the time Commission votes on them, unless a member of the Commission requests a specific item be removed from the Consent Calendar for a separate vote.

Each member of the public wishing to address the Authority on items listed on the Consent Calendar will be given a total of 3 minutes.

1. APPROVAL OF MINUTES

Minutes for the regular meeting of the Ontario International Airport Authority on March 28, 2017, approving same as on file with the Secretary/Assistant Secretary.

2. APPROVAL OF MEETING STIPENDS

That the OIAA Commission approve meeting stipends for Commissioner Hagman.

3. RESOLUTIONS OF THE ONTARIO INTERNATIONAL AIRPORT AUTHORITY APPOINTING AND DESIGNATING THE AUTHORITY'S GENERAL COUNSEL, ELECTING THE AUTHORITY'S ASSISTANT SECRETARY, AND APPROVING AND AUTHORIZING EXECUTION OF AGREEMENT FOR GENERAL COUNSEL SERVICES

That the Ontario International Airport Authority Commission approve Resolution No. ____: (1) Appointing and designating Gatzke, Dillon & Ballance LLP as General Counsel for the Ontario International Airport Authority; and (2) Authorizing the Chief Executive Officer or designee to execute the Agreement for Professional Legal Services with Gatzke Dillon & Ballance LLP, effective April 27, 2017; and approve Resolution No. ____: (3) Electing Claudia Y. Isbell as Assistant Secretary for the Ontario International Airport Authority.

RESOLUTION NO. _____

A RESOLUTION OF THE ONTARIO INTERNATIONAL AIRPORT AUTHORITY APPOINTING AND DESIGNATING THE AUTHORITY'S GENERAL COUNSEL, AND APPROVING AND AUTHORIZING EXECUTION OF AGREEMENT FOR GENERAL COUNSEL SERVICES

RESOLUTION NO. _____

A RESOLUTION OF THE ONTARIO INTERNATIONAL AIRPORT AUTHORITY ELECTING THE AUTHORITY'S ASSISTANT SECRETARY

ADMINISTRATIVE REPORTS/DISCUSSION/ACTION

4. APPROVE AND AUTHORIZE EXECUTION OF A PROFESSIONAL SERVICES CONTRACT TO PREPARE AN AIRPORT MASTER PLAN AND ENVIRONMENTAL ANALYSIS FOR ONTARIO INTERNATIONAL AIRPORT AND AUTHORIZE THE AUTHORITY TO EXPEND REVENUES IN SUPPORT OF THE PROFESSIONAL SERVICES CONTRACT – ITEM 03 CONTINUED FROM MARCH 28, 2017

That the OIAA Commission: (1) Approve and authorize the execution of a Professional Services Contract with C&S ENGINEERS, INC. to prepare an airport master plan and environmental analysis for Ontario International Airport contingent upon signatory airline support; and (2) Authorize the expenditure of revenues in support of the Professional Services Contract.

5. APPROVE AND AUTHORIZE THE EXECUTION OF A PROFESSIONAL SERVICES CONTRACT FOR CIVIL DESIGN SERVICES AND CONSTRUCTION ADMINISTRATION SERVICES TO REHABILITATE THE TAXIWAY S&W INTERSECTION AND CONSTRUCT TAXIWAY S5 AND AUTHORIZE THE AUTHORITY TO EXPEND REVENUES IN SUPPORT OF THE PROFESSIONAL SERVICES CONTRACT - ITEM 04 CONTINUED FROM MARCH 28, 2017

That the OIAA Commission: (1) Approve and authorize the execution of a Professional Services Contract with T.Y. LIN INTERNATIONAL INC., to complete civil design services and construction administration services for the rehabilitation of the Taxiway S&W intersection and construction of Taxiway S5 at Ontario International Airport; and (2) Authorize the expenditure of revenues in support of the Professional Services Contract. |

6. APPROVE A DISADVANTAGED BUSINESS ENTERPRISE PROGRAM IN ACCORDANCE WITH REGULATIONS OF THE U.S. DEPARTMENT OF TRANSPORTATION (DOT), 49 CFR PART 26- ITEM 05 CONTINUED FROM MARCH 28, 2017

That the Ontario International Airport Authority Commission approve the Disadvantaged Business Enterprise Program for the Ontario International Airport Authority.

RESOLUTION NO. ____

A RESOLUTION OF THE ONTARIO INTERNATIONAL AIRPORT AUTHORITY TO AUTHORIZE A DISADVANTAGED BUSINESS ENTERPRISE (DBE) PROGRAM IN ACCORDANCE WITH REGULATIONS OF THE U.S. DEPARTMENT OF TRANSPORTATION (DOT), 49 CFR PART 26

7. A RESOLUTION OF THE ONTARIO INTERNATIONAL AIRPORT AUTHORITY DESIGNATING PUBLIC PARKING VENUES AND PRODUCTS, AND SETTING PARKING RATES AT ONTARIO INTERNATIONAL AIRPORT

That the Ontario International Airport Authority Commission approve Resolution No. __: (1) Approving and designating separate parking venues and products for Ontario International Airport; and (2) Setting parking rates at Ontario International Airport.

RESOLUTION NO. _____

A RESOLUTION OF THE ONTARIO INTERNATIONAL AIRPORT AUTHORITY DESIGNATING PUBLIC PARKING VENUES AND PRODUCTS, AND SETTING PARKING RATES AT ONTARIO INTERNATIONAL AIRPORT

8. APPROVE AND AUTHORIZE EXECUTION OF A FIVE-YEAR LEASE WITH ONE THREE-YEAR OPTION AND ONE TWO-YEAR OPTION BETWEEN ONTARIO INTERNATIONAL AIRPORT AUTHORITY AND DELAWARE NORTH COMPANIES TRAVEL HOSPITALITY SERVICES, INC., AT ONTARIO INTERNATIONAL AIRPORT

That the Ontario International Airport Authority Commission approve and authorize execution of a Lease agreement between Ontario International Airport Authority and Delaware North Companies Travel Hospitality Services, Inc., to continue to operate food and beverage concessions, as well as to make a six-million dollar (\$6,000,000.00) initial investment for the complete rebranding and refurbishment of concessions which will generate an estimated \$1,188,000.00 in net revenue from the rental commencement date and an estimated \$12,917,000.00 in net revenue over the ten (10) year term and improve the customer experience at ONT.

9. COMMISSION DISCUSSION AND REQUEST FOR FURTHER DIRECTION REGARDING PROPERTY GENERALLY BOUNDED BY AIRPORT DRIVE TO THE NORTH, JURUPA STREET TO THE SOUTH, HAVEN AVENUE TO THE WEST AND DOUBLEDAY AVENUE TO THE EAST

That the OIAA Commission accept an agenda report and staff recommendations and direct staff to: (i) Follow the Federal Aviation Administration's (FAA's) process to declare the property generally bounded by Airport Drive to the north, Jurupa Street to the south, Haven Avenue to the west, and Doubleday Avenue to the east ("Subject Property") as surplus property; (ii) Complete an appraisal of the Subject Property's fair market value; (iii) Prepare information detailing a public auction process that would be used for the sale of the Subject Property; and (iv) Return to the Commission in the summer of 2017 with an update on the Subject Property.

STAFF MATTERS

10. ONTARIO INTERNATIONAL AIRPORT AUTHORITY TEAM UPDATE

- Chief Executive Officer report, Kelly Fredericks

COMMISSION MATTERS

President Wapner
Vice President Loveridge
Secretary Dunn
Commissioner Bowman
Commissioner Hagman

ADJOURNMENT

**ONTARIO INTERNATIONAL AIRPORT AUTHORITY
CLOSED SESSION REPORT
OIAA// (GC 54957.1)
April 27, 2017**

ROLL CALL: Bowman __, Dunn __, Hagman __, Loveridge __, President Wapner __.

STAFF: CEO __, General Counsel __

In attendance: Loveridge __, Dunn __, Bowman __, Hagman __, President Wapner __.

- GC 54956.8, CONFERENCE WITH REAL PROPERTY NEGOTIATORS
Property: 1150 S. Vineyard Avenue, Ontario, CA 91761; Negotiator: Kelly Fredericks;
Negotiating Parties: Guardian Air Services, LLC; Under Negotiation: Price and terms of payment.

No Reportable Action	Continue	Approved
//	//	//

Disposition: _____

STAFF: CEO __, General Counsel __

In attendance: Loveridge __, Dunn __, Bowman __, Hagman __, President Wapner __.

- GC 54956.8, CONFERENCE WITH REAL PROPERTY NEGOTIATORS
Property: 1923 E. Avion Street, Ontario, CA 91761, Terminal #2 and Terminal #4; Negotiator:
Kelly Fredericks; Negotiating Parties: Delaware North Companies Travel Hospitality Services,
Inc.; Under Negotiation: Price and terms of payment.

No Reportable Action	Continue	Approved
//	//	//

Disposition: _____

STAFF: CEO __, General Counsel __

In attendance: Loveridge __, Dunn __, Bowman __, Hagman __, President Wapner __.

- GC 54957, PUBLIC EMPLOYEE APPOINTMENT
Title: General Legal Counsel

No Reportable Action	Continue	Approved
//	//	//

Disposition: _____

STAFF: CEO __, General Counsel __

In attendance: Loveridge __, Dunn __, Bowman __, Hagman __, President Wapner __.

- GC 54956.9(d)(2), CONFERENCE WITH LEGAL COUNSEL, ANTICIPATED LITIGATION:
Three (3) cases.

No Reportable Action	Continue	Approved
//	//	//

Disposition: _____

Reported by:

General Legal Counsel /

**ONTARIO INTERNATIONAL AIRPORT AUTHORITY
REGULAR COMMISSION MEETING
MINUTES
TUESDAY, MARCH 28, 2017
(Not Official Until Approved)**

A regular meeting of the Ontario International Airport Authority was held on Tuesday, March 28, 2017, at 1923 E. Avion Street, Room 100, 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 3:13 p.m.

ROLL CALL

PRESENT: Commissioners: Lucy Dunn, Jim W. Bowman,
Curt Hagman and Alan D. Wapner

ABSENT: Commissioners: Ronald O. Loveridge (excused)

Also present were: CEO Kelly J. Fredericks, Legal Counsel Stephen G. Larson, Interim General Counsel Lori D. Ballance via teleconference, and Deputy Assistant Secretary Claudia Y. Isbell.

PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Secretary Dunn.

Hearing no requests to speak, President Wapner recessed the regular meeting of the Ontario International Airport Authority to Closed Session at 3:14 p.m. with Commissioners Bowman, Dunn, Hagman and President Wapner in attendance.

CLOSED SESSION

- GC 54956.8, CONFERENCE WITH REAL PROPERTY NEGOTIATORS
Property: 1150 S. Vineyard Avenue, Ontario, CA 91761; Negotiator: Kelly Fredericks; Negotiating Parties: Guardian Air Services, LLC; Under Negotiation: Price and terms of payment.
- GC 54957, PUBLIC EMPLOYEE APPOINTMENT
Title: Interim General Counsel
- GC 54956.8, CONFERENCE WITH REAL PROPERTY NEGOTIATORS
Property: 1923 E. Avion Street, Ontario, CA 91761, Terminal #2 and Terminal #4; Negotiator: Kelly Fredericks; Negotiating Parties: Delaware North Companies Travel Hospitality Services, Inc.; Under Negotiation: Price and terms of payment.

- GC 54956.9(d)(2), CONFERENCE WITH LEGAL COUNSEL, ANTICIPATED LITIGATION: *Three (3) cases.*

The Ontario International Airport Authority Commission meeting was reconvened in public session at 4:56 p.m.

Commissioner Bowman left the meeting at 4:56 p.m.

CLOSED SESSION REPORT

President Wapner noted the resignation of Stephen Larson effective March 31, 2017 and announced the appointment of Lori D. Ballance with Gatzke Dillon & Ballance, LLP as Interim General Counsel.

PUBLIC COMMENTS

There were no public comments.

CONSENT CALENDAR

MOTION: Moved by Commissioner Hagman, seconded by Secretary Dunn and carried by unanimous vote of those present to approve the Consent Calendar as presented.

1. APPROVAL OF MINUTES

Approved minutes for the regular meeting of the Ontario International Airport Authority on January 24, 2017 and the cancelled meeting on February 28, 2017, approving same as on file with the Secretary/Assistant Secretary.

2. APPROVAL OF MEETING STIPENDS

The OIAA Commission approved meeting stipends for President Wapner.

MOTION UNANIMOUSLY CARRIED. President Wapner declared the Consent Calendar unanimously approved by those present, with Commissioner Bowman and Vice President Loveridge absent.

ADMINISTRATIVE REPORTS/DISCUSSION/ACTION

3. APPROVE AND AUTHORIZE THE CEO TO EXECUTE AN AGREEMENT WITH C&S ENGINEERS, INC. TO PREPARE AN AIRPORT MASTER PLAN AND ASSOCIATED ENVIRONMENTAL ANALYSIS FOR ONTARIO INTERNATIONAL AIRPORT – *ITEM CONTINUED*

That the OIAA Commission authorize the CEO to execute a three-year agreement with C&S Engineers, Inc. to prepare an airport master plan and associated environmental analysis for Ontario International Airport. Staff will be requesting a continuance of this item to allow the Commissioners additional time for review of associated information. It is critical for the Commission to approve this Master Plan in the very near future so the consultant can perform environmental analysis critical for cargo development at ONT.

The OIAA Commission continued the item to a future meeting.

4. APPROVAL OF A PROFESSIONAL SERVICES AGREEMENT BETWEEN OIAA AND T.Y. LIN INTERNATIONAL, INC. FOR CIVIL DESIGN AND CONSTRUCTION ADMINISTRATION SERVICES – *ITEM CONTINUED*

That the OIAA Commission authorize the CEO to execute a three-year agreement with T.Y. LIN INTERNATIONAL INC., in the amount of \$130,524.25, to revise plans and documents and provide bidding support and to provide construction administration services related to the ONT Taxiway S&W Intersection Repair and new Taxiway S5 airfield construction project. Staff will be requesting a continuance of this item to allow the Commissioners additional time for review of associated information. Commission must approve design contract in the very near future in order to secure six (6) million dollars of FAA entitlement funds.

The OIAA Commission continued the item to a future meeting.

5. A RESOLUTION TO AUTHORIZE A DISADVANTAGED BUSINESS ENTERPRISE (DBE) PROGRAM IN ACCORDANCE WITH REGULATIONS OF THE U.S. DEPARTMENT OF TRANSPORTATION (DOT), 49 CFR PART 26 – *ITEM CONTINUED*

That the OIAA Commission authorize, empower, and direct the Chief Executive Officer and DBE Liaison Officer (DBELO), on behalf of the Authority, to implement all aspects of the DBE program. Implementation of the DBE program is accorded the same priority as compliance with all other legal obligations incurred by the OIAA in its financial assistance agreements with the Department of Transportation. Staff will be

requesting a continuance of this item to allow the Commissioners additional time for review of associated information. Due to FAA requirements, it is critical that the Commission approve this program so that the OIAA Master Plan project and Taxiway S&W Intersection Repair and New Taxi way S5 projects can receive grant funds. Without grant funding, projects will be at risk.

RESOLUTION NO. ____

A RESOLUTION OF THE ONTARIO INTERNATIONAL AIRPORT AUTHORITY TO AUTHORIZE A DISADVANTAGED BUSINESS ENTERPRISE (DBE) PROGRAM IN ACCORDANCE WITH REGULATIONS OF THE U.S. DEPARTMENT OF TRANSPORTATION (DOT), 49 CFR PART 26

The OIAA Commission continued the item to a future meeting.

6. DISCUSSION REGARDING PROPERTY GENERALLY BOUNDED BY AIRPORT DRIVE TO THE NORTH, JURUPA STREET TO THE SOUTH, HAVEN AVENUE TO THE WEST, AND DOUBLEDAY AVENUE TO THE EAST

The OIAA Commission provided direction on the process to be used for the disposal or sale of the property generally bounded by Airport Drive to the north, Jurupa Street to the south, Haven Avenue to the west, and Doubleday Avenue to the east.

CEO Fredericks provided background information regarding the property in question. He stated that LAWA purchased the property without the use of FAA grant funds and added that there was an enormous interest from the development community to purchase the property.

Commissioner Hagman stated he would like to see a business model, including figures regarding the property being discussed to explore the best options.

Secretary Dunn stated she would like to see a staff recommendation that is complimentary to the Master Plan with consideration of the surrounding development as well as the City of Ontario.

President Wapner stated an auction is the most expedient way. Once the OIAA received offers, then the Commission can determine what the best model and option would be for the Airport. He expressed his concerns with timing and waiting for the Master Plan to be finalized. He suggested that the bids and offers all be reviewed, then a decision should be made.

STAFF MATTERS

7. ONTARIO INTERNATIONAL AIRPORT AUTHORITY TEAM UPDATE

- Chief Executive Officer report, Kelly Fredericks

CEO Fredericks indicated that staff was busy working on a request for qualifications (RFQ) for a Capital Improvement Plan. He announced preliminary statistics for the month of February, stating that domestic passenger flights are up 6%, international passenger flights were down 10.1%, for an overall increase of 5.6%. He mentioned that Volaris is introducing trips in April to Leon, Guanajuato, Mexico which will increase the international numbers. He announced the RFQ for marketing company options that will be presented to the Marketing Ad Hoc committee and to the Commission for consideration. He added he will be issuing an RFQ to solicit architectural, engineering services, on-call services associated with the airports Capital Improvement Plan. He also provided an update regarding human resources.

He announced the AAAE Conference scheduled for May 2017, in Long Beach and added that the Airport has partnered with Ontario Reign and the USO for Military Appreciation night on Saturday, April 8, 2017 beginning at 6:00 p.m.

The OIAA Commission gave direction to create an advisory group for Economic Development and asked that CEO bring back suggestions as to how these advisory groups should be implemented.

Chief Financial Officer Reynolds provided a six (6) month financial budget update.

President Wapner requested a copy of the draft budget as soon as possible.

Julie Mattlin with DKMG Consulting, LLC provided a presentation regarding rates and charges for the OIAA Commissioners.

COMMISSIONER MATTERS

President Wapner recognized David Asbra, Field Representative for Assembly Member Marc Steinorth. He also requested a timeline regarding the contracts with Ontario Police Department and Ontario Fire Department.

CEO Fredericks stated he anticipated having contracts on the April meeting agenda.

ADJOURNMENT

President Wapner adjourned the Ontario International Airport Authority Commission meeting at 5:36 p.m.

Ontario International Airport Authority Commission
Regular Meeting
Tuesday, March 28, 2017
Page 6 of 6

Respectfully submitted:

CLAUDIA Y. ISBELL, DEPUTY ASSISTANT SECRETARY

APPROVED:

ALAN D. WAPNER, PRESIDENT
ONTARIO INTERNATIONAL AIRPORT AUTHORITY

**ONTARIO INTERNATIONAL
AIRPORT AUTHORITY**
Agenda Report
April 27, 2017

**SECTION:
CONSENT**

**SUBJECT: OIAA COMMISSION APPROVAL OF STIPENDS AS REQUIRED BY
AUTHORITY BYLAWS**

RECOMMENDED ACTION(S): That the Ontario International Airport Authority Commission approve additional stipends per Article IV, Section 6 of the Authority's Bylaws.

BACKGROUND:

Article IV, Section 6 of the Authority's Bylaws states as follows:

"No salary; Reimbursement for Expenses; Stipends. The members of the Commission shall receive no salary but shall be reimbursed for necessary expenses (including mileage in accordance with standard IRS mileage reimbursement rates) incurred in the performance of their duties. Additionally, commissioners will receive a stipend in the amount of one hundred fifty dollars (\$150.00) for attendance at each Commission meeting, standing committee meeting, ad hoc committee meeting, and any Authority-related business function. A maximum of six (6) stipends are permitted per month. An additional two (2) stipends are permitted with prior approval of the President. More than eight (8) stipends per month will require approval by the full Commission."

During the month of February 2017, OIAA Commissioner Hagman attended six (6) additional Authority-related business functions. During the month of March, OIAA Commissioner Hagman attended five (5) additional Authority-related business functions. Full Commission approval is needed to approve payment of stipends.

FISCAL IMPACT AND SOURCE OF FUNDS:

OIAA operating revenue.

PRIOR COMMISSION ACTION:

On December 8, 2016, the OIAA Commission adopted Resolution No. 2016-14 approving and adopting the OIAA Bylaws.

STAFF MEMBER PRESENTING: Kelly Fredericks, Chief Executive Officer

Prepared by: Kelly Fredericks
Department: OIAA

Chief Executive
Officer Approval: _____

Submitted to OIAA: April 27, 2017
Approved: _____
Continued to: _____
Denied: _____

Item No. 02

CEQA COMPLIANCE:

Exclusion from the definition of “project”: The creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. (CEQA Guidelines §15378(b)(4).)

Common sense exemption: The CEQA Guidelines include an exemption based on “the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment.” (CEQA Guidelines §15061(b)(3).) Under this exemption, a lead agency may find a project exempt from CEQA if “it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.” (*Ibid.*)

STAFFING IMPACT (# OF POSITIONS):

N/A

IMPACT ON OPERATIONS:

N/A

EXHIBITS AND ATTACHMENTS:

None.

The Agenda Report references the terms and conditions of the recommended actions and request for approval. Any document(s) referred to herein and that are not attached or posted online may be reviewed prior to or following scheduled Commission meetings in the Office of the Clerk of the Commission. Office hours are 8:30 a.m. to 5:00 p.m., Monday through Friday

This Agenda Report has been reviewed by OIAA Interim General Counsel.

**ONTARIO INTERNATIONAL
AIRPORT AUTHORITY**

Agenda Report
April 27, 2017

**SECTION:
CONSENT**

SUBJECT: RESOLUTIONS OF THE ONTARIO INTERNATIONAL AIRPORT AUTHORITY APPOINTING AND DESIGNATING THE AUTHORITY'S GENERAL COUNSEL, ELECTING THE AUTHORITY'S ASSISTANT SECRETARY, AND APPROVING AND AUTHORIZING EXECUTION OF AGREEMENT FOR GENERAL COUNSEL SERVICES

RECOMMENDED ACTION(S): That the Ontario International Airport Authority Commission approve Resolution No. ____: (1) Appointing and designating Gatzke, Dillon & Ballance LLP as General Counsel for the Ontario International Airport Authority; and (2) Authorizing the Chief Executive Officer or designee to execute the Agreement for Professional Legal Services with Gatzke Dillon & Ballance LLP, effective April 27, 2017; and approve Resolution No. ____: (3) Electing Claudia Y. Isbell as Assistant Secretary for the Ontario International Airport Authority.

BACKGROUND:

General Legal Counsel

In accordance with Sections 3(E)(4), and 4(s) of the Joint Exercise of Powers Agreement (JPA), dated August 21, 2012, between the City of Ontario and the County of San Bernardino creating an Agency known as the Ontario International Airport Authority (OIAA or Authority), the Commission, on behalf of the Authority, may employ or engage on an independent contractor basis or otherwise such staff and professional and expert services as may be necessary to accomplish the purposes of the JPA, including, without limitation, legal counsel.

Consistent with the provisions of the JPA, on October 15, 2012, the OIAA Commission approved Resolution No. 2012-001 appointing and designating Best Best and Krieger (BB&K) as interim General Counsel for the OIAA.

Thereafter, and on or about August 16, 2016, the OIAA Commission appointed and designated Larson O'Brien as General Counsel for OIAA to replace BB&K as interim General Counsel for OIAA.

STAFF MEMBER PRESENTING: Kelly Fredericks, Chief Executive Officer

Prepared by: Kelly Fredericks
Department: OIAA

Submitted to OIAA: April 27, 2017

Approved: _____

Continued to: _____

Chief Executive Officer Approval: _____

Denied: _____

Item No. 03

Thereafter, OIAA developed a proposed detailed scope of work and solicited qualifications and a proposal from Gatzke Dillon & Ballance LLP for General Counsel services. On March 28, 2017, the OIAA Commission designated and appointed Gatzke Dillon & Ballance LLP as interim General Counsel to replace outgoing General Counsel Larson & O'Brien and directed staff to bring back a proposed agreement with Gatzke Dillon & Ballance LLP for General Counsel services.

After a thorough and complete review of the qualifications and proposal from Gatzke Dillon & Ballance LLP, which is attached as Attachment A to this Agenda Report, and consistent with the provisions of the JPA, staff recommends that the Commission adopt Resolution No. ___ appointing and designating Gatzke Dillon & Ballance LLP as General Counsel for OIAA and authorizing execution of the Agreement between OIAA and Gatzke Dillon & Ballance LLP for Professional Legal Services. A copy of the proposed Agreement by and between the OIAA and Gatzke Dillon & Ballance LLP for Professional Legal Services, including a detailed scope of services and schedule of proposed fees and costs is provided as Attachment B to this Agenda Report.

Consistent with the attached proposed Agreement, Lori D. Ballance would serve as General Counsel to the Commission, Kevin Sullivan, and Steven A. Sunseri, David P. Hubbard, and Danielle K. Morone, partners at Gatzke Dillon & Ballance LLP, would serve as Deputy Counsel to the Commission, to the extent required or necessary.

Assistant Secretary

In accordance with Section 2(E)(1) of the JPA, the Commission must select a Secretary as an officer of the OIAA and may elect an Assistant Secretary to assist the Secretary in the performance of the Secretary's duties, to certify copies of official documents of the Authority and to perform such other duties specified by the Commission.

Consistent with the provisions of the JPA, on October 15, 2012, the OIAA Commission approved Resolution No. 2012-001 and appointed the Ontario City Clerk/Records Management Department as the Assistant Secretary to the Commission.

After a thorough search for an Assistant Secretary, and consistent with the provisions of the JPA, staff recommends that the Commission further adopt Resolution No. ___ electing Claudia Isbell as Assistant Secretary to assist the Secretary in the performance of the Secretary's duties, to certify copies of official documents of the OIAA and to perform such other duties specified by the Commission.

FISCAL IMPACT AND SOURCE OF FUNDS:

The Gatzke Dillon & Ballance LLP agreement for General Counsel shall not exceed thirty thousand dollars (\$30,000) per month without prior authorization from the CEO and/or his designee. Funds are appropriated in Contractual Services line item in the 2016-2017 LAWA budget, adopted by the OIAA in November 2016.

PRIOR COMMISSION ACTION:

October 15, 2012: Commission approved Resolution No. 2012-001 designating and appointing Best Best and Krieger as interim General Counsel and the Ontario City Clerk/Records Management Department as the Assistant Secretary to the Commission.

On or about August 16, 2016, Commission designated and appointed Larson O’Brien as General Counsel of OIAA.

March 28, 2017: Commission designated and appointed Gatzke Dillon & Ballance as interim General Counsel to the Commission.

CEQA COMPLIANCE:

Exclusion from the definition of “project”: Organizational administrative activities of governments that will not result in direct or indirect physical changes in the environment. (CEQA Guidelines §15378(b)(5).)

Exclusion from the definition of “project”: The creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. (CEQA Guidelines §15378(b)(4).)

Common sense exemption: The CEQA Guidelines include an exemption based on “the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment.” (CEQA Guidelines §15061(b)(3).) Under this exemption, a lead agency may find a project exempt from CEQA if “it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.” (*Ibid.*)

STAFFING IMPACT (# OF POSITIONS):

General Counsel and Assistant Secretary (5)

IMPACT ON OPERATIONS:

N/A

EXHIBITS AND ATTACHMENTS:

Attachment A – Gatzke Dillon & Ballance LLP - Resumes

Attachment B-Proposed Agreement By and Between The Ontario International Airport Authority and Gatzke Dillon & Ballance LLP for Professional Legal Services

Attachment C – Proposed Resolution No. _____

Attachment D – Proposed Resolution No. _____

The Agenda report references the terms and conditions of the recommended actions and request for approval. Any document(s) referred to herein and that are not attached or posted online may be reviewed prior to or following scheduled Commission meetings in the Office of the Clerk of the Commission. Office hours are 8:30 a.m. to 5:00 p.m., Monday through Friday

This Agenda Report has been reviewed by OIAA Interim General Counsel.

ATTACHMENT A

LORI BALLANCE

Admitted to Bar, 1988, California

SUMMARY OF PRACTICE

Lori Ballance devotes a substantial part of her practice to airport related environmental planning and litigation, including issues related to airport master plans, airport layout plans, and state and federal regulations regarding air quality, endangered species, hazardous waste laws and regulations, water quality, noise, funding sources and related rules and regulations. Her representation of airports includes work involving greenhouse gas emissions standards and regulations, general conformity regulations, national and state ambient air quality standards, California's Global Warming Solutions Act, federal and state implementation plans, the California Environmental Quality Act ("CEQA"), the National Environmental Policy Act ("NEPA"), the Hawaii Environmental Policy Act ("HEPA"), airport land use commission ("ALUC") matters, and related environmental law matters.

For many years, Ms. Ballance has been special counsel to the County of Orange, CA, for noise, access, settlement agreement, CEQA, NEPA, air quality, federal, state and local airport regulations, airline leases, and related legal matters relating to John Wayne Airport and special counsel to the San Diego County Regional Airport Authority for land use compatibility matters relating to San Diego International Airport. In addition, she has been retained by a number of other airport proprietors, including, among others, the Ontario International Airport Authority, the City of Long Beach (proprietor of Long Beach Airport), the City of San Jose (proprietor of Mineta San José International Airport), the Monterey Peninsula Airport District (proprietor of Monterey Regional Airport), the Santa Barbara County Association of Governments (SBCAG, the ALUC for Santa Barbara County), the City of South Lake Tahoe (proprietor of Lake Tahoe Airport), the State of Hawaii, Department of Transportation, Airports Division (proprietor of Maui's Kahului Airport and Kauai's Lihue Airport), the City of Oceanside (proprietor of Oceanside Municipal Airport), the San Bernardino International Airport Authority (proprietor of San Bernardino International Airport), the City of Redlands (proprietor of Redlands Municipal Airport), and Riverside County, California (proprietor of Riverside County airports).

Ms. Ballance holds a J.D. from the University of California, Hastings College of Law, as well as a bachelor's degree in Economics from the University of California, San Diego.

Ms. Ballance was a co-author of the California Airport Land Use Planning Handbook published by the State of California Department of Transportation, Division of Aeronautics (January 2002) and the Update to the Handbook (October 2011). Ms. Ballance is also the author of many articles on air quality, land use, hazardous waste laws and regulations, and other environmental issues.

EDUCATION

University of California, San Diego (B.A. Economics, Dean's Honor List, 1982)

University of Michigan, School of Law (1985)

University of California, Hastings College of Law (J.D., 1987)

COURT ADMISSIONS

United States District Court, Northern District of California, 1987

United States District Court, Central District of California, 2002

United States District Court, Southern District of California

PROFESSIONAL AFFILIATIONS

June 1988 to March 1990: Associated with Berliner, Cohen, San Jose, California

March 1990 to March 1995: Associated with Gatzke Dillon & Ballance LLP

March 1995 to present: A member of Gatzke Dillon & Ballance LLP

MEMBERSHIPS

San Diego County Bar Association

Hastings College of the Law Board of Governors

Association of Environmental Professionals

Environmental/Land Use Section, San Diego County Bar Association

REPORTED OPINIONS

Native Sun/Lyon Communities v. City of Escondido (1993) 15 Cal.App.4th 892

Save Our Bay, Inc. v. San Diego Unified Port District (1996) 42 Cal.App.4th 686

PUBLICATIONS

Aviation Emissions Report, Editorial Advisory Board, 2011 to present.

Aviation Noise Report, Special Report - California's Seminal Airport Land Use Compatibility Planning Laws Are Up For Repeal (March 2012) (Co-authored).

Aviation Emissions Report, Special Report - 2012: Will So-Called 'Sustainable Community' Laws Result in Airport Encroachment? (February 2012) (Co-authored).

Airport Advocate, California Pilots Association, Contributor, 2012 to present.

California Land Use Planning Handbook Update, State of California Department of Transportation, Division of Aeronautics (October 2011) (Co-authored).

Aviation Emissions Report, Special Report - 2011: A Year Of Possibilities (As Always) (January 2011) (Co-authored).

Airport Noise Report, Special Report - Neighboring States Offer Potentially Different Thoughts on the Constitutionality of Avigation Easements Required as a Condition of Land Use Development Approval (October 2010) (Co-authored).

Airport Noise Report and *Aviation Emissions Report*, Special Report - The New Frontier in Air Quality Regulation: Greenhouse Gas Emissions and Global Climate Change (July 2008) (Co-authored)

San Diego Lawyer (The Journal of the San Diego County Bar Association), Stalled on the Tarmac: The Importance of a Strategic Legal Compliance System and the Building of a New Airport (January/February 2007) (Co-authored)

State of California Department of Transportation Division of Aeronautics, *California Land Use Planning Handbook* (January 2002) (Co-authored)

Longtin's *California Land Use*, (3d. Ed.) Chapter 4, CEQA (1993, 1994, 1995 and 1996 Supplements) (Co-authored)

Longtin's *California Land Use*, (3d. Ed.) Chapter 5, Other Environmental Controls (1993, 1994 , 1995 and 1996 Supplements) *Airport Noise Report*, Special Report - Air Quality Rules May Restrict Airports (August 1993)

Longtin's *California Land Use*, (3d Ed.) Part J - CEQA Judicial Review (1992 Supplement) (Co-authored)

Longtin's *California Land Use*, (3d. Ed.) Hazardous Waste Laws and Regulations (1991 and 1992 Supplement)

SPEAKING SEMINARS AND CONFERENCES

SWAAAE *57th Annual Airport Management Conference*, Monterey, California, Speaker. Subject: *Legal, Public Relations and Public Policy: The Importance of a Coordinated Approach and Updates and Hot Topics*. January 28, 2017.

SWAAAE *56th Annual Airport Management Conference*, Monterey, California, Speaker. Subject: *A Case Study: ALUC Policies and Inverse Condemnation*, January 30, 2016.

SWAAAE *55th Annual Airport Management Conference*, Monterey, California, Speaker. Subject: *View From the Other Side: Working with Outdated Airport Land Use Compatibility Plans*, January 24, 2015.

Association of California Airports' Annual Fall Conference, South Lake Tahoe, California, Speaker. Subject: *CEQA: A Year in Review*, September 11, 2013.

California Airport Land Use Consortium Statewide Conference, Sacramento, California, Speaker. Subject: *CEQA: A Legal Perspective and The 2011 Caltrans Handbook Update: A Legal Perspective*, May 15, 2012.

SWAAAE 52nd Annual Airport Management Conference, Monterey, California, Speaker. Subject: Land Use Planning Legal Updates, January 28, 2012.

SWAAAE 51st Annual Airport Management Conference, Monterey, California, Speaker. Subject: A Recap of 2010's ALUC and Air Quality Developments, January 29, 2011.

American Planning Association California 2010 Conference, La Costa, California, Speaker. Subject: Airport Land Use Compatibility Planning, November 3, 2010.

American Planning Association California 2010 Conference, La Costa, California, Panelist. Subject: Balancing Competing Public Objectives – Airport Land Use Compatibility Planning in Growing Communities, November 1, 2010.

SWAAAE 64th Annual Summer Conference, San Diego, California, Panelist. Subject: Recent Developments in Airport Land Use Compatibility Planning, July 20, 2010.

Workshop on Airport Land Use Commission, Shasta County, California, Speaker. Subject: Land Use Compatibility Issues, July 13, 2009.

SWAAAE 49th Annual Airport Management Conference, Monterey, California, Speaker. Subject: Overview of California's Statutory and Regulatory Framework for Greenhouse Gas Emissions, January 24, 2009.

SWAAAE 48th Annual Airport Management Conference, Monterey, California, Speaker. Subject: Airport Land Use Commissions and Airport Land Use Compatibility Planning, January 26, 2008.

KEVIN P. SULLIVAN

Admitted to Bar, 1990, Texas (Inactive)
Admitted to Bar, 1995, California
AV/Preeminent Rated (Martindale-Hubbell)

SUMMARY OF PRACTICE

Kevin P. Sullivan joined Gatzke Dillon & Ballance LLP as a partner in 2017. Mr. Sullivan's practice experience has primarily focused on land use and environmental permitting and litigation, public agency and municipal law, regulatory compliance, and real estate. Mr. Sullivan has been a (contract) Deputy and then Assistant City Attorney of the City of San Marcos. He has also acted as outside counsel to the City of San Diego, San Diego Centre City Development Corporation, County of Imperial, City of Chula Vista, City of Indio, and City of El Centro, among other public agencies, on municipal law, land use and environmental law matters. Mr. Sullivan's public agency experience has included Brown Act, conduct of public meetings, public records requests, conflicts of interest and financial interests, public property acquisition and disposition, prevailing wage, and other matters.

Mr. Sullivan has also represented many developers and property owners on land use and environmental permitting and litigation matters, as well as on real estate leasing and purchase and sale agreements. Mr. Sullivan has represented his clients on a variety of telecommunications, residential, commercial, industrial and mixed-use projects throughout San Diego County and elsewhere in California. His work experience includes representation of development interests in due diligence, permit processing, advocacy with agency staff and before agency decision makers, CEQA, Subdivision Map Act and Coastal Commission Act matters, and in all forms of challenges to project entitlements and approvals.

Mr. Sullivan served for many years on the Board of Trustees of the California State University San Marcos Foundation, including for three years as its Chair until 2009. He was also a member of the Board of Directors of the Escondido Chamber of Commerce for many years.

EDUCATION

University of California, San Diego (B.A., with honors, 1986)

University of San Diego School of Law (J.D., with honors, 1990) (Law Review)

COURT ADMISSIONS

US Supreme Court, 1991

Fifth Circuit Court of Appeals, 1992

California Southern District Court, 1996

Texas Northern District Court, 1991

Texas Western District Court, 1993

PROFESSIONAL AFFILIATIONS

1990 to 1995: Associated with Fulbright & Jaworski LLP

1996 to 2002: A member of Lounsbery Ferguson Altona & Peak, LLP

2003 to Mid-April 2017: A member of Schwartz Hyde & Sullivan, LLP

April 2017 to the present: A member of Gatzke Dillon & Ballance LLP

AWARDS/HONORS

Top Lawyer in Land Use in San Diego by San Diego Magazine 2013-2017

Top Rated Lawyer in Land Use and Zoning 2012-2017 by The American Lawyer and Corporate Counsel magazines

Top Rated Lawyer in Energy/Environmental/Natural Resources Law in 2013-2017 by The American Lawyer and Corporate Counsel magazines

REPORTED OPINIONS

County of San Diego v. Grossmont-Cuyamaca Community College Dist. (2006) 141 Cal.App.4th 86.

Coachella Valley Mosquito and Vector Control District v. City of Indio (2002) 101 Cal.App.4th 12

San Elijo Ranch, Inc., et al. v. County of San Diego (1998) 65 Cal.App.4th 608

Industrial Clearinghouse, Inc. v. Browning Manufacturing, 953 F.2d 1004 (5th Cir. 1992).

STEPHEN A. SUNSERI

Admitted to Bar, 2000, California

SUMMARY OF PRACTICE

Stephen Sunseri joined the firm in 2000, and has been a partner with the firm since 2008. Mr. Sunseri's practice covers a broad range of civil litigation, transactional, and regulatory matters and he regularly represents corporate, individual, and insurance-based clients on high-exposure complex matters all throughout Southern California in both state and federal courts.

Mr. Sunseri has substantial experience in construction defect disputes involving soils subsidence, design claims, delay claims, non-conforming work, contractual indemnity, insurance, "SB 800" claims, mechanic's liens, and construction accidents. Currently, Mr. Sunseri is the author of the firm's periodic Construction Law E-Alert newsletters, an electronic mail service that provides clients with real-time updates on significant legal issues and cases. Mr. Sunseri also handles matters concerning real estate claims and transactions, catastrophic personal injury claims, business disputes, products liability, toxic torts, business formation and commercial landlord-tenant matters.

Mr. Sunseri also represents clients in complex governmental and private environmental litigation matters, including state and federal cost recovery actions, natural resource damage claims and assessments, air, water and hazardous waste actions, and multi-party proceedings. He advises and represents clients in areas involving hazardous substances and wastes, including regulatory compliance counseling, site remediation and cost recovery, health and safety, and enforcement defense. Mr. Sunseri has experience in environmental cost recovery/contribution litigation involving the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), the Resource Conservation and Recovery Act (RCRA), and the California Hazardous Substances Account Act (HSAA). Mr. Sunseri also represents clients in matters involving environmental site assessments, human health and ecological risk assessments, site investigations, and cleanups involving Title 22 Metals, groundwater contamination, chlorinated solvents, and petroleum-based emissions.

From pre-lawsuit strategy to ultimate resolution of each case through mediation, arbitration, settlement, trial or appeal, Mr. Sunseri is consistently praised for his ability to efficiently achieve successful results.

EDUCATION

University of California at Santa Barbara, California (B.A. 1993)

California Western School of Law (J.D., 1999)

COURT ADMISSIONS

United States District Court, Southern District of California, 2000

United States Court of Appeals, Ninth Circuit, 2006

United States District Court, Central District of California, 2010

PROFESSIONAL AFFILIATIONS

September 2000 to December 2007: Associated with Gatzke Dillon & Ballance LLP

January 2008 to the present: A member of Gatzke Dillon & Ballance LLP

MEMBERSHIPS

San Diego County Bar Association

Bar Association of Northern San Diego County

DRI™ The Voice of the Defense Bar

Building Industry Association of San Diego County

REPORTED OPINIONS

Otay Land Co., et al. v. United Enterprises, Ltd., et al. 672 F.3d 1152
(9th Cir. 2012)

PUBLICATIONS

GDB Defeats a \$25+ million Contamination Case - VerdictSearch, Vol. 14, Issue 14
(March 30, 2015)

GDB Construction Law-EAlert: Design Professionals Owe a Duty of Care to Homeowners (July 2014) (Co-authored)

GDB Construction Law E-Alert: Court of Appeal Expands Liability Against Design Professionals and Homeowners Are Now Required To Comply With SB 800's Notice Obligations (February 2013) (Co-authored)

GDB Construction Law E-Alert: California Supreme Court Binds Homeowner Associations To Arbitration Provisions In CC&Rs (August 2012) (Co-authored)

GDB Construction Law E-Alert: Courts Are Conflicted As To Whether A "Good Faith" Settlement Determination Can Be Reviewed Via A Writ Petition Or Appeal (June 2012) (Co-authored)

GDB Construction Law E-Alert: Timing Of An Insured's SIR Payment Has No Effect On Non-Participating Carrier's Equitable Contribution To A Co-Carrier (April 2012) (Co-authored)

DAVID P. HUBBARD

Admitted to Bar, 1990, California

SUMMARY OF PRACTICE

David P. Hubbard joined Gatzke Dillon & Ballance LLP as a partner in 2007. Mr. Hubbard specializes in the fields of environmental and land use law, with particular emphasis on issues arising under California Environmental Quality Act (CEQA), National Environmental Policy Act (NEPA), the federal and state Endangered Species Acts, the Federal Lands Policy and Management Act (FLPMA), the federal Clean Water Act, the California Coastal Act, the federal Coastal Zone Management Act, and the California Planning and Zoning law. In the environmental and land use fields, Mr. Hubbard routinely addresses matters involving traffic, air quality, water quality, hydrology, noise, hazardous materials, land use compatibility, aesthetics, sensitive biological resources, including threatened and endangered species, marine resources, and historical resources. His expertise in these areas includes both planning, administrative and litigation matters. A significant portion of Mr. Hubbard's practice includes assisting clients in preparing environmental impact reports, environmental impact statements, and supporting technical studies for complex or controversial projects arising under CEQA, NEPA, FLPMA and the federal Endangered Species Act.

Mr. Hubbard has represented the San Diego Unified Port District on matters related to airport development and management. He has helped to prepare environmental impact reports and Coastal Act consistency documents covering a host of port projects, including the \$900 million Chula Vista Bayfront Master Plan project. Additionally, Mr. Hubbard has worked directly with matters related to the development and management of John Wayne Airport. Mr. Hubbard also has devoted time in representing the County of Orange on major transportation litigation matters, including the Foothills Transportation Corridor, the Eastern Transportation Corridor, and the San Joaquin Transportation Corridor (now known as SR-73). Mr. Hubbard currently represents the County of Imperial on matters relating to the approval and implementation of a wind energy project.

In his role as a land use and environmental adviser, Mr. Hubbard routinely appears before federal, state, and local agencies on behalf of his clients. Such agencies include the U.S. Fish and Wildlife Service; the U.S. Bureau of Land Management; the U.S. Forest Service; the U.S. Army Corps of Engineers; the California Department of Fish and Game; the California Coastal Commission; the California Department of Parks and Recreation; the California Department of Mines; the California Regional Water Quality Control Board; the California Department of Transportation; the California Department of Toxic Substances Control; and numerous counties and municipalities through Southern California.

Prior to joining the firm in 2007, Mr. Hubbard had his own law office. Prior to that, he was affiliated with the firm of Lounsbery Ferguson Altona & Peak, LLP, and with the regional firm of Procopio Cory Hargreaves & Savitch, LLP, where he assisted public and private sector clients on a variety of environmental and land use issues. Mr. Hubbard was also the lead environmental litigator at both the Lounsbery and Procopio firms where he successfully defended and prosecuted actions arising under CEQA and the federal and state Endangered Species Acts. As an accomplished legal and technical writer, Mr. Hubbard has drafted successful briefs in defense of large scale or controversial projects throughout Southern California. Many of his current

clients are private sector project applicants whose development entitlements have been challenged under state and/or federal land use and environmental laws. In addition, however, Mr. Hubbard has successfully represented private parties who have opposed projects for failing to comply with established environmental review and disclosure rules. For example, on behalf of property owners and a community group, Mr. Hubbard recently led a successful legal challenge to the expansion of a landfill in the City of San Diego.

Since 2001, Mr. Hubbard has also been intensely involved in land use and environmental matters relating to public access to public lands. In this regard, he represents some of the largest outdoor recreation organizations in the country as both a litigator and policy strategist. As an advisor to these organizations, Mr. Hubbard has assisted in drafting key recreation legislation at both the state and federal levels.

Mr. Hubbard earned his law degree in 1990 from Boalt Hall School of Law at the University of California, Berkeley, where he was a member of the California Law Review. He holds a Master's degree from the University of Chicago and two Bachelor's degrees from the University of California, Santa Cruz. He is a member of the California Bar, and is licensed to practice in all federal courts in California.

EDUCATION

University of California at Santa Cruz (B.A., History, with honors; B.A., Political Science, with honors, 1985)

University of Chicago (M.A. Political Science, 1987)

University of California, at Berkeley, Boalt Hall School of Law (J.D., 1990)

COURT ADMISSIONS

United States District Court for the Eastern District of California, 2003

United States District Court for the Central District of California, 1992

United States District Court for the Southern District of California, 1992

Ninth Circuit Court of Appeals, 1990

United States District Court for the Northern District of California, 1990

PROFESSIONAL AFFILIATIONS

1992 to 1997: Associated with Gatzke Dillon & Ballance LLP

1997 to 2003: Associated with Procopio, Cory, Hargreaves & Savitch, LLP

2003 to 2005: A member of Lounsbery, Ferguson, Altona & Peak

2006 to 2007: Principal of the Law Offices of David P. Hubbard

2007 to the present: A member of Gatzke Dillon & Ballance LLP

MEMBERSHIPS

State Bar of California Board of Trustees

Vista Chamber of Commerce

DANIELLE K. MORONE

Admitted to Bar, 2006, California

SUMMARY OF PRACTICE

Danielle Morone provides legal counsel on airport, environmental and land use advisory and litigation matters, as described further below.

Airport: Ms. Morone represents public and private airport owners/operators on matters arising under California's State Aeronautics Act (including variances from the State's noise standards); the FAA's orders, advisory circulars, and other agency-issued guidance; airport master planning efforts; federal grant programming; air carrier access rules; and, regulatory compliance (particularly for noise and air quality issues). Ms. Morone also represents Airport Land Use Commissions on matters concerning the preparation, adoption, amendment, and implementation of airport land use compatibility plans.

Environmental and Land Use: Ms. Morone represents lead agencies and project applicants on advisory and litigation matters concerning CEQA and NEPA compliance. As part of this practice, Ms. Morone works with environmental consultants of varied specialties, and provides counsel on the application of existing and proposed federal, state and local regulatory frameworks seeking to protect the environment. Ms. Morone also assists applicants with securing the necessary project entitlements via California's Subdivision Map Act and Planning and Zoning Law.

EDUCATION

University of San Francisco (B.A., cum laude, 2003)

University of San Diego School of Law (J.D., 2006)

MEMBERSHIPS

American Bar Association

San Diego County Bar Association

REPORTED OPINIONS

City of Oceanside v. AELD, LLC (2010) 740 F.Supp.2d 1183

PUBLICATIONS

Aviation Noise Report, Special Report - California's Seminal Airport Land Use Compatibility Planning Laws Are Up For Repeal (March 2012) (Co-authored).

Aviation Emissions Report, Special Report - 2012: Will So-Called 'Sustainable Community' Laws Result in Airport Encroachment? (February 2012) (Co-authored).

CalPilots Newsletter, California Pilots Association, Contributor, 2012 to present.

California Land Use Planning Handbook Update, State of California Department of Transportation, Division of Aeronautics (October 2011) (Co-authored).

Aviation Emissions Report, Special Report - 2011: A Year Of Possibilities (As Always) (January 2011) (Co-authored).

Airport Noise Report, Special Report - Neighboring States Offer Potentially Different Thoughts on the Constitutionality of Avigation Easements Required as a Condition of Land Use Development Approval (October 2010) (Co-authored).

Airport Noise Report and *Aviation Emissions Report*, Special Report - The New Frontier in Air Quality Regulation: Greenhouse Gas Emissions and Global Climate Change (July 2008) (Coauthored).

Environmental Law Section Update, California State Bar, Contributor, 2006 to present.

SPEAKING SEMINARS AND CONFERENCES

California Airport Land Use Consortium Conference, San Diego, California. Subject: *All Things Legal*, August 28, 2015.

SWAAAE 67th Annual Summer Conference, Phoenix, Arizona, Speaker. Subject: *Air Quality Primer – What's New on the Horizon*, July 23, 2013.

SWAAAE 53rd Annual Airport Management Conference, Monterey, California, Speaker. Subjects: *The Continuing CEQA Saga* and *ALUCs and Land Use Issues Update*, January 26, 2013.

California Airport Land Use Consortium Statewide Conference, Sacramento, California, Speaker. Subject: *The Potential Repeal Of California's ALUC Mandate*, May 15, 2012.

ACI-NA Environmental Affairs Conference, Las Vegas, Nevada, Speaker. Subject: *Reconciling Airport Operations With Air Quality Regulation*, April 18, 2012.

SWAAAE 50th Annual Airport Management Conference, Monterey, California, Speaker. Subject: *Airport Privatization*, January 23, 2010.

ASSOCIATES OF THE FIRM

MICHAEL P. MASTERSON

Admitted to Bar, 2005, California

SUMMARY OF PRACTICE

Mr. Masterson is a senior associate in the firm's litigation group, working on complex state and federal litigation matters. He works on a variety of issues and disputes, including hazardous substances, environmental, real estate, land use, and construction matters.

Mr. Masterson's practice focuses on representing real estate development firms and other government and non-government entities in diverse litigation matters. His experience includes general business litigation, business tort claims, professional negligence, mechanic's liens, loan restructuring and enforcement, and foreclosure actions. He handles complex discovery and motion practice, trial preparation, and post-trial matters. Mr. Masterson's practice also includes transactional matters, such as drafting and negotiating various development agreements.

Prior to joining the firm, Mr. Masterson graduated cum laude from the University of San Diego School of Law in 2005. During law school, Mr. Masterson served as a Lead Articles Editor of the San Diego Law Review and received the Academic Achievement Scholarship. While in law school, Mr. Masterson also clerked for the California Court of Appeal, Second District, Division 6, and the San Diego County Public Defender's Office.

Mr. Masterson received his bachelor's degree in Economics and Spanish from Vanderbilt University, where he graduated cum laude in 2002. At Vanderbilt, Mr. Masterson was a four-year member of the Varsity Cross Country and Club Track & Field teams. Mr. Masterson also studied at Universidad Complutense Madrid and is fluent in Spanish.

EDUCATION

Vanderbilt University (B.A., cum laude, 2002)

University of San Diego School of Law (J.D., cum laude, 2005)

COURT ADMISSIONS

United States District Court, Central District of California, 2011

United States Court of Appeals, Ninth Circuit, 2006

United States District Court, Southern District of California, 2005

MEMBERSHIPS

San Diego County Bar Association

Bar Association of Northern San Diego County

American Inns of Court, Fiorenzo V. Lopardo Chapter 303

REPORTED OPINIONS

Sukut Construction, Inc. v. Rimrock CA LLC (2011) 199 Cal.App.4th 817

ATTACHMENT C

RESOLUTION NO. _____

A RESOLUTION OF THE ONTARIO INTERNATIONAL AIRPORT AUTHORITY APPOINTING AND DESIGNATING THE AUTHORITY'S GENERAL COUNSEL, AND APPROVING AND AUTHORIZING EXECUTION OF AGREEMENT FOR GENERAL COUNSEL SERVICES.

WHEREAS, the Ontario International Airport Authority (the "Authority" or "OIAA") was formed through the Joint Exercise of Powers Agreement ("JPA") by and between the City of Ontario ("the City") and the County of San Bernardino ("the County"); and

WHEREAS, Section 3(E)(4) of the JPA provides the Commission with the authority on behalf of the OIAA to employ or engage, on an independent contractor basis or otherwise, professional services and expert services as may be necessary, including, without limitation, legal counsel; and

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED AND RESOLVED by the Ontario International Airport Authority Commission, as follows:

SECTION 1. The Ontario International Airport Authority Commission, in accordance with the terms and provisions of the Joint Exercise of Powers Agreement, hereby appoints and designates Lori D. Ballance and the law firm of Gatzke Dillon & Ballance, LLP as General Counsel for the Ontario International Airport Authority.

SECTION 2. The Ontario International Airport Authority Commission, in accordance with the terms and provisions of the Joint Exercise of Powers Agreement, hereby approves and authorizes for execution the Professional Services Agreement By and Between the OIAA and Gatzke Dillon & Ballance LLP for Professional Legal Services as General Counsel to the OIAA.

SECTION 4. Effective Date. This Resolution will take effect immediately upon its adoption.

SECTION 5. Certification. The Assistant Secretary shall certify as to the adoption of this Resolution and forward copies of this Resolution to the Ontario City Clerk and the Clerk of the Board, County of San Bernardino.

PASSED, APPROVED, AND ADOPTED at a Special Meeting this 27th day of April, 2017.

ALAN D. WAPNER, OIAA PRESIDENT

ATTEST:

SECRETARY/ASSISTANT SECRETARY

APPROVED AS TO LEGAL FORM:

LORI D. BALLANCE
INTERIM GENERAL LEGAL COUNSEL

ATTACHMENT D

RESOLUTION NO. _____

A RESOLUTION OF THE ONTARIO INTERNATIONAL AIRPORT AUTHORITY ELECTING THE AUTHORITY'S ASSISTANT SECRETARY

WHEREAS, the Ontario International Airport Authority (the "Authority" or "OIAA") was formed through the Joint Exercise of Powers Agreement ("JPA") by and between the City of Ontario ("the City") and the County of San Bernardino ("the County"); and

WHEREAS, Section 3(E)(1) of the JPA provides the Secretary of the Commission with the authority to elect an Assistant Secretary to assist the Secretary in the performance of the Secretary's duties, to certify copies of the official documents of the Authority and to perform such other duties specified by the Commission; and

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED AND RESOLVED by the Ontario International Airport Authority Commission, as follows:

SECTION 1. The Ontario International Airport Authority Commission, in accordance with the terms and provisions of the Joint Exercise of Powers Agreement, hereby elects Claudia Y. Isbell as the Assistant Secretary to the Ontario International Airport Authority Commission.

SECTION 2. Effective Date. This Resolution will take effect immediately upon its adoption.

SECTION 3. Certification. The Assistant Secretary shall certify as to the adoption of this Resolution and forward copies of this Resolution to the Ontario City Clerk and the Clerk of the Board, County of San Bernardino.

PASSED, APPROVED, AND ADOPTED at a Special Meeting this 27th day of April, 2017.

ALAN D. WAPNER, OIAA PRESIDENT

ATTEST:

SECRETARY/ASSISTANT SECRETARY

APPROVED AS TO LEGAL FORM:

LORI D. BALLANCE
INTERIM GENERAL LEGAL COUNSEL

**ONTARIO INTERNATIONAL
AIRPORT AUTHORITY**

Agenda Report
April 27, 2017

**SECTION:
ADMINISTRATIVE
REPORTS/DISCUSSION/ACTION**

SUBJECT: APPROVE AND AUTHORIZE EXECUTION OF A PROFESSIONAL SERVICES CONTRACT TO PREPARE AN AIRPORT MASTER PLAN AND ENVIRONMENTAL ANALYSIS FOR ONTARIO INTERNATIONAL AIRPORT CONTINGENT UPON SIGNATORY AIRLINE SUPPORT AND AUTHORIZE THE AUTHORITY TO EXPEND REVENUES IN SUPPORT OF THE PROFESSIONAL SERVICES CONTRACT

(ITEM NO: 03 CONTINUED FROM MARCH 28, 2017)

RECOMMENDED ACTION(S): That the OIAA Commission: (1) Approve and authorize the execution of a Professional Services Contract with C&S ENGINEERS, INC. to prepare an airport master plan and environmental analysis for Ontario International Airport contingent upon signatory airline support; and (2) Authorize the expenditure of revenues in support of the Professional Services Contract.

BACKGROUND

Airport Master Plan

An airport master plan is prepared to support the modernization or expansion of an existing airport and is the airport sponsor's strategy for the development of the Airport. (See, Federal Aviation Administration (FAA) AC 150/5070-6B). The goal of the master plan is to provide the framework needed to guide future airport development that will cost-effectively satisfy aviation demand, while considering potential environmental and socioeconomic impacts. The master plan provides a comprehensive study of the airport and typically describes short, medium and long-term plans for airport development for a twenty (20) year horizon period. An update of the airport layout plan (ALP) is an element of the master plan. The ALP reflects the actual or planned modifications to the airport and significant off-airport development.

Ontario International Airport Authority (OIAA or Authority), as the new owner and operator of Ontario International Airport (ONT or Airport), is responsible for defining the framework and guidance needed for the development of the Airport, the Inland Empire's greatest air transportation asset. This

STAFF MEMBER PRESENTING: Kelly Fredericks, Chief Executive Officer

Prepared by: Kelly Fredericks
Department: OIAA
Chief Executive
Officer Approval: _____

Submitted to OIAA: April 27, 2017
Approved: _____
Continued to: _____
Denied: _____

Item No. 04

responsibility is reflected in the Authority's Strategic Business Plan objectives that were approved in January 2013 and is consistent with FAA's requirement that an airport sponsor have a well-defined and well justified capital improvement program and development program for the Airport. The proposed airport master plan will fulfill the Authority's responsibility by defining and documenting the region's air transportation needs and opportunities and identifying necessary and potential development opportunities to help ensure that the Authority is prepared to meet those needs for the next two (2) decades.

The following are the key elements of the proposed airport master plan study: (1) Public involvement program; (2) Environmental considerations in airport master planning (consistent with the requirements of the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA); (3) Existing conditions; (4) Aviation forecasts; (5) Facility requirements; (6) Alternatives development and evaluation; (7) ALP; (8) Facilities implementation plan; and (9) Financial feasibility study. The proposed airport master plan will include a technical report that contains the results of the analyses conducted during the development of the master plan and an ALP drawing set that contains a graphical representation of the proposed development in the master plan. The FAA will review all elements of airport master plan to ensure that sound planning techniques have been applied. However, the FAA will only approve the forecasts of demand and the ALP.

Request for Qualifications and Consultant Selection

FAA AC 150/5100-14 Architectural, Engineering and Planning Consultant Services for Airport Grant Projects provides important guidance for consultant selection and is required by FAA for use in the airport master plan consultant selection process. OIAA has used the FAA guidance in connection with the consultant selection process for the master plan. A summary of the request for qualifications and consultant selection process is provided below.

On October 11, 2016, OIAA released a Request for Qualifications (RFQ) for Professional Airport Planning Services for an Airport Master Plan and Environmental Analysis (under CEQA and NEPA) for the Airport. On November 9, 2016, OIAA held a pre-submittal meeting at the OIAA administration building. Two (2) statements of qualifications were received by the due date and time of December 14, 2016 at 4:00 PM Pacific Standard Time established in the RFQ. An initial review of the statements of qualifications determined that both statements of qualifications met the requirements of the RFQ and were eligible for evaluation by OIAA staff.

An evaluation and selection panel consisting of four (4) OIAA staff members evaluated both statements of qualifications based on the following criteria, for a total of 100 possible points to be awarded by each member of the evaluation and selection panel:

- Firm Experience (worth 25 points)
- Individual Experience (worth 25 points)
- Project Approach (worth 25 points)
- Specialized Experience (worth 15 points)
- Followed SOQ Directions (worth 10 points)

After completion of the evaluation and selection, the two (2) firms were ranked, as follows:

1. C&S Engineers Inc. (350 points)
2. Coffman Associates (317 points)

A Notice of Intent to Negotiate with the highest-ranking respondent was sent to both firms on January 23, 2017. Subsequently, OIAA staff negotiated a complete scope of work, including preparation of the proposed airport master plan, environmental compliance, project schedule, and fee estimate to complete the ONT master plan and environmental analysis under both NEPA and CEQA.

After scoping the study and environmental documents and negotiating a price for the consulting services, a contractual arrangement with C&S Engineers, Inc. was negotiated. Consistent with FAA recommendations, the proposed Professional Services Contract between OIAA and the consultant is a firm, fixed-price contract that provides incentives for effective cost control and contract performance. Importantly, because Federal funds will be used, AC 150/5100-4 was followed to ensure compliance with FAA requirements. The FAA has been involved in the overall process and was consulted regarding the best strategy when negotiating the scope of work and proposed agreement.

Staff recommends that the Commission approve and authorize execution of the proposed Professional Services Contract between OIAA and C&S Engineers, Inc., for airport master plan and environmental analysis at ONT and authorize the OIAA to expend revenues in support of the Professional Services Contract. A copy of the proposed Professional Services Contract between Ontario International Airport Authority and C&S Engineers Inc. for Airport Master Plan and Environmental Analysis at Ontario International Airport is provided as Attachment A to this Agenda Report. A list of the subconsultants that will be working under C&S Engineers, Inc. is provided as Attachment B. C&S Engineers, Inc. is prepared to initiate work on the ONT Master Plan and environmental analysis immediately.

These recommended approval and authorization actions will provide OIAA with the ability to move forward with the airport planning and environmental analyses necessary for possible improvements to air cargo facilities, apron areas, terminals, roads, and other possible infrastructure improvements to meet aviation demand at ONT and are consistent with FAA funding requirements for airport improvement projects.

FISCAL IMPACT AND SOURCE OF FUNDS

Airport master planning services and environmental analysis under NEPA are eligible for grant funding through the FAA's Airport Improvement Program (AIP). An AIP grant application has been submitted to the FAA for all eligible costs, of which approximately eighty percent (80%) of these costs may be paid with AIP entitlements or discretionary grants. However, environmental analysis under CEQA is not eligible for federal AIP grant funding. As a result, approximately sixty-seven percent (67%) of the project's total costs are eligible for AIP funding. The OIAA proposes to fund the remainder of the costs with OIAA appropriations.

Total project costs are estimated at \$7,039,982. Master plan and environmental consulting services costs are estimated at \$6,399,982, and project contingency costs are estimated at \$640,000. Approximately sixty-seven (67%) of the total amount may be eligible for AIP funding. Approximately thirty-three (33%) of the total amount would be paid for with OIAA appropriations.

PRIOR COMMISSION ACTION

Commission Agenda - March 28, 2017 (Item continued to April 27, 2017).

CEQA COMPLIANCE

Statutory exemption: Feasibility and planning studies. CEQA does not apply to feasibility or planning studies that will not have a legally binding effect on later activities. (CEQA Guidelines §15262; Pub. Resources Code, §§21102, 21150.)

Exclusion from the definition of “project”: The creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. (CEQA Guidelines §15378(b)(4).)

Categorical exemption: Data collection, research, experimental management, and resource evaluation activities. (CEQA Guidelines §15306.)

Common sense exemption: The CEQA Guidelines include an exemption based on “the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment.” (CEQA Guidelines §15061(b)(3).) Under this exemption, a lead agency may find a project exempt from CEQA if “it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.” (*Ibid.*)

STAFFING IMPACT (# OF POSITIONS)

N/A

IMPACT ON OPERATIONS

N/A

SCHEDULE

The airport master plan and associated environmental analysis will be initiated immediately upon approval by the Commission and is anticipated to take approximately three (3) years to complete. The Commission will be briefed by staff on a quarterly basis, and as necessary, regarding the status of the master plan and environmental analysis.

EXHIBITS AND ATTACHMENTS

Attachment A - Professional Services Contract between Ontario International Airport Authority and C&S Engineers Inc. for Airport Master Plan and Environmental Analysis at Ontario International Airport

Attachment B - Subconsultants under the proposed Professional Services Contract with C&S Engineers Inc.

Attachment C - Fee Proposal

This Agenda Report references the terms and conditions of the recommended actions and request for approval. Any document(s) referred to herein and that are not attached or posted online may be reviewed prior to or following scheduled Commission meetings in the Office of the Clerk of the Commission. Office hours are 8:30 a.m. to 5:00 p.m., Monday through Friday

This Agenda Report has been reviewed by OIAA Interim General Counsel.]

2. Have you or any members of your firm been an employee of OIAA or served as a member of the OIAA Commission within the last twelve (12) months?

Yes _____ No

If yes, please list the name, position, and dates of services:

Name	Position	Dates of Service
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

3. Are you or any managers, partners, or officers of your firm related by blood or marriage/domestic partnership to an employee of OIAA or member of the OIAA Commission that is considering your proposal?

Yes _____ No

If yes, please list the names and nature of the relationship:

Name	Relationship
_____	_____
_____	_____
_____	_____
_____	_____

4. Does an employee of OIAA or a member of the OIAA Commission hold a position at your firm as a director, officer, partner, trustee, employee, or any position of management?

Yes _____ No

If yes, please list the names and nature of the relationship:

Name	Relationship
_____	_____
_____	_____
_____	_____
_____	_____

5. Have you or any managers, partners, or officers of your firm ever given (directly or indirectly), or offered to give on behalf of another or through another person, campaign contributions, or gifts to any current employee of OIAA or member of the OIAA Commission (including contributions to a political committee created by or on behalf of a member/candidate)?

Yes ___ No x

If yes, please list the name, position, and dates of services:

Name	Date	Dollar Value
_____	_____	_____
_____	_____	_____
_____	_____	_____

SECTION 3: VALIDATION STATEMENT

This Validation Statement must be completed and signed by at least one General Partner, Owner, Principal, or Officer authorized to legally commit the proposer.

DECLARATION

I (print full name) John D. Trimble, hereby declare that I am the (position or title) President & CEO of (firm name) C&S Engineers, Inc., and that I am duly authorized to execute this Validation Statement on behalf of this entity. I hereby state that this OIAA Conflict of Interest Form dated 18 April 2017 is correct and current as submitted. I acknowledge that any false, deceptive, or fraudulent statements on this Validation Statement will result in rejection of my contract proposal.



Signature of Person Certifying for Proposer

18 April 2017

Date

NOTICE

A material false statement, omission, or fraudulent inducement made in connection with this OIAA Conflict of Interest Form is sufficient cause for rejection of the contract proposal or revocation of a prior contract award.

**ONTARIO INTERNATIONAL
AIRPORT AUTHORITY**

Agenda Report
April 27, 2017

**SECTION:
ADMINISTRATIVE
REPORTS/DISCUSSION/ACTION**

SUBJECT: APPROVE AND AUTHORIZE THE EXECUTION OF A PROFESSIONAL SERVICES CONTRACT FOR CIVIL DESIGN SERVICES AND CONSTRUCTION ADMINISTRATION SERVICES TO REHABILITATE THE TAXIWAY S&W INTERSECTION AND CONSTRUCT TAXIWAY S5 AND AUTHORIZE THE AUTHORITY TO EXPEND REVENUES IN SUPPORT OF THE PROFESSIONAL SERVICES CONTRACT.

(ITEM NO: 04 CONTINUED FROM MARCH 28, 2017)

RECOMMENDED ACTION(S): That the OIAA Commission: (1) Approve and authorize the execution of a Professional Services Contract with T.Y. LIN INTERNATIONAL INC., to complete civil design services and construction administration services for the rehabilitation of the Taxiway S&W intersection and construction of Taxiway S5 at Ontario International Airport; and (2) Authorize the expenditure of revenues in support of the Professional Services Contract.

BACKGROUND

Ontario International Airport's (ONT or Airport) most valuable physical asset is its airfield pavements including runways, taxiways, and apron areas. These pavements require ongoing observation, maintenance, repair, and replacement by qualified civil engineering and airfield pavement experts. An Airfield Pavement Management System (APMS) analysis that was completed in 2010 under the prior Airport Sponsor identified that the pavement at the intersection of Taxiway S and Taxiway W in the Southeast corner of the airfield was in fair to poor condition with a Pavement Condition Index (PCI) of 55 (out of a possible 100). A visual condition survey was completed in February 2014 by a qualified civil engineer and by Airport engineering staff. The 2014 survey identified distresses and a recommendation was made to repair the pavement at the intersection of Taxiway S and Taxiway W.

The prior Airport Sponsor contracted with a qualified civil engineering design firm, T.Y. LIN INTERNATIONAL INC., to design a pavement repair for this area. The design of the repair included design of a bypass taxiway to enable the continued operation of Taxiway W during repair of the Taxiway S intersection with Taxiway W. The civil engineering design services were completed in October 2016 under the prior Airport Sponsor's direction along with a completed bid package ready for

STAFF MEMBER PRESENTING: Kelly Fredericks, Chief Executive Officer

Prepared by: Kelly Fredericks
Department: OIAA

Chief Executive
Officer Approval: _____

Submitted to OIAA: April 27, 2017

Approved: _____

Continued to: _____

Denied: _____

Item No. 05

bid invitations to complete construction of the repairs to the taxiway intersection and construction of the new bypass Taxiway S5. The one hundred percent (100%) design and bid package, however, included references to the prior Airport Sponsor's name, conditions, and requirements many of which do not apply to the Ontario International Airport Authority (OIAA), the current airport sponsor.

OIAA staff determined that the need for the ONT Taxiway S&W Intersection Repair and Taxiway S5 construction project is well-justified and should be completed as soon as possible. Consultation with the Federal Aviation Administration's (FAA) Los Angeles Airport District Office (ADO) staff has been ongoing regarding this project and eighty percent (80%) of the project's construction costs are eligible for grant funding under FAA's Airport Improvement Program (AIP). OIAA staff is coordinating with FAA and will submit an AIP grant application to fund approximately eighty percent (80%) of the project construction costs. Construction of the project is anticipated to begin in late 2017 if the revised bid package can be prepared for release by May 2017.

OIAA staff recommends that T.Y. LIN INTERNATIONAL, INC. be retained to revise the one hundred percent (100%) design documents and bid package documents that they prepared to maintain consistency and prepare the required documentation for bids. If the OIAA were to procure a different design team to undertake preparation of the documents, the project would be delayed by at least one (1) year due to the construction schedule that accounts for FAA grant funding cycles and construction phasing that accounts for the Airport's airline schedules.

The planned construction schedule accounts for the Airport's high proportion of cargo traffic that occurs in the fall during the leadup to the holiday season. The Taxiway S and Taxiway W intersection at ONT is used most frequently by cargo airlines that use the facilities located on the south side of the Airport. T.Y. LIN INTERNATIONAL INC. previously prepared a construction phasing plan in coordination with ONT Airport Operations personnel, ONT Air Traffic Control personnel, and key airline users/tenants.

OIAA staff will return to the Commission during the summer to seek approval and authorization of an award for construction of the ONT Taxiway S&W Intersection Repair and New Taxiway S5 Construction project. It is estimated that contractor mobilization and initiation of construction of this important project would begin in fourth quarter 2017.

Figure 1, attached as Attachment A to this Agenda Report, illustrates the Taxiway S&W Intersection Repair Area and New Taxiway S5.

FISCAL IMPACT AND SOURCE OF FUNDS |

The Professional Services Contract for civil design services and construction administration services has a maximum price of \$130,524.25, which would be paid for with OIAA appropriations.

PRIOR COMMISSION ACTION

Commission Agenda - March 28, 2017 (Item continued to April 27, 2017).

CEQA COMPLIANCE

Categorical exemption: Existing facilities. Operation, repair, maintenance, 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. (CEQA Guidelines §15301.)

Categorical exemption: Replacement or reconstruction of existing structures or facilities where the new structure will be located on the same site as the structure replaced and will have substantially the same purpose and capacity as the structure replaced. (CEQA Guidelines §15302.)

STAFFING IMPACT (# OF POSITIONS)

N/A

IMPACT ON OPERATIONS

ONT Taxiway S&W Intersection Repair and New Taxiway S5 Construction phasing plan has been prepared in coordination with ONT Airport Operations personnel, ONT Air Traffic Control personnel, and key airline users/tenants in order to minimize impact on operations at the Airport.

SCHEDULE

The civil design and construction administration services would begin upon Commission approval and execution of the Professional Services Contract.

OIAA staff will return to the Commission during the summer 2017 to request approval and authorization of an award for construction of the ONT Taxiway S&W Intersection Repair and New Taxiway S5 Construction project. It is estimated that contractor mobilization and initiation of construction of this important project would begin in fourth quarter 2017 and be completed within three (3) years of project approval.

EXHIBITS AND ATTACHMENTS

Attachment A: Figure 1 illustrating the Taxiway S&W Intersection Repair Area and New Taxiway S5.

Attachment B: Professional Services Contract between Ontario International Airport Authority and T.Y. LIN INTERNATIONAL INC. for civil designs services and construction administration services at Ontario International Airport

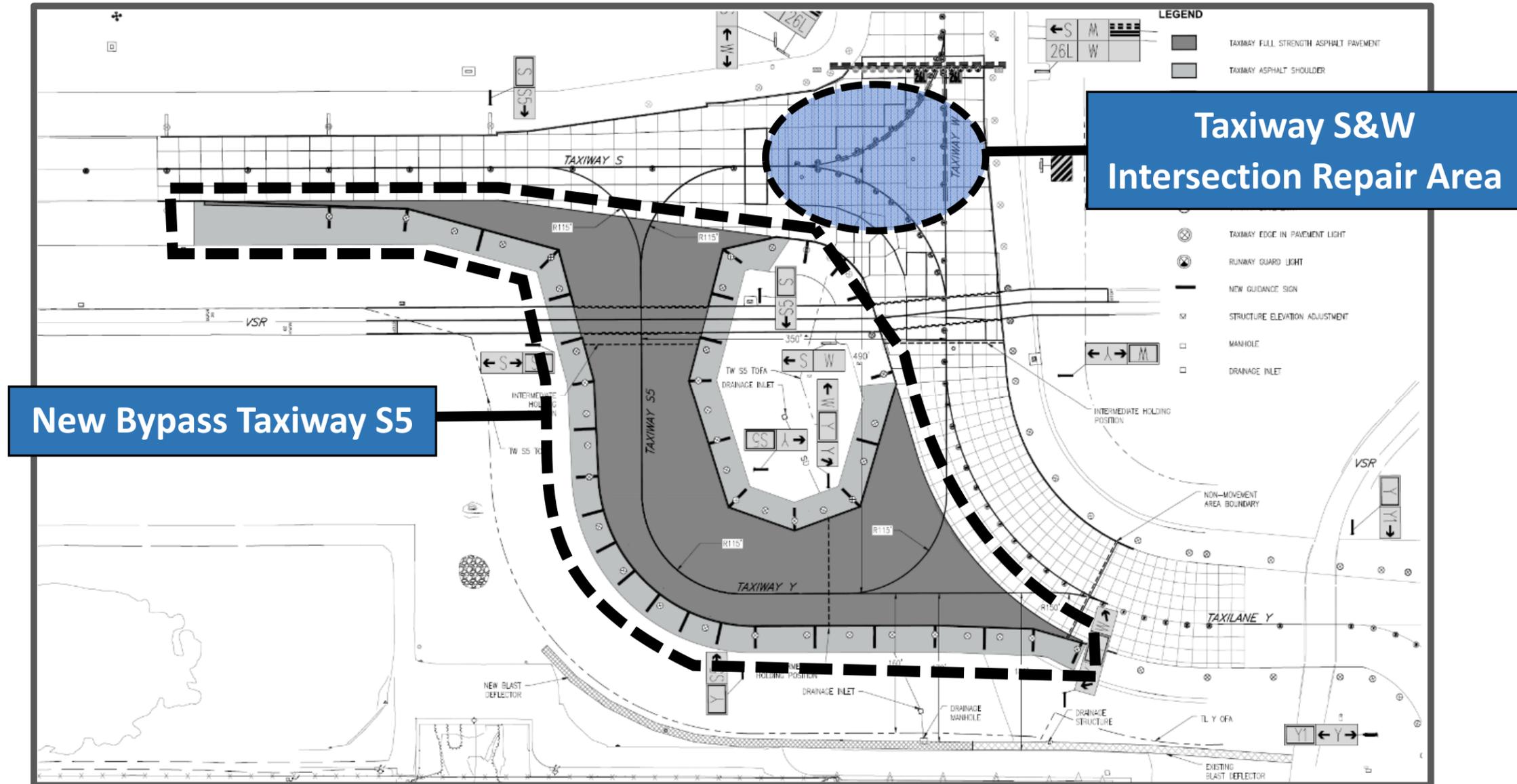
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This Agenda Report has been reviewed by OIAA Interim General Counsel. |

Civil Design and Construction Administration Services



Civil Design and Construction Administration Services





Conflict of Interest Form

SECTION 1: INSTRUCTIONS

All persons or firms seeking contracts must complete and submit a OIAA Conflict of Interest Form along with the proposal. This requirement also applies to any proposed sub-consultant(s). Failure to comply with this requirement may cause your proposal to be declared non-responsive.

Any questions regarding the information required to be disclosed in this form should be directed to OIAA’s General Legal Counsel, especially if you answer “yes” to any questions in this form. As doing so may also disqualify your firm from submitting an offer on this proposal.

Name of Firm T.Y. Lin International

Name of Preparer F.R. Clark Fernon, PE

Project Title: Professional Engineering Services for ONT Taxiway S & W Intersection Improvements

RFP/RFQ # _____

SECTION 2: QUESTIONS

- 1. During the last twelve (12) months, has your firm provided a source of income to employees of OIAA or members of the OIAA Commission, or have any employees or Commissioners held any investment (including real property) in your firm?

Yes _____ No X

If yes, please list the names of those OIAA employees and/or OIAA Commissioners and the nature of the financial interest:

Name	Nature of Financial Interest
not applicable	

2. Have you or any members of your firm been an employee of OIAA or served as a member of the OIAA Commission within the last twelve (12) months?

Yes ___ No X

If yes, please list the name, position, and dates of services:

Name	Position	Dates of Service
not applicable		
_____	_____	_____
_____	_____	_____
_____	_____	_____

3. Are you or any managers, partners, or officers of your firm related by blood or marriage/domestic partnership to an employee of OIAA or member of the OIAA Commission that is considering your proposal?

Yes ___ No X

If yes, please list the names and nature of the relationship:

Name	Relationship
not applicable	
_____	_____
_____	_____
_____	_____

4. Does an employee of OIAA or a member of the OIAA Commission hold a position at your firm as a director, officer, partner, trustee, employee, or any position of management?

Yes ___ No X

If yes, please list the names and nature of the relationship:

Name	Relationship
not applicable	
_____	_____
_____	_____
_____	_____

5. Have you or any managers, partners, or officers of your firm ever given (directly or indirectly), or offered to give on behalf of another or through another person, campaign contributions, or gifts to any current employee of OIAA or member of the OIAA Commission (including contributions to a political committee created by or on behalf of a member/candidate)?

Yes _____ No X

If yes, please list the name, position, and dates of services:

Name	Date	Dollar Value
not applicable		

SECTION 3: VALIDATION STATEMENT

This Validation Statement must be completed and signed by at least one General Partner, Owner, Principal, or Officer authorized to legally commit the proposer.

DECLARATION

I (print full name) F.R. Clark Fernon, hereby declare that I am the (position or title) Vice President of (firm name) T.Y. Lin International, and that I am duly authorized to execute this Validation Statement on behalf of this entity. I hereby state that this OIAA Conflict of Interest Form dated April 12, 2017 is correct and current as submitted. I acknowledge that any false, deceptive, or fraudulent statements on this Validation Statement will result in rejection of my contract proposal.



 Signature of Person Certifying for Proposer

April 12, 2017

 Date

NOTICE

A material false statement, omission, or fraudulent inducement made in connection with this OIAA Conflict of Interest Form is sufficient cause for rejection of the contract proposal or revocation of a prior contract award.

**ONTARIO INTERNATIONAL
AIRPORT AUTHORITY**

Agenda Report
April 27, 2017

**SECTION:
ADMINISTRATIVE
REPORTS/DISCUSSION/ACTION**

SUBJECT: APPROVE A DISADVANTAGED BUSINESS ENTERPRISE PROGRAM IN ACCORDANCE WITH REGULATIONS OF THE U.S. DEPARTMENT OF TRANSPORTATION (DOT), 49 CFR PART 26

(ITEM NO. 05 CONTINUED FROM MARCH 28, 2017)

RECOMMENDED ACTION(S): That the Ontario International Airport Authority Commission approve the Disadvantaged Business Enterprise Program for the Ontario International Airport Authority.

BACKGROUND:

The Ontario International Authority (OIAA or Authority), as the owner and operator of Ontario International Airport (ONT or Airport) has prepared a Disadvantaged Business Enterprise (DBE) Program in accordance with regulations and requirements of the U.S. Department of Transportation (DOT), 49 CFR Part 26. The OIAA is required to approve and implement a DBE program every three (3) consecutive fiscal years in order to receive Federal financial assistance from the Department of Transportation (DOT) for any amount exceeding two hundred and fifty thousand dollars (\$250,000.00). Consistent with these requirements, the proposed DBE Program covers fiscal years 2017 through 2019. The proposed DBE Program has been reviewed and accepted by the FAA.

What is a DBE program?

A DBE Program is required by the FAA in order to receive federal funding and ensures that businesses registered as a DBE have an equal opportunity to receive and participate in DOT-assisted contracts at ONT. See, 49 CFR Part 26.

A DBE program adopted by an airport is a commitment to the Federal government that the OIAA will never exclude any person from participation in, deny any person the benefits of, or otherwise discriminate against anyone in connection with the award and performance of any contract covered by 49 CFR Part 26 on the basis of race, color, sex, or national origin.

STAFF MEMBER PRESENTING: Kelly Fredericks, Chief Executive Officer

Prepared by: Kelly Fredericks
Department: OIAA

Chief Executive
Officer Approval: _____

Submitted to OIAA: April 27, 2017
Approved: _____
Continued to: _____
Denied: _____

Item No. 06

Could the OIAA simply adopt the Los Angeles World Airports (LAWA) DBE program for ONT?

Each DBE program is unique to the airport sponsor involved. LAWA had previously adopted a DBE program that covered all of the airports under its system (i.e., LAX, Van Nuys and ONT) and the full range of projects that are covered by all of those airports. When ownership of ONT was transferred to the OIAA, the list of projects to consider for setting the DBE goal became limited to only projects at ONT. Therefore, OIAA is required to approve a new DBE program for ONT.

What is a DBE goal?

In accordance with 49 CFR Part 26, the OIAA, as part of its DBE program, is required to establish an overall DBE goal. This goal defines the DBE participation the OIAA will strive to achieve every fiscal year that it accepts Federal funding.

49 CFR Part 26 recommends five methodologies for determining a DBE goal. The methodology used to establish the DBE goal for the OIAA is based on an analysis of the State of California DBE directory and Census Bureau County Business Patterns in the market area counties (San Bernardino, Riverside, Orange, and Los Angeles), as well as a comparison of goals at airports in the region.

The proposed OIAA overall DBE base goal for adoption is thirteen percent (13%) for the three-year federal fiscal year (FY) period between FY 2017 – 2019.

What ONT projects are subject to the DBE goal between FY 2017 – 2019?

There are thirteen (13) proposed airport projects that are expected to occur between FY 2017 - 2019 that will be eligible for Federal funding. **The individual projects are listed in the chart on Exhibit 1.** The total value of the contracts is projected to be \$96,644,020; therefore, \$12,854,006 represents the portion that may be awarded to DBE firms based on the proposed thirteen percent (13%) DBE goal.

What is a DBELO?

The Disadvantaged Business Enterprise Liaison Officer (DBELO) is responsible for implementing all aspects of the DBE program and ensuring that the OIAA complies with all provision of 49 CFR Part 26. The DBELO must have direct, independent access to the Chief Executive Officer of the OIAA, concerning DBE program matters.

How will the FAA track the OIAA DBE Program?

The DBELO will register the OIAA on the FAA's DBE tracking system at:
<https://faa.dbeconnect.com/faa/login.asp>.

The DBELO will submit information on DBE participation for every Federally-funded OIAA project to the FAA's tracking system.

The OIAA will transmit to FAA annually on December 1, the "Uniform Report of DBE Awards or Commitments and Payments" form. The OIAA will also report the DBE contractor firm information either on the FAA DBE Contractor's Form or other similar format. The OIAA will create and maintain a bidders list via the website: www.planetbids.com.

How will the OIAA ensure DBE program compliance by contractors?

The OIAA will ensure prompt and full payment of retention from the prime contractor to the subcontractor within thirty (30) days after the subcontractor's work is satisfactorily completed.

The OIAA will require prime contractors to maintain records and documents of payments to DBEs for three (3) years following the performance of the contract. These records will be made available for inspection upon request by any authorized representative of the OIAA or DOT. This reporting requirement also extends to any certified DBE subcontractor.

What if the OIAA does not meet its DBE goal?

If the OIAA does not meet its thirteen percent (13%) overall goal, the FAA will require that OIAA: (1) Analyze in detail the reasons for the difference between the overall goal and its awards and commitments in that fiscal year; (2) Establish specific steps and milestones to correct the problems identified during analysis so that it can meet fully its goal for the new fiscal year; and (3) Submit, within ninety (90) days of the end of the fiscal year, the analysis and corrective actions developed to the FAA for approval.

FISCAL IMPACT AND SOURCE OF FUNDS:

N/A

PRIOR COMMISSION ACTION:

N/A

CEQA COMPLIANCE:

Exclusion from the definition of “project”: The creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. [CEQA Guidelines §15378(b)(4)]

STAFFING IMPACT:

The DBELO will be responsible for implementing all aspects of the DBE program and tracking DBE project participation for every Federally-funded OIAA project at: <https://faa.dbeconnect.com/faa/login.asp>. The DBELO will transmit to FAA annually on December 1, the “Uniform Report of DBE Awards or Commitments and Payments” form.

IMPACT ON OPERATIONS:

N/A

EXHIBITS AND ATTACHMENT(S):

Exhibit 1 – DBE Airport Projects, FY 2017-2019.

Attachment A – OIAA DBE PROGRAM

Attachment B – Resolution No. ____

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This Agenda Report has been reviewed by Interim General Counsel.

Exhibit 1

DBE Airport Projects (FY 2017-2019)

Project Name	Estimated Project Cost	Weighting	Contractor Type	DBE Availability	Weighted DBE Dollars for Subtotal 2017-2019
Twy S & W Intersection Repair	\$8,030,000	50%	Heavy Construction	33%	\$1,324,950
		30%	Other Construction	3%	\$72,270
		20%	Design	6%	\$96,360
Twy S from Twy F to Cucamonga Channel (Phase I)	\$6,100,000	50%	Heavy Construction	33%	\$1,006,500
		30%	Other Construction	3%	\$54,900
		20%	Design	6%	\$73,200
Twy S from Twy F to Cucamonga Channel (Phase II)	\$18,860,000	50%	Heavy Construction	33%	\$3,111,900
		30%	Other Construction	3%	\$169,740
		20%	Design	6%	\$226,320
Reconstruct Rwy 8R-26L Shoulders	\$18,592,000	50%	Heavy Construction	33%	\$3,067,680
		30%	Other Construction	3%	\$167,328
		20%	Design	6%	\$223,104
Install Rwy 26R TDZ Lighting	\$4,000,020	20%	Heavy Construction	33%	\$264,001
		60%	Other Construction	3%	\$72,000
		20%	Design	6%	\$48,000
Taxiway N1 Centerline Lighting	\$2,412,000	20%	Heavy Construction	33%	\$159,192
		60%	Other Construction	3%	\$43,416
		20%	Design	6%	\$28,944
Airport Master Plan	\$5,000,000	0%	Heavy Construction	33%	\$0
		0%	Other Construction	3%	\$0
		100%	Design	6%	\$300,000
Airport Pavement Management Plan	\$1,500,000	0%	Heavy Construction	33%	\$0
		0%	Other Construction	3%	\$0
		100%	Design	6%	\$90,000
Airport Marking Lighting and Signage Plan	\$200,000	0%	Heavy Construction	33%	\$0
		0%	Other Construction	3%	\$0
		100%	Design	6%	\$12,000
ARFF Vehicles and Equipment	\$5,000,000	0%	Heavy Construction	33%	\$0
		0%	Other Construction	3%	\$0
		100%	Design	6%	\$300,000
Security Screening Improvements	\$750,000	0%	Heavy Construction	33%	\$0
		80%	Other Construction	3%	\$18,000
		20%	Design	6%	\$9,000
Northwest Cargo Area Remediation, Demolition, Clean Up, Site Prep	\$16,200,000	20%	Heavy Construction	33%	\$1,069,200
		60%	Other Construction	3%	\$291,600
		20%	Design	6%	\$194,400
ACAMS Security System Rehabilitation	\$10,000,000	0%	Heavy Construction	33%	\$0
		80%	Other Construction	3%	\$240,000
		20%	Design	6%	\$120,000
TOTAL	\$96,644,020				\$12,854,006



ATTACHMENT A

Ontario International Airport Authority (OIAA) DBE PROGRAM – 49 CFR PART 26

INTRODUCTION

The Ontario International Airport Authority (OIAA) Disadvantaged Business Enterprise (DBE) program is based on, and consistent with the requirements of 49 CFR Part 26. The entire regulation can be viewed here:

https://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title49/49cfr26_main_02.tpl

The sections that make up the entirety of the DBE program correspond to the sections of the Federal regulation starting with Section 26.1 through Section 26.109 and include ten (10) attachments.

This DBE program has been reviewed and accepted by the Federal Aviation Administration (FAA).

POLICY STATEMENT

Section 26.1, 26.23 Objectives/Policy Statement

The Ontario International Authority (OIAA), owner and operator of Ontario International Airport (ONT), has established a Disadvantaged Business Enterprise (DBE) Program in accordance with regulations of the U.S. Department of Transportation (DOT), 49 CFR Part 26. The OIAA has received Federal financial assistance from the Department of Transportation, and as a condition of receiving this assistance, the OIAA has signed an assurance that it will comply with 49 CFR Part 26.

It is the policy of the OIAA to ensure that DBEs as defined in Part 26, have an equal opportunity to receive and participate in DOT–assisted contracts. It is also our policy:

1. To ensure nondiscrimination in the award and administration of DOT- assisted contracts;
2. To create a level playing field on which DBEs can compete fairly for DOT-assisted contracts;
3. To ensure that the DBE Program is narrowly tailored in accordance with applicable law;
4. To ensure that only firms that fully meet 49 CFR Part 26 eligibility standards are permitted to participate as DBEs;
5. To help remove barriers to the participation of DBEs in DOT assisted contracts;
6. To promote the use of DBEs in all types of federally-assisted contracts and procurement activities;
7. To assist the development of firms that can compete successfully in the market place outside the DBE Program; and



8. To provide appropriate flexibility to recipients of Federal financial assistance in establishing and providing opportunities for DBEs.

Amy Goethals, Director of Commercial Real Estate has been designated as the DBE Liaison Officer. In that capacity, Amy Goethals, Director of Commercial Real Estate, is responsible for implementing all aspects of the DBE program. Implementation of the DBE program is accorded the same priority as compliance with all other legal obligations incurred by the OIAA in its financial assistance agreements with the Department of Transportation.

This policy statement is available for public access on the OIAA's website (www.flyontario.com). This link to the OIAA website is listed on all solicitation documents qualified for DOT assistance.

Kelly Fredericks, Chief Executive Officer

Date



SUBPART A – GENERAL REQUIREMENTS

Section 26.1 Objectives

The objectives are found in the policy statement on the first page of this program.

Section 26.3 Applicability

The OIAA is the recipient of Federal airport funds authorized by 49 U.S.C. 47101, *et seq.*

Section 26.5 Definitions

The OIAA will use terms in this program that have the meanings defined in Section 26.5:

https://www.ecfr.gov/cgi-bin/text-idx?SID=9b836cfa321ee9dd8ab0667fd5d9477f&mc=true&node=se49.1.26_15&rqn=div8

Section 26.7 Non-discrimination Requirements

The OIAA will never exclude any person from participation in, deny any person the benefits of, or otherwise discriminate against anyone in connection with the award and performance of any contract covered by 49 CFR Part 26 on the basis of race, color, sex, or national origin.

In administering its DBE program, the OIAA will not, directly or through contractual or other arrangements, use criteria or methods of administration that have the effect of defeating or substantially impairing accomplishment of the objectives of the DBE program with respect to individuals of a particular race, color, sex, or national origin.

Section 26.11 Record Keeping Requirements

Reporting to DOT: 26.11

The OIAA will report DBE participation to DOT/FAA as follows:

The OIAA will transmit to FAA annually on December 1, the “Uniform Report of DBE Awards or Commitments and Payments” form. The OIAA will also report the DBE contractor firm information either on the FAA DBE Contractor’s Form or other similar format.

Bidders List: 26.11(c)

The OIAA will create and maintain a bidders list via the website: www.flyontario.com. The purpose of the list is to provide as accurate data as possible about the universe of DBE and non-DBE contractors and subcontractors who seek to work on the airport’s DOT-assisted contracts for use in helping to set the airport’s overall goals. The bidders list will include the name, address, DBE and non-DBE status, and the NAICS codes of firms.



Section 26.13 Federal Financial Assistance Agreement

The OIAA has signed the following assurances, applicable to all DOT-assisted contracts and their administration:

Assurance: 26.13(a) - Each financial assistance agreement that the OIAA signs with a DOT operating administration (or a primary recipient) will include the following assurance:

The OIAA shall not discriminate on the basis of race, color, national origin, or sex in the award and performance of any DOT-assisted contract or in the administration of its DBE program or the requirements of 49 CFR part 26. The OIAA shall take all necessary and reasonable steps under 49 CFR part 26 to ensure nondiscrimination in the award and administration of DOT-assisted contracts. The OIAA DBE program, as required by 49 CFR part 26 and as approved by DOT, is incorporated by reference in this agreement. Implementation of this program is a legal obligation and failure to carry out its terms shall be treated as a violation of this agreement. Upon notification to the OIAA of its failure to carry out its approved program, the Department may impose sanctions as provided for under 49 CFR part 26 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and/or the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. 3801 *et seq.*).

Contract Assurance: 26.13b – The OIAA will ensure that the following clause is included in each contract signed with a contractor and each subcontract the prime contractor signs with a subcontractor:

The contractor or subcontractor shall not discriminate on the basis of race, color, national origin, or sex in the performance of this contract. The contractor shall carry out applicable requirements of 49 CFR part 26 in the award and administration of DOT-assisted contracts. Failure by the contractor to carry out these requirements is a material breach of this contract, which may result in the termination of this contract or such other remedy as the OIAA deems appropriate.



SUBPART B - ADMINISTRATIVE REQUIREMENTS

Section 26.21 DBE Program Updates

The OIAA is required to have a DBE program meeting the requirements of this part as it will receive grants for airport planning or development and will award prime contracts, cumulative total value of which exceeds \$250,000 in FAA funds in a federal fiscal year. The OIAA is not eligible to receive DOT financial assistance unless DOT has approved the OIAA's DBE program and The OIAA is in compliance with it and this part. The OIAA will continue to carry out this program until all funds from DOT financial assistance have been expended. The OIAA does not have to submit regular updates of this program, as long as the OIAA remains in compliance. However, the OIAA will submit significant changes in the program for approval.

Section 26.23 Policy Statement

The Policy Statement is elaborated on the first page of this DBE Program.

Section 26.25 DBE Liaison Officer (DBELO)

The OIAA has designated the following individual as our DBE Liaison Officer:

Amy Goethals
Director of Commercial Real Estate
ONTARIO INTERNATIONAL AIRPORT AUTHORITY
1923 E. Avion Street | Ontario, CA 91761
Phone (909) 544-5427 | Cell (909) 452-5586
Email: Agoethals@flyontario.com

In that capacity, the DBELO is responsible for implementing all aspects of the DBE program and ensuring that the OIAA complies with all provision of 49 CFR Part 26. The DBELO has direct, independent access to the Chief Executive Officer of the OIAA, concerning DBE program matters. An organization chart displaying the DBELO's position in the organization is found in Attachment 2 to this program.

The DBELO or a designee is responsible for developing, implementing and monitoring the DBE program, in coordination with other appropriate officials. The duties and responsibilities include the following:

1. Gathers and reports statistical data and other information as required by DOT.
2. Reviews third party contracts and purchase requisitions for compliance with this program.
3. Works with all OIAA departments to set overall annual goals.
4. Ensures that bid notices and requests for proposals are available to DBEs in a timely manner.
5. Identifies contracts and procurements so that DBE goals are included in solicitations and monitors results.

6. Analyzes the OIAA's progress toward attainment and identifies ways to improve progress.
7. Participates in pre-bid meetings.
8. Advises the CEO and Board of Airport Commissioners on DBE matters and achievement.
9. Determines contractor compliance with good faith efforts.
10. Provides DBEs with information and assistance in preparing bids, obtaining bonding and insurance.
11. Plans and participates in DBE training seminars.
12. Acts as liaison to the Uniform Certification Process.
13. Provides outreach to DBEs and community organizations to advise them of opportunities.

Section 26.27 DBE Financial Institutions

It is the policy of the OIAA to investigate the full extent of services offered by financial institutions owned and controlled by socially and economically disadvantaged individuals in the community, to make reasonable efforts to use these institutions, and to encourage prime contractors on DOT-assisted contracts to make use of these institutions.

In an effort to identify and use such institutions, using the State of California, Department of General Services online directory (http://www.dot.ca.gov/hq/bep/find_certified.htm), the OIAA did not find any DBE financial institutions in the San Bernardino County area. The following NAICS Codes were used: 522110 (Commercial Banking), 522130 (Credit Unions), 521110 (Monetary Authorities - Central Banks) and 522291 (Consumer Lending).

The DBELO for the OIAA will investigate financial institutions established within the community which are owned by socially and economically disadvantaged individuals annually. When a financial institution owned and operated by socially and economically disadvantaged individuals is opened, the DBELO will recommend their services to the OIAA and provide notification to prime contractors with solicitation documents.

Section 26.29 Prompt Payment Mechanisms

The OIAA has established, as part of its DBE Program, a contract clause to require prime contractors to pay subcontractors for satisfactory performance of their contracts.

The OIAA will ensure prompt and full payment of retainage from the prime contractor to the subcontractor within 30 days after the subcontractor's work is satisfactorily completed. The OIAA will use the following methods to comply with this requirement:

Decline to hold retainage from prime contractors and require a contract clause obligating prime contractors to make prompt and full payment of any retainage kept by prime contractor to the subcontractor within 30 days after the subcontractor's work is satisfactorily completed.



The OIAA will consider a subcontractor's work is satisfactorily completed when all the tasks called for in the subcontract have been accomplished and documented as required by the OIAA. When The OIAA has made an incremental acceptance of a portion of a prime contract, the work of a subcontractor covered by that acceptance is deemed to be satisfactorily completed.

The OIAA will provide appropriate means to enforce the requirements of this section. These means will be included as specific terms and conditions in each contract. Any delay or postponement of payment among the parties may take place only for good cause, with the prior written approval of the OIAA.

The OIAA will include the following clause in each DOT-assisted prime contract:

The prime contractor agrees to pay each subcontractor under this prime contract for satisfactory performance of its contract no later than 30 days from the receipt of each payment the prime contractor receives from *The OIAA*. Any delay or postponement of payment from the above referenced timeframe may occur only for good cause following written approval of the OIAA. This clause applies to both DBE and non-DBE subcontractors.

Monitoring Payments to DBEs

The OIAA will require prime contractors to maintain records and documents of payments to DBEs for three years following the performance of the contract. These records will be made available for inspection upon request by any authorized representative of the *OIAA* or DOT. This reporting requirement also extends to any certified DBE subcontractor.

The OIAA will perform interim audits of contract payments to DBEs. The audit will review payments to DBE subcontractors to ensure that the actual amount paid to DBE subcontractors equals or exceeds the dollar amounts stated in the schedule of DBE participation.

Section 26.31 Directory

The OIAA uses the State of California DBE directory, maintained by the State. The directory lists the firm's name, address, phone number, date of the most recent certification, and the type of work the firm has been certified to perform as a DBE. In addition, the directory lists each type of work for which a firm is eligible to be certified by using the most specific NAICS code available to describe each type of work.

The State of California revises the Directory daily. The OIAA makes the Directory available by listing the website address on solicitation packages for interested persons. The Directory is found at <http://californiaucp.org/>

Section 26.33 Over-concentration

The OIAA has not identified that over-concentration exists in the types of work that DBEs perform.



Section 26.35 Business Development Programs

The OIAA has not established a business development program. Planet Bids however, links businesses in the airport's neighboring communities with job and contract opportunities at the airport: <https://www.planetbids.com/portal/portal.cfm?CompanyID=31225>

The OIAA actively participates and collaborates with professional associations, industry organizations, and chambers of commerce.

Section 26.37 Monitoring and Enforcement Mechanisms

The OIAA will take the following monitoring and enforcement mechanisms to ensure compliance with 49 CFR Part 26.

1. Bring to the attention of the Department of Transportation any false, fraudulent, or dishonest conduct in connection with the program, so that the DOT can take the steps (e.g., referral to the Department of Justice for criminal prosecution, referral to the DOT Inspector General, action under suspension and debarment or Program Fraud and Civil Penalties rules) provided in 26.107.
2. Implement similar action under the OIAA's own legal authorities, including responsibility determinations in future contracts.
3. Implement a monitoring and enforcement mechanism to ensure that work committed to DBEs at contract award or subsequently (i.e., as the result of modification to the contract) is actually performed by the DBEs to which the work was committed.
4. Implement a monitoring and enforcement mechanism that will include written certification that the OIAA has reviewed contracting records and monitored work sites for this purpose. A copy of the Certification Process for Contract Review and Monitoring is found Attachment 7.
5. Implement a mechanism that will provide for a running tally of actual DBE attainments (e.g., payment actually made to DBE firms), including a means of comparing these attainments to commitments. In reports of DBE participation to the DOT, the OIAA will show both commitments and attainments, as required by the DOT uniform reporting form.

Section 26.39 Fostering small business participation.

The OIAA has created a Small Business element to structure contracting requirements to facilitate competition by small business concerns, taking all reasonable steps to eliminate obstacles to their participation, including unnecessary and unjustified bundling of contract requirements that may preclude small business participation in procurements as prime contractors or subcontractors.

The OIAA's small business element is incorporated as Attachment 10 to this DBE Program. The OIAA will actively implement the program elements to foster small business participation; doing so is a requirement of good faith implementation of the OIAA DBE program.



SUBPART C – GOALS, GOOD FAITH EFFORTS, AND COUNTING

Section 26.43 Set-asides or Quotas

The OIAA does not use quotas in any way in the administration of this DBE program.

Section 26.45 Overall Goals

The OIAA will establish an overall DBE goal covering a three-year federal fiscal year period if the OIAA anticipates awarding DOT/FAA funded prime contracts, the cumulative total value of which exceeds \$250,000, during any one or more of the reporting fiscal years within the three-year goal period. In accordance with Section 26.45(f) the OIAA will submit its Overall Three-year DBE Goal to FAA by August 1st as required by the established schedule below.

Airport Type	Region	Date Due (Goal Period)	Next Goal Due (Goal Period)
Large & Medium Hub Primary	All Regions	August 1, 2016 (2017/2018/2019)	August 1, 2019 (2020/2021/2022)

The DBE goals will be established in accordance with the 2-step process as specified in 49 CFR Part 26.45. If the OIAA does not anticipate awarding DOT/FAA funded prime contracts, the cumulative total value of which exceeds \$250,000 during any of the years within the three-year reporting period, the OIAA will not develop an overall goal; however, this DBE Program will remain in effect and the OIAA will seek to fulfill the objectives outlined in 49 CFR Part 26.1.

The first step is to determine the relative availability of DBEs in the market area, “base figure”. The second step is to adjust the “base figure” percentage from Step 1 so that it reflects, as accurately as possible, the DBE participation the recipient would expect in the absence of discrimination based on past participation, a disparity study and/or information about barriers to entry to past competitiveness of DBEs on Contracts.

In establishing the overall goal, the OIAA will provide for consultation and publication. This includes consultation with minority, women’s and general contractor groups, community organizations, and other officials or organizations which could be expected to have information concerning the availability of disadvantaged and non-disadvantaged businesses, the effects of discrimination on opportunities for DBEs, and the OIAA’s efforts to establish a level playing field for the participation of DBEs.

The OIAA will publish a notice announcing its proposed overall goal informing the public that the proposed goal and its rationale are available for inspection on its official internet web site (www.flyontario.com) and during normal business hours at the OIAA’s principal office (1923 East Avion St., Ontario, CA 91761). The OIAA and DOT/FAA will accept comments on the goals for 30 days from the date of the notice. Notice of the comment period will be issued in general circulation media and available minority-focused media and trade publications. The notice will include addresses to which comments may be sent. The public comment period will not extend the August 1st deadline.



The OIAA's Overall Three-Year DBE Goal submission to the DOT/FAA will include a summary of information and comments received, if any, during this public participation process and responses.

The OIAA will begin using the overall goal on October 1st of the reporting period, unless it has received other instructions from the DOT.

A description of the methodology to calculate the overall goal and the goal calculations can be found in Attachment 5 to this program.

Section 26.47 Failure to meet overall goals.

The OIAA will maintain an approved DBE Program and overall DBE goal, if applicable as well as administer its DBE Program in good faith to be considered to be in compliance with this part.

If the OIAA awards and commitments shown on its Uniform Report of Awards or Commitments and Payments at the end of any fiscal year are less than the overall goal applicable to that fiscal year, the OIAA will do the following to be regarded by the Department as implementing the DBE Program in good faith:

- (1) Analyze in detail the reasons for the difference between the overall goal and its awards and commitments in that fiscal year;
- (2) Establish specific steps and milestones to correct the problems identified during analysis so that it can meet fully its goal for the new fiscal year;
- (3) The OIAA will submit, within 90 days of the end of the fiscal year, the analysis and corrective actions developed under paragraphs (c) (1) and (2) of this section to the FAA for approval.

Section 26.51(a-c) Breakout of Estimated Race-Neutral & Race-Conscious Participation

The OIAA will meet the maximum feasible portion of its overall goal by using race-neutral means of facilitating race-neutral DBE participation. Race-neutral DBE participation includes any time a DBE wins a prime contract through customary competitive procurement procedures or is awarded a subcontract on a prime contract that does not carry a DBE contract goal.

Race-neutral means include the following:

- (1) Arranging solicitations, times for the presentation of bids, quantities, specifications, and delivery schedules in ways that facilitate participation by DBEs and other small businesses and by making contracts more accessible to small businesses, by means such as those provided under §26.39 of this part.
- (2) Carrying out information and communications programs on contracting procedures and specific contract opportunities (e.g., ensuring the inclusion of DBEs, and other small



businesses, on recipient mailing lists for bidders; ensuring the dissemination to bidders on prime contracts of lists of potential subcontractors; provision of information in languages other than English, where appropriate);

(3) Ensuring distribution of the State of California DBE directory, through print and electronic means, to the widest feasible universe of potential prime contractors.

The breakout of estimated race-neutral and race-conscious participation can be found in Attachment 5 to this program.

Section 26.51(d-g) Contract Goals

The OIAA will arrange solicitations, times for the presentation of bids, quantities, specifications, and delivery schedules in ways that facilitate participation by DBEs and other small businesses and by making contracts more accessible to small businesses, by means such as those provided under § 26.39.

During the course of any year in which the OIAA determines that it will exceed the overall goal, the OIAA will reduce or eliminate the use of contract goals to the extent necessary to ensure that the use of contract goals does not result in exceeding the overall goal. If the OIAA determines that it will fall short of the overall goal, it will make appropriate modifications in the use of race-conscious measures to meet the overall goal.

The OIAA will establish contract goals only on those DOT-assisted contracts that have subcontracting possibilities. We need not establish a contract goal on every such contract, and the size of contract goals will be adapted to the circumstances of each such contract (e.g., type and location of work, availability of DBEs to perform the particular type of work).

The OIAA will express its contract goals as a percentage of the Federal share of a DOT-assisted contract.

Section 26.53 Good Faith Efforts Procedures

Demonstration of good faith efforts - 26.53 (a) & (c)

The obligation of the bidder/offeror is to make good faith efforts. The bidder/offeror can demonstrate that it has done so either by meeting the contract goal or documenting good faith efforts.

The OIAA is responsible for determining whether a bidder/offeror who has not met the contract goal has documented sufficient good faith efforts to be regarded as responsive.

The OIAA will ensure that all information is complete and accurate and adequately documents the bidder/offeror's good faith efforts before the OIAA commits to the performance of the contract by the bidder/offeror.



Information to be submitted - 26.53(b)

The OIAA treats bidder/offers' compliance with good faith effort's requirements as a matter of responsiveness in all instances where a contract goal has been established (all bidders will submit the DBE information at the time of bid). Each solicitation for which a contract goal has been established will require all bidders/offers to submit the following information at the time of bid:

- (i) The names and addresses of DBE firms that will participate in the contract;
- (ii) A description of the work that each DBE will perform.
- (iii) The dollar amount of the participation of each DBE firm participating;
- (iv) Written documentation of the bidder/offeror's commitment to use a DBE subcontractor whose participation it submits to meet a contract goal; and
- (v) If the contract goal is not met, evidence of good faith efforts must be documented.

Administrative reconsideration - 26.53(d)

Within 5 business days of being informed by the OIAA that it is not responsive because it has not documented sufficient good faith efforts, a bidder/offeror may request administrative reconsideration. Bidder/offers should make this request in writing to the following reconsideration official:

Amy Goethals
Director of Commercial Real Estate
ONTARIO INTERNATIONAL AIRPORT AUTHORITY
1923 E. Avion Street | Ontario, CA 91761
Phone (909) 544-5427 | Cell (909) 452-5586
Email: Agoethals@flyontario.com

The reconsideration official will not have played any role in the original determination that the bidder/offeror did not document sufficient good faith efforts. As part of this reconsideration, the bidder/offeror will have the opportunity to provide written documentation or argument concerning the issue of whether it met the goal or made adequate good faith efforts to do so. The bidder/offeror will have the opportunity to meet in person with the reconsideration official to discuss the issue of whether it met the goal or made adequate good faith efforts to do. The OIAA will send the bidder/offeror a written decision on reconsideration, explaining the basis for finding that the bidder did or did not meet the goal or make adequate good faith efforts to do so. The result of the reconsideration process is not administratively appealable to the Department of Transportation.

Good Faith Efforts procedures in situations when there are contract goals - 26.53(f)(g)

The OIAA will include in each prime contract a provision stating that the contractor is utilizing DBEs to perform a certain percentage of the work to comply with OIAA stated and approved goals. The OIAA will require the contractor that is awarded the contract to make available, upon request, a copy of all DBE subcontracts.

The OIAA will require the prime contractor to substitute a DBE firm with another DBE firm when necessary to maintain stated goals, and to provide copies of new or amended subcontracts, or documentation of good faith efforts. The good faith efforts shall be documented by the contractor.

In instances in which a prime contractor seeks to perform work originally designated for a DBE subcontractor with its own forces or those of an affiliate, a non-DBE firm, it may only do so with prior approval and written consent from the OIAA.

The OIAA will provide such written consent only if it is agreed, for reasons stated in the concurrence document, that the prime contractor has good cause to terminate the DBE firm. For purposes of this paragraph, good cause includes the following circumstances:

- (1) The listed DBE subcontractor fails or refuses to execute a written contract;
- (2) The listed DBE subcontractor fails or refuses to perform the work of its subcontract in a way consistent with normal industry standards. Provided however, that good cause does not exist if the failure or refusal of the DBE subcontractor to perform its work on the subcontract results from the bad faith or discriminatory action of the prime contractor;
- (3) The listed DBE subcontractor fails or refuses to meet the prime contractor's reasonable, non-discriminatory bond requirements.
- (4) The listed DBE subcontractor becomes bankrupt, insolvent, or exhibits credit unworthiness;
- (5) The listed DBE subcontractor is ineligible to work on public works projects because of suspension and debarment proceedings pursuant to 2 CFR Parts 180, 215 and 1,200 or applicable state law;
- (6) The OIAA has determined that the listed DBE subcontractor is not a responsible contractor;
- (7) The listed DBE subcontractor voluntarily withdraws from the project and provides to the OIAA written notice of its withdrawal;
- (8) The listed DBE is ineligible to receive DBE credit for the type of work required;
- (9) A DBE owner dies or becomes disabled with the result that the listed DBE contractor is unable to complete its work on the contract;
- (10) Other documented good cause that the OIAA has determined compels the termination of the DBE subcontractor. Provided, that good cause does not exist if the prime contractor seeks to terminate a DBE it relied upon to obtain the contract so that the prime contractor can self-perform the work for which the DBE contractor was engaged or so that the prime contractor can substitute another DBE or non-DBE contractor after contract award.

Before transmitting to the OIAA its request to terminate and/or substitute a DBE subcontractor, the prime contractor must give notice in writing to the DBE subcontractor, with a copy to the OIAA, of its intent to request to terminate and/or substitute, and the reason for the request.

The prime contractor must give the DBE five days to respond to the prime contractor's notice and advise the OIAA and the contractor of the reasons, if any, why it objects to the proposed



termination of its subcontract and why the OIAA should not approve the prime contractor's action. If required in a particular case as a matter of public necessity (e.g., safety), the OIAA may provide a response period shorter than five days.

In addition to post-award terminations, the provisions of this section apply to pre-award deletions of or substitutions for DBE firms put forward by offerors in negotiated procurements. If the contractor fails or refuses to comply in the time specified, the OIAA will issue an order stopping all or part of payment/work until satisfactory action has been taken. If the contractor still fails to comply, the OIAA may issue a termination for default proceeding.

Sample Bid Specification:

The requirements of 49 CFR Part 26, Regulations of the U.S. Department of Transportation, apply to this contract. It is the policy of the OIAA to practice nondiscrimination based on race, color, sex, or national origin in the award or performance of this contract. All firms qualifying under this solicitation are encouraged to submit bids/proposals. Award of this contract will be conditioned upon satisfying the requirements of this bid specification. These requirements apply to all bidders/offerors, including those who qualify as a DBE. The bidder/offeror shall make good faith efforts, as defined in 49 CFR Part 26, to meet the contract goal for DBE participation in the performance of this contract.

The bidder/offeror will be required to submit the following information: (1) the names and addresses of DBE firms that will participate in the contract; (2) a description of the work that each DBE firm will perform. To count toward meeting a goal, each DBE firm must be certified in a NAICS code applicable to the kind of work the firm would perform on the contract; (3) the dollar amount of the participation of each DBE firm participating; (4) Written documentation of the bidder/offeror's commitment to use a DBE subcontractor whose participation it submits to meet the contract goal; and (5) Written confirmation from each listed DBE firm that it is participating in the contract in the kind and amount of work provided in the prime contractor's commitment; (6) if the contract goal is not met, evidence of good faith efforts.

Section 26.55 Counting DBE Participation

The OIAA will count DBE participation toward overall and contract goals as provided in 49 CFR 26.55. The OIAA will not count the participation of a DBE subcontract toward a contractor's final compliance with its DBE obligations on a contract until the amount being counted has actually been paid to the DBE.

If the firm is not currently certified as a DBE in accordance with the standards of this part at the time of the execution of the contract, The OIAA will not count the firm's participation toward any DBE goals, except as provided for in 26.87.



SUBPART D – CERTIFICATION STANDARDS

Section 26.61 – 26.73 Certification Process

The OIAA will use the certification standards of Subpart D of Part 26 to determine the eligibility of firms to participate as DBEs in DOT-assisted contracts. To be certified as a DBE, a firm must meet all certification eligibility standards. The OIAA will make our certification decisions based on the facts as a whole.

For information about the certification process or to apply for certification, firms should contact:

Amy Goethals
Director of Commercial Real Estate
ONTARIO INTERNATIONAL AIRPORT AUTHORITY
1923 E. Avion Street | Ontario, CA 91761
Phone (909) 544-5427 | Cell (909) 452-5586
Email: Agoethals@flyontario.com

The OIAA's certification application forms and documentation requirements are found on the OIAA website: www.flyontario.com and in Attachment 9 to this program.

SUBPART F – COMPLIANCE AND ENFORCEMENT

Section 26.109 Information, Confidentiality, Cooperation and intimidation or retaliation

The OIAA will safeguard from disclosure to third parties information that may reasonably be regarded as confidential business information, consistent with provisions of the Federal Freedom of Information and Privacy Act (5 U.S.C. Section 552) and other federal, state, and local law.

Notwithstanding any provision of federal or state law, the OIAA will not release any information that may reasonably be construed as confidential business information to any third party without the written consent of the firm that submitted the information. This includes applications for DBE certification and supporting information. However, the OIAA will transmit this information to DOT in any certification appeal proceeding under § 26.89 or to any other state to which the individual's firm has applied for certification under § 26.85.

All participants in the Department's DBE program (including recipients, DBE firms and applicants for DBE certification, complainants and appellants, and contractors using DBE firms to meet contract goals) are required to cooperate fully and promptly with DOT and recipient compliance reviews, certification reviews, investigations, and other requests for information. Failure to do so shall be a ground for appropriate action against the party involved (e.g., with respect to recipients, a finding of noncompliance; with respect to DBE firms, denial of certification or removal of eligibility or suspension and debarment; with respect to a complainant



or appellant, dismissal of the complaint or appeal; with respect to a contractor that uses DBE firms to meet goals, findings of non-responsibility for future contracts and/or suspension and debarment).

The OIAA, contractor, or any other participant in the program will not intimidate, threaten, coerce, or discriminate against any individual or firm for the purpose of interfering with any right or privilege secured by this part or because the individual or firm has made a complaint, testified, assisted, or participated in any manner in an investigation, proceeding, or hearing under this part. If the OIAA violates this prohibition, it is in noncompliance with this part.

The OIAA will require prime contractors to maintain records and documents of payments to DBEs for three years following the performance of the contract. These records will be made available for inspection upon request by any authorized representative of the OIAA or DOT. This reporting requirement also extends to any certified DBE subcontractor.

The OIAA will perform interim audits of contract payments to DBEs. The audit will review payments to DBE subcontractors to ensure that the actual amount paid to DBE subcontractors equals or exceeds the dollar amounts stated in the schedule of DBE participation.

ATTACHMENTS

- Attachment 1 Link to 49 CFR Part 26: http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title49/49cfr26_main_02.tpl
- Attachment 2 Organizational Chart
- Attachment 3 Bidder's List Collection Form
- Attachment 4 Link to State of California DBE Directory:
http://www.dot.ca.gov/hq/bep/find_certified.htm
- Attachment 5 Overall Goal Calculations
- Attachment 6 Demonstration of Good Faith Efforts - Forms 1 & 2
- Attachment 7 DBE Monitoring and Enforcement Mechanisms
- Attachment 8 Link to DBE Certification Application Forms:

<https://www.transportation.gov/civil-rights/disadvantaged-business-enterprise/obtaining-certification>

http://www.dot.ca.gov/hq/bep/business_forms.htm
- Attachment 9 Link to the State of California UCP Agreement:
<http://www.dot.ca.gov/hq/bep/ucp.htm>
- Attachment 10 Small Business Program



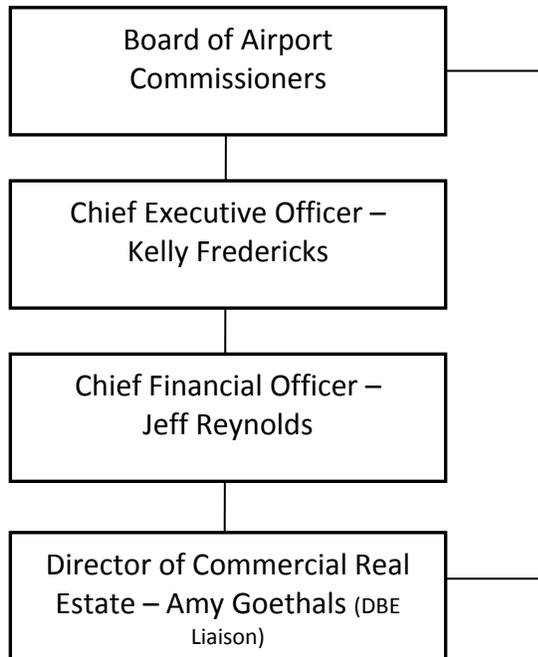
ATTACHMENT 1

Download a copy of 49 CFR Part 26 at:

http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title49/49cfr26_main_02.tpl

ATTACHMENT 2

Organizational Chart



ATTACHMENT 3

BIDDER'S LIST COLLECTION FORM

Firm Name	Firm Address/ Phone #	DBE or Non-DBE Status (verify via State's UCP Directory)	Age of Firm	Annual Gross Receipts
			<input type="checkbox"/> Less than 1 year <input type="checkbox"/> 1- 3 years <input type="checkbox"/> 4-7 years <input type="checkbox"/> 8-10 years <input type="checkbox"/> More than 10 years	<input type="checkbox"/> Less than \$500K <input type="checkbox"/> \$500K - \$1 million <input type="checkbox"/> \$1-2 million <input type="checkbox"/> \$2-5 million <input type="checkbox"/> Greater than \$5 million
			<input type="checkbox"/> Less than 1 year <input type="checkbox"/> 1- 3 years <input type="checkbox"/> 4-7 years <input type="checkbox"/> 8-10 years <input type="checkbox"/> More than 10 years	<input type="checkbox"/> Less than \$500K <input type="checkbox"/> \$500K - \$1 million <input type="checkbox"/> \$1-2 million <input type="checkbox"/> \$2-5 million <input type="checkbox"/> Greater than \$5 million
			<input type="checkbox"/> Less than 1 year <input type="checkbox"/> 1- 3 years <input type="checkbox"/> 4-7 years <input type="checkbox"/> 8-10 years <input type="checkbox"/> More than 10 years	<input type="checkbox"/> Less than \$500K <input type="checkbox"/> \$500K - \$1 million <input type="checkbox"/> \$1-2 million <input type="checkbox"/> \$2-5 million <input type="checkbox"/> Greater than \$5 million
			<input type="checkbox"/> Less than 1 year <input type="checkbox"/> 1- 3 years <input type="checkbox"/> 4-7 years <input type="checkbox"/> 8-10 years <input type="checkbox"/> More than 10 years	<input type="checkbox"/> Less than \$500K <input type="checkbox"/> \$500K - \$1 million <input type="checkbox"/> \$1-2 million <input type="checkbox"/> \$2-5 million <input type="checkbox"/> Greater than \$5 million
			<input type="checkbox"/> Less than 1 year <input type="checkbox"/> 1- 3 years <input type="checkbox"/> 4-7 years <input type="checkbox"/> 8-10 years <input type="checkbox"/> More than 10 years	<input type="checkbox"/> Less than \$500K <input type="checkbox"/> \$500K - \$1 million <input type="checkbox"/> \$1-2 million <input type="checkbox"/> \$2-5 million <input type="checkbox"/> Greater than \$5 million
			<input type="checkbox"/> Less than 1 year <input type="checkbox"/> 1- 3 years <input type="checkbox"/> 4-7 years <input type="checkbox"/> 8-10 years <input type="checkbox"/> More than 10 years	<input type="checkbox"/> Less than \$500K <input type="checkbox"/> \$500K - \$1 million <input type="checkbox"/> \$1-2 million <input type="checkbox"/> \$2-5 million <input type="checkbox"/> Greater than \$5 million



ATTACHMENT 4

Link to State of California DBE Directory: http://www.dot.ca.gov/hq/bep/find_certified.htm

ATTACHMENT 5

Section 26.45: Overall DBE Three-Year Goal Methodology

Name of Recipient: Ontario International Airport Authority (OIAA), owner of Ontario International Airport (ONT)

Goal Period: FY-2017-2018-2019 (October 1, 2016 through September 30, 2019)

There are 13 projects that are expected to occur in FY 2017 - 2019 that would be eligible for AIP funding. The individual projects are listed in the chart below. The total AIP value of the contracts is projected to be \$96,644,020, and represents the portion that may be applicable to DBE goals.

Project Name	Estimated Project Cost	AIP eligible?	Eligible Percent?	PFC eligible?	PFC eligible percent?	Total Cost by Calendar Year			
						2017	2018	2019	Subtotal 2017-2019
Twy S & W Intersection Repair	\$8,030,000	Yes	80%	Yes	<20%	\$8,030,000			\$8,030,000
Twy S from Twy F to Cucamonga Channel (Phase I)	\$6,100,000	Yes	80%	Yes	<20%		\$6,100,000		\$6,100,000
Twy S from Twy F to Cucamonga Channel (Phase II)	\$18,860,000	Yes	80%	Yes	<20%			\$18,860,000	\$18,860,000
Reconstruct Rwy 8R-26L Shoulders	\$18,592,000	Yes	80%	Yes	<20%			\$18,592,000	\$18,592,000
Install Rwy 26R TDZ Lighting	\$4,000,020	Yes	80%	Yes	<20%			\$4,000,020	\$4,000,020
Taxiway N1 Centerline Lighting	\$2,412,000	Yes	80%	Yes	<20%			\$2,412,000	\$2,412,000
Airport Master Plan	\$5,000,000	Yes	80%	Yes	<20%	\$5,000,000			\$5,000,000
Airport Pavement Management Plan	\$1,500,000	Yes	80%	Yes	<20%		\$1,500,000		\$1,500,000
Airport Marking Lighting and Signage Plan	\$200,000	Yes	80%	Yes	<20%			\$200,000	\$200,000
ARFF Vehicles and Equipment	\$5,000,000	Yes	80%	Yes	<20%			\$5,000,000	\$5,000,000
Security Screening Improvements	\$750,000	Yes	80%	Yes	<20%			\$750,000	\$750,000
Northwest Cargo Area Remediation, Demolition, Clean Up, Site Prep	\$16,200,000	Yes	80%	Yes	<20%		\$16,200,000		\$16,200,000
ACAMS Security System Rehabilitation	\$10,000,000	Yes	80%	Yes	<20%			\$10,000,000	\$10,000,000
TOTAL	\$96,644,020					\$13,030,000	\$23,800,000	\$59,814,020	\$96,644,020

Market Area: The following map shows the market area in which it is expected that the substantial majority of the Airport’s contractors and subcontractors that seek to do business with the Airport are located **and** the area in which it is expected that the Airport will spend the substantial majority of its contracting dollars. The market area surrounding the Airport includes San Bernardino County, Riverside County, Orange County, and Los Angeles County.



DBE Goal:

Step 1. 26.45(c) Actual relative availability of DBE’s

CFR Part 26.45 recommends five methodologies for determining a base DBE goal based on relative availability of DBEs. The recommendations and examples are provided as a starting point but are not intended as an exhaustive list. As per CFR Part 26.45, “Other methods or combinations of methods to determine a base figure may be used, subject to approval by the concerned operating administration.”

Since there was little historical data, no bidder’s list, and no disparity study for ONT, the base figure for the relative availability of DBEs was calculated through an analysis of the State of California DBE directory and Census Bureau County Business Patterns in the market area counties, as well as a comparison of goals at airports in the region.

The total certified DBE firms in a particular county may include firms who possess an interstate certification, meaning they may be physically located in another state yet have expressed an interest in doing business in California, thus obtaining a California DBE certification. For example, a DBE firm located in New York City can register to do business in San Bernardino County. This often times, as seen in the table below, can exceed total firms by NAICS code because the Census Bureau only takes into consideration firms that have a physical address in a specific county.

Since there is a presumption that the market area is the area in which it is expected that the substantial majority of the Airport's contractors and subcontractors that seek to do business with the Airport **are located**, data from the State of California was further analyzed to assess DBE firms physically located in the market (San Bernardino, Riverside, Orange, and Los Angeles counties).

The 2014 U.S. Census County Business Patterns by NAICS classifications for San Bernardino County, Los Angeles County, Orange County and Riverside County were compared to the number of firms certified as DBEs by the California UCP and located in the market area counties to arrive at the base percentage.

NAICS Total Firms Compared to Total and County Registered DBE Firms

2012 NAICS code	Definition of 2012 NAICS code	San Bernardino County DBE - Registered Firms	San Bernardino County DBE - Located Firms	Total San Bernardino Firms	Riverside County DBE - Registered Firms	Riverside County DBE - Located Firms	Total Riverside Firms	Orange County DBE - Registered Firms	Orange County DBE - Located Firms	Total Orange Firms	Los Angeles County DBE - Registered Firms	Los Angeles County DBE - Located Firms	Total Los Angeles Firms	TOTAL DBE FIRMS LOCATED IN MARKET AREA	TOTAL FIRMS	PERCENT (%) DBE
237310	Highway, street, and bridge construction	159	9	54	168	16	46	170	26	67	188	27	84	78	251	31%
237990	Other heavy and civil engineering construction	109	4	23	114	4	22	112	20	37	123	16	42	44	124	35%
Total Heavy Construction		268	13	77	282	20	68	282	46	104	311	43	126	122	375	33%
238110	Poured concrete foundation and structure contractors	65	6	107	68	6	140	72	6	150	75	12	220	30	617	5%
238120	Structural steel and precast concrete contractors	51	9	30	51	6	24	52	3	28	57	5	88	23	170	14%
238210	Electrical contractors & other wiring contractors	102	12	360	98	9	467	104	10	795	121	10	1,726	41	3348	1%
238910	Site preparation contractors	93	9	145	97	13	196	100	18	186	107	9	348	49	875	6%
238990	All other specialty trade contractors	128	9	161	135	17	247	134	14	302	150	20	506	60	1216	5%
Total Other Construction Categories		439	45	803	449	51	1074	462	51	1461	510	56	2888	203	6226	3%
541310	Architectural services	85	1	42	92	1	56	94	6	378	114	46	943	54	1419	4%
541330	Engineering services	325	12	206	336	16	260	332	25	1,099	362	96	1,511	149	3076	5%
541370	Surveying and mapping (except geophysical) services	64	4	31	63	3	35	61	1	45	67	6	53	14	164	9%
541620	Environmental consulting services	270	3	39	274	11	46	272	16	169	304	76	231	106	485	22%
Total Design Categories		744	20	318	765	31	397	759	48	1477	847	224	2738	323	5144	6%



Weighting by Type of Project and the Type of Firm that Would Bid

The availability calculations in the above chart were then weighted by the anticipated expenditures for Heavy Construction categories, Other Construction categories, and Design categories for each project. **The result of these calculations yields a base goal of 13%.**

Project Name	Estimated Project Cost	Weighting	Contractor Type	DBE Availability	Weighted DBE Dollars for Subtotal 2017-2019
Twy S & W Intersection Repair	\$8,030,000	50%	Heavy Construction	33%	\$1,324,950
		30%	Other Construction	3%	\$72,270
		20%	Design	6%	\$96,360
Twy S from Twy F to Cucamonga Channel (Phase I)	\$6,100,000	50%	Heavy Construction	33%	\$1,006,500
		30%	Other Construction	3%	\$54,900
		20%	Design	6%	\$73,200
Twy S from Twy F to Cucamonga Channel (Phase II)	\$18,860,000	50%	Heavy Construction	33%	\$3,111,900
		30%	Other Construction	3%	\$169,740
		20%	Design	6%	\$226,320
Reconstruct Rwy 8R-26L Shoulders	\$18,592,000	50%	Heavy Construction	33%	\$3,067,680
		30%	Other Construction	3%	\$167,328
		20%	Design	6%	\$223,104
Install Rwy 26R TDZ Lighting	\$4,000,020	20%	Heavy Construction	33%	\$264,001
		60%	Other Construction	3%	\$72,000
		20%	Design	6%	\$48,000
Taxiway N1 Centerline Lighting	\$2,412,000	20%	Heavy Construction	33%	\$159,192
		60%	Other Construction	3%	\$43,416
		20%	Design	6%	\$28,944
Airport Master Plan	\$5,000,000	0%	Heavy Construction	33%	\$0
		0%	Other Construction	3%	\$0
		100%	Design	6%	\$300,000
Airport Pavement Management Plan	\$1,500,000	0%	Heavy Construction	33%	\$0
		0%	Other Construction	3%	\$0
		100%	Design	6%	\$90,000
Airport Marking Lighting and Signage Plan	\$200,000	0%	Heavy Construction	33%	\$0
		0%	Other Construction	3%	\$0
		100%	Design	6%	\$12,000
ARFF Vehicles and Equipment	\$5,000,000	0%	Heavy Construction	33%	\$0
		0%	Other Construction	3%	\$0
		100%	Design	6%	\$300,000
Security Screening Improvements	\$750,000	0%	Heavy Construction	33%	\$0
		80%	Other Construction	3%	\$18,000
		20%	Design	6%	\$9,000
Northwest Cargo Area Remediation, Demolition, Clean Up, Site Prep	\$16,200,000	20%	Heavy Construction	33%	\$1,069,200
		60%	Other Construction	3%	\$291,600
		20%	Design	6%	\$194,400
ACAMS Security System Rehabilitation	\$10,000,000	0%	Heavy Construction	33%	\$0
		80%	Other Construction	3%	\$240,000
		20%	Design	6%	\$120,000
TOTAL	\$96,644,020				\$12,854,006

Step 2. 26.45(d): Adjustments to Step 1 base figure.

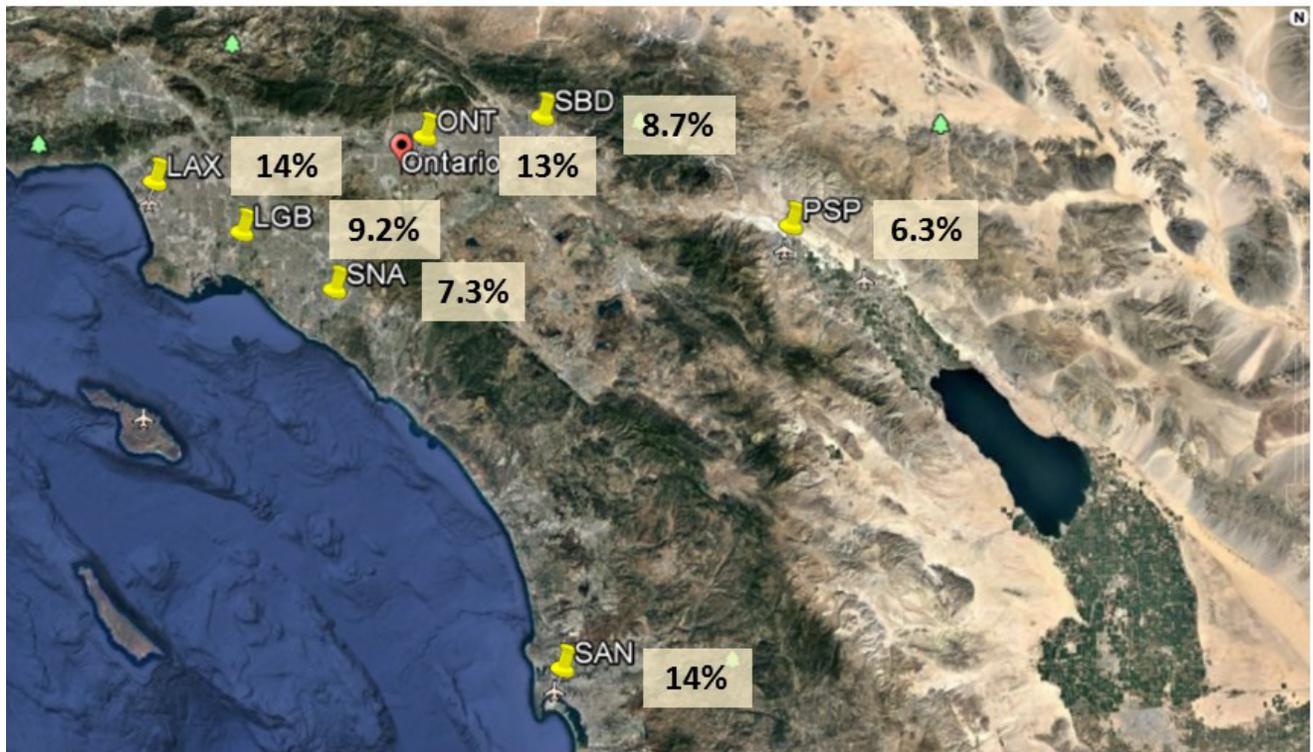
On November 1, 2016, ownership of the Ontario International Airport transferred from Los Angeles World Airports (LAWA) to the Ontario International Airport Authority (OIAA). There was not sufficient historical DBE data to reference, no bidder's list, and no disparity study for ONT to make an adjustment to the Step 1 base figure; therefore, the OIAA is adopting its Step 1 base figure as its overall goal for this three-year goal period.

This is in line with the DBE goals of other airports in the region, as depicted in the graphic below. It is also in line with the project-specific goal setting of the City of Ontario. The City of Ontario, had two recent federal projects and the DBE goals were as follows:

Philadelphia at Cypress Traffic Signal (Right of Way Services) - 14% DBE goal

Various Bridge Repair (Design Services) - 10% DBE goal

Comparing ONT DBE Goal to other Airport DBE Goals in Region





“Race and Gender Neutral” (RN) and “Race and Gender Conscious” (RC) Participation.
26.51(b) (1-9)

The OIAA estimates that in meeting its overall goal of 13%, it will obtain 100% participation through RC measures (setting a DBE goal for each project).

The OIAA, as the new owner of ONT, does not have a history of DBE participation or over-achievement of goals to reference and expects to obtain its DBE participation through the use of DBE contract goals or a conscious effort to obtain DBE participation. Therefore, the OIAA is applying the entire goal of 13% to race-conscious participation.

The OIAA will adjust the estimated breakout of RN and RC DBE participation as needed to reflect actual DBE participation and track and report RN and RC participation separately.

PUBLIC PARTICIPATION

In accordance with Public Participation Regulatory Requirements of 49 CFR Part 26, minority, women, local businesses, chambers, and community organizations within the OIAA’s market area will be provided an opportunity to review this goal analysis. The OIAA will issue a Public Notice to community groups, publish the notice in minority-focused media and the OIAA’s website (www.flyontario.com).



ATTACHMENT 6

Demonstration of Good Faith Efforts - Forms 1 & 2

FORM 1: DISADVANTAGED BUSINESS ENTERPRISE (DBE) UTILIZATION

The undersigned bidder/offeror has satisfied the requirements of the bid specification in the following manner (please check the appropriate space):

_____ The bidder/offeror is committed to a minimum of _____ % DBE utilization on this contract.

_____ The bidder/offeror (if unable to meet the DBE goal of _____%) is committed to a minimum of _____% DBE utilization on this contract and should submit documentation demonstrating good faith efforts.

Name of bidder/offeror's firm: _____

State Registration No. _____

By _____
(Signature) Title



FORM 2: LETTER OF INTENT

Name of bidder/offeror's firm: _____

Address: _____

City: _____ State: _____ Zip: _____

Name of DBE firm: _____

Address: _____

City: _____ State: _____ Zip: _____

Telephone: _____

Description of work to be performed by DBE firm:

The bidder/offeror is committed to utilizing the above-named DBE firm for the work described above. The estimated dollar value of this work is \$ _____.

Affirmation

The above-named DBE firm affirms that it will perform the portion of the contract for the estimated dollar value as stated above and that the firm is DBE certified to perform the specific trades.

By _____
(Signature)

Date: _____

(Title)

If the bidder/offeror does not receive award of the prime contract, any and all representations in this Letter of Intent and Affirmation shall be null and void.

ATTACHMENT 7

DBE Monitoring and Enforcement Mechanisms

The OIAA has available several remedies to enforce the DBE requirements contained in its contracts, including, but not limited to, the following:

1. Breach of contract action, pursuant to the terms of the contract;
2. Breach of contract action, pursuant to California Civil Code, Article 1. Damages for Breach of Contract 3300.-3322.

In addition, the Federal government has available several enforcement mechanisms that it may apply to firms participating in the DBE problem, including, but not limited to, the following:

1. Suspension or debarment proceedings pursuant to 49 CFR Part 26
2. Enforcement action pursuant to 49 CFR Part 31
3. Prosecution pursuant to 18 USC 1001.



ATTACHMENT 8

Link to DBE Certification Application Forms:

<https://www.transportation.gov/civil-rights/disadvantaged-business-enterprise/obtaining-certification>

http://www.dot.ca.gov/hq/bep/business_forms.htm



ATTACHMENT 9

Link to the State of California UCP Agreement: <http://www.dot.ca.gov/hq/bep/ucp.htm>

Signed OIAA CUCP Agreement on following page.



Attachment 10

Small Business Program

The Ontario International Airport Authority (OIAA) is committed to creating an environment that provides all individuals and businesses open access to the business opportunities available at the Ontario International Airport (ONT).

The OIAA will implement this Program within 9 months of FAA approval.

APPLICABILITY:

OIAA Procurement will establish the mandatory SBE participation levels for construction, non-professional and personal services including professional services projects valued over \$150,000. Failure to meet those mandatory SBE participation levels may disqualify bidding/proposing firms from being considered for award of the contract. The OIAA SBE Program requires Prime Contractors who receive contracts from the OIAA to utilize certified small businesses at the levels promised.

The OIAA defines an SBE as an independently-owned and operated business that meets the criteria set forth by the Small Business Administration 8(a) Business Development Program. The State of California SBE program defines an SBE as a business with 100 or fewer employees with average annual gross receipts of \$14 million or less over the last three years. The Federal Small Business Administration (SBA) program uses a much broader range of size thresholds (see [www.sba.gov/sites/default/files/Size Standards Table.pdf](http://www.sba.gov/sites/default/files/Size%20Standards%20Table.pdf)).

Prime contractors will be responsible for determining the SBE status of its subcontractors for purposes of meeting the SBE requirement. The SBE participation level will be determined by the percentage of the total amount of compensation under the project paid to SBEs.

The OIAA encourages Prime Contractors to utilize Emerging Business Enterprises (EBEs). The OIAA defines an Emerging Business Enterprise (EBE) based on the State of California's Micro-business definition, which is (1) a small business that has average annual gross receipts of \$3,500,000 or less within the previous three years, or (2) a small business manufacturer with 25 or fewer employees. A firm that is certified with the State of California as a Micro-business will be recognized by the OIAA as an EBE. Additionally, the OIAA encourages Prime Contractors to utilize Disabled Veterans Business Enterprises (DVBEs). A firm that is certified with the State of California as a DVBE will be recognized by the OIAA as a DVBE.

SBE PARTICIPATION LEVELS:

The OIAA will review each Request for Bid/Request for Proposal (project) estimated to be in excess of \$150,000 to determine whether a mandatory SBE participation level should be set on the project. Setting the mandatory SBE participation level consists of the following steps:



The OIAA and the requesting division will discuss the project to determine whether there are reasonable subcontracting opportunities. The OIAA will review various databases to determine the availability of SBE subcontractors in the identified subcontracting work areas. The OIAA will review the historical achievement of subcontractor utilization on the same/similar projects

If the OIAA determines that there are sufficient SBEs available in the identified work areas, it will set a mandatory SBE participation level for the project. The OIAA reserves the right to review cooperative agreements with other governmental agencies ("Piggy Back") to determine if subcontracting opportunities exist and to set mandatory SBE participation levels, if appropriate.

Since the SBE Program is a mandatory program, Bidders/Proposers are strongly encouraged to attend pre-bid and pre-proposal meetings for projects with mandatory SSE participation levels so that they understand the requirements of the SBE Program. The OIAA will verify the SBE status of the proposed subcontractors, regardless of the dollar amount of work to be performed. It is important to note that if a Prime Contractor is itself an SBE, their participation in the contract will count as 100% SBE.

SUBCONTRACTORS:

Contractors are required to comply with California's "Subletting and Subcontracting Fair Practices Act" (Public Contract Code Sections 4100 et seq.) (www.leginfo.ca.gov/cgi-bin/j/calawquery?codesection=pcc&codebody=&hits=20).

Any reduction, increase, or other change to any SSE Subcontract amount without prior written approval of the OIAA is considered an Unauthorized Subcontractor Substitution. A subcontract dollar value increased or reduced as the result of a Change Order issued by the OIAA to add or delete from the original scope of work shall not be subject to a penalty for an Unauthorized Subcontractor Substitution.

Only the OIAA is authorized to grant either initial approval of SSE Subcontractor(s) or SBE Subcontractor substitution(s).

Contractors must list all Subcontractors and include all requested information.

PENALTIES:

A Contractor violating any provision(s) of this section shall, subject to prior notice of the alleged violations and an opportunity to be heard and to present evidence in its own defense, be deemed in violation of the Contract, and the OIAA may:

Cancel the contract or assess the Contractor a penalty of not more than ten percent (10%) of the amount of the unpaid/underpaid amount of the Subcontract(s) involved.

At the end of each project, before calculation of any actual final subcontracting penalties, the OIAA may withhold as disputed funds 15% of all subcontract(s) that appear to be in violation of any subcontracting provision of the project.



SUB-AGREEMENT FALSIFICATION:

Falsification or misrepresentation of a sub-agreement as to company name, contract amount and/or actual work to be done by the sub-bidder/subcontractor may result in sanctions set forth under Penalties.

MONTHLY REPORT SUBMITTAL:

The Contractor shall submit to the OIAA, on a monthly basis, together with its invoice the Subcontractor Utilization Report listing the SBE subcontractors utilized during the reporting period. The Contractor shall cooperate with the OIAA in providing such information as requested by the OIAA to ensure compliance. The OIAA will not process or pay Contractor's subsequent invoices if the Subcontractor Utilization Reports are not timely submitted or if the Contractor fails to cooperate with the OIAA by promptly providing any and all information related to SSE participation requested by the OIAA.

FINAL SUBCONTRACTING REPORT SUBMITTAL:

The Contractor must submit the Final Subcontracting Report to the OIAA within fifteen (15) calendar days after a request for the report by the OIAA. Failure to comply may result in the assessment of liquidated damages in the amount of \$100.00 per day by the OIAA.

ASSURANCES:

1. *This program is authorized under state law;*
2. *Certified DBEs that meet the size criteria established under this program are presumptively eligible to participate in the program;*
3. *There are no geographic preferences or limitations imposed on any federally assisted procurement included in the program;*
4. *There are no limits on the number of contracts awarded to firms participating in the program and every effort will be made to avoid creating barriers to the use of new, emerging, or untried businesses; and*
5. *Aggressive steps will be taken to encourage those minority and women owned firms that are eligible for DBE certification to become certified; and*
6. *The program is open to small businesses regardless of their location (i.e., that there is no local or other geographic preference).*

FUTURE REVISIONS TO RULES AND REGULATIONS:

The Chief Executive Officer is authorized make modifications to these Rules and Regulations as necessary from time to time.

ATTACHMENT B

RESOLUTION NO. _____

A RESOLUTION OF THE ONTARIO INTERNATIONAL AIRPORT AUTHORITY TO AUTHORIZE A DISADVANTAGED BUSINESS ENTERPRISE (DBE) PROGRAM IN ACCORDANCE WITH REGULATIONS OF THE U.S. DEPARTMENT OF TRANSPORTATION (DOT), 49 CFR PART 26.

WHEREAS, the Ontario International Airport Authority (the "Authority") was established under a Joint Exercise of Powers Agreement between the City of Ontario and the County of San Bernardino (the "Joint Powers Agreement") pursuant to the Joint Exercise of Powers Act of the State of California (the "Joint Powers Act"), for the purpose of operating, maintaining, managing, developing, and marketing the Ontario International Airport (the "Airport"); and

WHEREAS, The Ontario International Authority (OIAA) owner of Ontario International Airport (ONT) will receive Federal financial assistance from the Department of Transportation (the cumulative total value of which exceeds \$250,000), during any one or more of the reporting fiscal years (FY 2017 – 2019), and as a condition of receiving this assistance, the OIAA has signed an assurance that it will comply with 49 CFR Part 26; and

WHEREAS, it is the policy of the OIAA to ensure that DBEs as defined in Part 26, have an equal opportunity to receive and participate in DOT–assisted contracts; and

WHEREAS, The OIAA will never exclude any person from participation in, deny any person the benefits of, or otherwise discriminate against anyone in connection with the award and performance of any contract covered by 49 CFR Part 26 on the basis of race, color, sex, or national origin.

NOW, THEREFORE, BE IT RESOLVED, that the Commission hereby approves and authorizes The Ontario International Authority (OIAA) owner of Ontario International Airport (ONT) to establish a Disadvantaged Business Enterprise (DBE) Program in accordance with regulations of the U.S. Department of Transportation (DOT), 49 CFR Part 26.

BE IT FURTHER RESOLVED that the Commission hereby approves an overall DBE base goal of 13% covering the three-year federal fiscal year period between FY 2017 – 2019.

BE IT FURTHER RESOLVED that the Commission authorize, empower, and direct the Chief Executive Officer and DBE Liaison Officer (DBELO), on behalf of the Authority, to implement all aspects of the DBE program.

PASSED, APPROVED, AND ADOPTED at a Regular Meeting this 28th day of March, 2017.

ALAN D. WAPNER, OIAA PRESIDENT

ATTEST:

SECRETARY/ASSISTANT SECRETARY

APPROVED AS TO LEGAL FORM:

LORI BALLANCE
OUTSIDE COUNSEL

**ONTARIO INTERNATIONAL
AIRPORT AUTHORITY**

Agenda Report
April 27, 2017

**SECTION:
ADMINISTRATIVE REPORTS/
DISCUSSION/ACTION**

SUBJECT: A RESOLUTION OF THE ONTARIO INTERNATIONAL AIRPORT AUTHORITY DESIGNATING PUBLIC PARKING VENUES AND PRODUCTS, AND SETTING PARKING RATES AT ONTARIO INTERNATIONAL AIRPORT

RECOMMENDED ACTIONS: That the Ontario International Airport Authority Commission approve Resolution No. __: (1) Approving and designating separate parking venues and products for Ontario International Airport; and (2) Setting parking rates at Ontario International Airport.

BACKGROUND:

Current parking rates at Ontario International Airport (ONT) were set by Resolution No. 23766 adopted by the Los Angeles Board of Airport Commissioners at a Special Meeting held Tuesday, April 21, 2009. At the time Ontario International Airport Authority (OIAA) assumed control of ONT on November 1, 2016, ONT offered only two parking products: Parking in Lots 2 and 4 at \$18 per day and lower cost parking in Lot 5 at \$10 per day. Lot 3 was changed from employees only to paid customer parking shortly after November 1, 2016. Valet parking at Terminal 4 was added in December 2016. These are the only current parking options available at ONT.

Parking is a major source of non-airline revenue at ONT with a budgeted amount for FY2016-2017 of \$14,930,000. An analysis of parking venues and products and current parking rates of airports in the region by ONT's parking services contractor, Parking Concepts, Inc. and the ONT Airport Airline Affairs Committee determined that the current rates are mismatched to marketplace demand, leading to customers having difficulty finding convenient parking spots at certain times and in certain lots. For example, parking immediately in front of the passenger terminals at ONT is currently priced at the same rate as parking at the back of the lots, often making it inconvenient for customers desiring to park for only an hour or two as they have to walk long distances to the passenger terminals. Airlines serving ONT have expressed a desire for ONT to adjust parking rates to ensure they are competitive with other airports in Southern California while providing customers with a variety of parking products and maximizing the revenue from parking operations as a means of reducing airline costs. Approval of this action will result in ONT offering five parking products as described below.

STAFF MEMBER PRESENTING: Kelly Fredericks, Chief Executive Officer

Prepared by: Kelly Fredericks
Department: OIAA

Chief Executive
Officer Approval: _____

Submitted to OIAA: April 27, 2017
Approved: _____
Continued to: _____
Denied: _____

Item No. 07

Table 1 below provides a comparison of the recommended rates at ONT compared to the rates at other Southern California airports. This rate comparison is based on the rate structure in effect at airports in the region as of March 18, 2017, as provided on the official websites of each airport.

Table 1

Airport	Economy Lots	Terminal Lots	Valet
Burbank	\$12	\$24 & \$32	\$24
Long Beach	\$17	\$19	\$24
LAX	\$10	\$30	N/A
Ontario	\$10 & \$13	\$18 & \$24	\$25
Orange County	\$14	\$20	\$30
Palm Springs	N/A	\$14	N/A
San Diego	\$13 & \$20	\$32	\$40

Parking Concepts Inc. estimates that the new rate structure for ONT will produce incremental parking revenue of approximately \$100,000 month. Since rates for approximately forty-two (42) percent of the parking spaces at ONT will remain unchanged, Parking Concepts does not expect there will be a reduction in the number of vehicles parking at ONT as a result of the rate adjustments. That would represent an eight (8) percent increase over the revenue produced by the rate structure authorized in 2009.

Adoption of this Resolution will result in the establishment of five parking venues and products with the following daily rates, effective May 15, 2017: (1) Terminal 4 Valet, \$25 (2) Premium Parking immediately in front of Terminals 2 and 4, \$24 (3) Daily Parking beyond the Premium Parking at both terminals, \$18 (4) Value Parking in Lot 5, \$13 and (5) Economy Parking in Lot 3, \$10.

FISCAL IMPACT AND SOURCE OF FUNDS:

Approval and implementation of proposed parking rates is estimated to produce incremental non-aeronautical revenue of approximately \$100,000 per month, resulting in a reduction in airline rates and charges by that amount. This is in furtherance of the OIAA’s strategic goals of lowering airline rental rates to make ONT more cost-competitive with other secondary airports in the region.

PRIOR COMMISSION ACTION:

Resolution No. 23766 adopted by the Los Angeles Board of Airport Commissioners at a Special Meeting held Tuesday, April 21, 2009.

CEQA COMPLIANCE:

Exclusion from the definition of a “project”: the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. [CEQA Guidelines §15378(b)(4)]

STAFFING IMPACT (# OF POSITIONS):

N/A

IMPACT ON OPERATIONS:

N/A

EXHIBITS AND ATTACHMENTS:

Attachment A - Proposed Resolution No. __

Attachment B - Resolution No. 23766 adopted by the Los Angeles Board of Airport Commissioners (April 21, 2009).

This Agenda Report references the terms and conditions of the recommended actions and request for approval. Any document(s) referred to herein and that are not attached or posted online may be reviewed prior to or following scheduled Commission meetings in the Office of the Clerk of the Commission. Office hours are 8:30 a.m. to 5:00 p.m., Monday through Friday.

This Agenda Report has been reviewed by OIAA Interim General Counsel.]

ATTACHMENT A

RESOLUTION NO. _____

A RESOLUTION OF THE ONTARIO INTERNATIONAL AIRPORT AUTHORITY DESIGNATING PUBLIC PARKING VENUES AND PRODUCTS, AND SETTING PARKING RATES AT ONTARIO INTERNATIONAL AIRPORT

WHEREAS, the Ontario International Airport Authority (the "OIAA" or "Authority") was formed through the Joint Exercise of Powers Agreement ("JPA") by and between the City of Ontario and the County of San Bernardino pursuant to the Joint Exercise of Powers Act of the State of California, for the purpose of operating, maintaining, managing, developing, and marketing the Ontario International Airport (the "Airport"); and

WHEREAS, current parking rates at the Airport were set by Resolution No. 23766 adopted by the Los Angeles Board of Airport Commissioners at a Special Meeting held Tuesday, April 21, 2009; and

WHEREAS, parking revenue at the Airport is a major source of non-airline revenue with a fiscal year ("FY") 2016-17 budget amount of \$14,930,000; and

WHEREAS, the Authority assumed ownership and control of the Airport from Los Angeles World Airports on November 1, 2016; and

WHEREAS, the current rates in effect are mismatched to marketplace demand, leading to customers having difficulty finding convenient parking at certain times and in certain lots and are in need of adjustment; and

WHEREAS, parking immediately in front of the passenger terminals is currently priced at the same rate as parking at the back of the lots, often making it inconvenient for customers desiring to park for only an hour or two to find parking within a short walking distance of the passenger terminals; and

WHEREAS, the airlines servicing the Airport have expressed a desire for the Authority to adjust parking rates to ensure they are competitive with other airports in Southern California while providing customers with a variety of parking products and maximizing the revenue from parking operations as a means of reducing airline costs; and

WHEREAS, the new rate structure is estimated to produce incremental parking revenue of approximately \$100,000 per month, which is an eight (80 percent) increase in the revenue produced by the rate structure authorized in 2009; and

WHEREAS, as one of its strategic goals the Authority desires to enhance non-aeronautical revenues as a means to reduce airline costs.

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED AND RESOLVED by the Ontario International Airport Authority, as follows:

SECTION 1: The Ontario International Airport Authority Commission hereby approves and adopts, and establishes five separate parking products, effective May 15, 2017, as follows: (1) Terminal 4 Valet Parking; (2) Premium Parking immediately in front of Terminals 2 and 4; (3) Daily Parking beyond the Premium Parking at both terminals; (4) Value Parking in Lot 5; and (5) Economy Parking in Lot 3.

SECTION 2: The Ontario International Airport Authority Commission hereby approves and adopts parking rates for the public parking products cited above, effective May 15, 2017, as set forth in detail in Attachment A to this Resolution which is hereby incorporated by this reference.

SECTION 3: The Ontario International Airport Authority Commission hereby directs the Chief Executive Officer to monitor parking lot usage and revenue implications of the newly approved rates, and report periodically to the Commissioners on the results of the actions authorized by this Resolution.

SECTION 4. All actions heretofore taken by any officer or agent of the Authority in connection with or related to the matters set forth in this Resolution are hereby approved, confirmed and ratified.

SECTION 5. This Resolution shall take effect immediately, with the parking rates taking effect May 1, 2017.

PASSED, APPROVED, AND ADOPTED at a Regular Meeting this 27th day of April, 2017.

ALAN D. WAPNER, OIAA PRESIDENT

ATTEST:

SECRETARY/ASSISTANT SECRETARY

APPROVED AS TO LEGAL FORM:

LORI D. BALLANCE
INTERIM GENERAL COUNSEL

ATTACHMENT A

Ontario International Airport Parking - Proposed Rate Adjustments Effective May 1, 2017

Parking Lot		Current Rates		4/1/2017 Adjustment	
Daily Parking		First Day			
		\$3.00	10 min to 1 hr	\$3.00	10 min to 1 hr
	Lot 2 (1,254 spaces)	\$5.00	1 to 2 hrs	\$5.00	1 to 2 hrs
	Lot 4 (1,438 spaces)	\$7.00	2 to 3 hrs	\$7.00	2 to 3 hrs
		\$9.00	3 to 4 hrs	\$9.00	3 to 4 hrs
		\$11.00	4 to 5 hrs	\$11.00	4 to 5 hrs
		\$13.00	5 to 6 hrs	\$13.00	5 to 6 hrs
		\$15.00	6 to 7 hrs	\$15.00	6 to 7 hrs
		\$17.00	7 to 8 hrs	\$17.00	7 to 8 hrs
		\$18.00	8 to 24 hrs	\$18.00	8 to 24 hrs
		Additional Days*		Additional Days*	
		\$18.00		\$18.00	
Economy Parking		First Day**		First Day**	
		\$3.00	10 min to 1 hr	\$3.00	10 min to 1 hr
	Lot 3 (840 spaces)	\$5.00	1 to 2 hrs	\$5.00	1 to 2 hrs
		\$7.00	2 to 3 hrs	\$7.00	2 to 3 hrs
		\$9.00	3 to 4 hrs	\$9.00	3 to 4 hrs
		\$13.00	5 to 24 hrs	\$10.00	5 to 24 hrs
		Additional Days*		Additional Days*	
		\$13.00		\$10.00	
Premium Parking		First Day		First Day	
				\$3.00	10 to 30 min
	Lot 2 (347 spaces)			\$6.00	30 to 60 min
	Lot 4 (352 spaces)			\$9.00	60 to 90 min
				\$12.00	90 to 120 min
				\$15.00	120 to 150 min
				\$18.00	150 to 180 min
				\$21.00	3 to 4 hrs
				\$24.00	4 to 24 hrs
				Additional Days*	
				\$24.00	
Value Parking		First Day		First Day	
	Lot 5 (2,200)	\$3.00	0 to 1 hr	\$3.00	0 to 1 hr

	spaces)				
		\$5.00	1 to 2 hrs	\$5.00	1 to 2 hrs
		\$7.00	2 to 3 hrs	\$7.00	2 to 3 hrs
		\$9.00	3 to 4 hrs	\$9.00	3 to 4 hrs
		\$9.00	4 to 5 hrs	\$11.00	4 to 5 hrs
		\$9.00	5 to 24 hrs	\$13.00	5 to 24 hrs
		Additional Days*		Additional Days*	
		\$9.00		\$13.00	
Valet Parking (Terminal 4)		First Day		First Day	
		\$20.00	0 to 24 hrs	\$25.00	0 to 24 hrs
		Additional Days*		Additional Days*	
		\$20.00		\$25.00	

*Flat rate each additional day or portion thereof

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO)
CITY OF ONTARIO)

I, Vicki Kasad, Assistant Secretary of the Ontario International Airport Authority, DO HEREBY CERTIFY that foregoing Resolution No. _____ was duly passed and adopted by the Commission of the Ontario International Airport Authority at their Regular Meeting held March 28, 2017 by the following roll call vote, to wit:

AYES: COMMISSIONERS:

NOES: COMMISSIONERS:

ABSENT: COMMISSIONERS:

SECRETARY/ASSISTANT SECRETARY

(SEAL)

The foregoing is the original of Resolution No. _____ duly passed and adopted by the Commission of the Ontario International Airport Authority at their Regular Meeting held March 28, 2017.

SECRETARY/ASSISTANT SECRETARY

(SEAL)

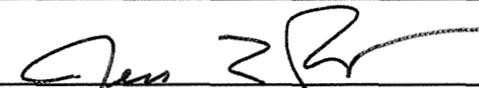
ATTACHMENT B



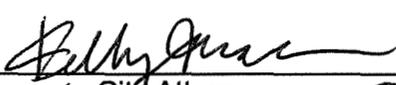
Los Angeles World Airports

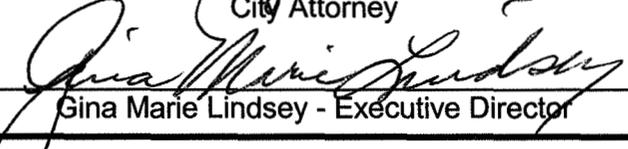
Hours: 8:00 AM - 5:00 PM
8

BOARD OF AIRPORT COMMISSIONERS REPORT


Approved by: Jess L. Romo, Airport Manager


Reviewed by: Jeff I. Fitch, Deputy Executive Director


City Attorney *AM*


Gina Marie Lindsey - Executive Director

Meeting Date:

April 21, 2009

CAO Review:

Completed
 Pending
 N/A

Date Reviewed & Reviewer Initials:

Budget	03/15/2009	JW
CEQA	03/16/2009	AE
Contract Services	03/13/2009	EW

SUBJECT:

Public Parking Rates

Approval of price increases for PUBLIC PARKING RATES at LA/ONTARIO INTERNATIONAL AIRPORT.

RECOMMENDATION:

Management RECOMMENDS that the Board of Airport Commissioners:

1. ADOPT the Staff Report.
2. DETERMINE that this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Article III, Class 1 (31) of the Los Angeles City CEQA Guidelines.
3. APPROVE the proposed public parking rates at LA/Ontario International Airport as detailed in the staff report.
4. Rescind Board Resolution No. 23514
5. AUTHORIZE the Executive Director to implement the proposed public parking rates at LA/Ontario International Airport effective June 1, 2009.

DISCUSSION:

1. Executive Summary

This action seeks Board of Airport Commissioners' (BOAC) approval to increase and restructure public parking rates at LA/Ontario International Airport (ONT). The proposed one dollar daily maximum rate increase will help offset the City of Ontario's \$1.75 tax for parking transactions of one hour or less, maintain a competitive rate structure and potentially increase annual revenue.

2. Prior Related Actions

On April 1, 2008 under Resolution No. 23514, the BOAC approved increases to ONT's public parking rates by one dollar per day in each lot. This action was the first parking rate increase in over three years. The previous increase occurred in January of 2005 when the rates were restructured to eliminate the short-term area (2-hour limit parking), implement a flat rate charge for additional days and reduce the rate for Lot 5.

3. Current Action

The key objectives for increasing the public parking rates at ONT are to:

- 1) Help offset increased expenses due to the provisions of the City of Ontario's parking tax Ordinance that requires LAWA to increase payment for all one hour (or less) transactions by \$0.75 for a total of \$1.75;
- 2) Increase concession revenue that will be applied against expenses in the terminal cost center, thereby assisting to mitigate the cost burden for the airline tenants in the terminals; and
- 3) Help offset parking lot management costs that are subject to annual increases in accordance with the terms of the contract.

Staff proposes an increase to the ONT daily maximum rate of \$1.00 for all lots. Additionally, staff proposes a restructuring of the hourly parking rates. The first hour of parking is proposed to increase by \$1.00. The first hour is currently charged at \$2.00 and would increase to \$3.00. The hourly rate beyond the first hour would remain at \$2.00 up to maximum daily rate in each lot, except where noted in the table below. Each day or portion thereof, beyond the first will be charged at the full daily rate.

The need to increase the rate for the first hour of parking is based upon recent notification by the City of Ontario that the parking tax due for all transactions (including those of one hour or less) is \$1.75. If the increase is not approved, \$1.75 will be paid to the City of Ontario, and ONT will only retain \$0.25 of the first hour of parking for each transaction. Staff has projected this could negatively impact revenue by as much as \$250,000 per year.

Staff compared the current parking rates at commercial airports throughout Southern California to determine an appropriate increase at ONT. For daily parking in central terminal areas, the rates range from a low \$12.00 at ONT (the current rate) to a high of \$30.00 at Los Angeles International (LAX) and Burbank Airports. The daily rates for economy parking range from a low of \$8.00 at ONT and LAX to a high of \$14.00 at Orange County.

The following is a summary of daily parking rates at commercial airports in Southern California:

AIRPORT	ECONOMY LOTS DAILY RATE	TERMINAL LOTS DAILY RATE
Burbank (Bob Hope)	\$9.00 & \$11.00	\$20.00 & \$30.00
LA/Ontario	\$8.00	\$12.00 & \$17.00
Long Beach	\$11.00	\$13.00, \$15.00, & \$17.00
Los Angeles International	\$8.00 & \$10.00	\$30.00
Orange County (John Wayne)	\$14.00	\$17.00 & \$20.00

Additional consideration was given to the daily rates charged at two, commercial parking lots located near ONT—Park 'N Fly and Sunrise Parking. Park 'N Fly is located approximately one mile east of the terminal complex. It contains 1,250 parking spaces and currently charges a daily rate of \$9.50. Sunrise parking is located approximately 2.5 miles west of the terminal complex. It offers 675 parking spaces and currently charges a daily rate of \$7.00. In the past, the operators of these lots have increased their daily rates in response to increases at ONT. While it is not known what their responses will be to the proposed increases, staff does expect similar increases to the daily rates at these off-airport facilities based upon their past practice.

The proposed parking rates will continue to provide reasonable pricing options for the traveling public and will also maintain an affordable hourly rate for short term visitors.

PARKING LOT	CURRENT RATES	PROPOSED RATES
Lots 2 and 4 Lot 2 1,601 spaces Lot 4 1,790 spaces	\$17.00 per day, or \$2.00 per hour for the first eight hours \$1.00 for the ninth hour	\$18.00 per day, or \$3.00 for the first hour \$2.00 for the next seven hours \$1.00 for the ninth hour
Lot 3 1,192 spaces total 857 public parking 335 employee parking	\$12.00 per day, or \$2.00 per hour for the first six hours	\$13.00 per day, or \$3.00 for the first hour \$2.00 for the next five hours
Lot 5 Lot 5 2,200 spaces	\$8.00 per day, or \$2.00 per hour for the first four hours	\$9.00 per day, or \$3.00 for the first hour \$2.00 for the next three hours

Lot F is currently closed due to the significant drop in passenger traffic on ONT. When passenger traffic increases to the point where reopening the lot is financially feasible, the rate charge in Lot F would be as noted below:

PARKING LOT	CURRENT RATES	PROPOSED RATES
Lot F 1,992 spaces	\$7.00 per day, or First 2 hours at no charge \$2.00 per hour for the next 3 hours \$1.00 for the sixth hour	\$8.00 per day, or \$3.00 for the first hour \$2.00 for the next two hours \$1.00 for the fourth hour

The current parking lot management services contract that commenced on April 4, 2007 is a three-year contract with two, one-year renewal options. The annual cost for FY2009 is projected to be \$6.4 million. The total cost of the parking lot management contract over the 5-year term is estimated at \$35.5 Million.

Staff recommends that the BOAC approve the proposed public parking rates as detailed in this report, rescind Resolution No. 23514, and authorize the Executive Director to implement these rates at ONT effective June 1, 2009.

4. Alternatives Considered

Take no action on this item. This option would result in the following:

While this approach provides for a continuation of attractive parking rates for users of the airport, it does not assist with ONT's efforts to manage increasing costs. Staff has made progress in controlling costs by continual adjustments to the parking lot staffing schedule, labor expense increases are programmed into the parking management contract. These expenses, in addition to the significant drop in parking transactions and resulting parking revenue, have eroded the concession revenue anticipated for the terminal cost center. The modest increases that are proposed is expected to mitigate this somewhat while still keeping parking rates competitive when compared to other airports in Southern California.

5. Economic and Cost Implications

It is projected that the new rates will increase net parking revenue by \$900,000 over a one-year period after payments are made to the City of Ontario for parking taxes as required by local law. The projected increase is based upon the current level of airport parking activity and will change if passenger levels continue to drop. The imputed parking tax is the result of a City of Ontario ordinance, which is a sliding scale tax compared to the flat 10% tax applied at LAX.

An additional positive, economic result of this action will be a decrease to LA/Ontario's cost per enplaned passenger (CPE). The estimated CPE for FY 2009 is \$14.47 and the projected revenue increase of \$900,000 has the potential to mitigate the CPE by approximately \$0.32.

FISCAL IMPACT STATEMENT:

Approval of the proposed rates has the potential to generate approximately \$900,000 of additional annual revenue for the ONT Airport Revenue Fund. This reflects an increase of 6% in the revenue estimated for the current Fiscal Year.

STANDARD PROVISIONS:

1. Establishment or modification of any rate, fee or charge for the use of existing municipal facilities involving negligible or no expansion of use is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Article III, Class 1 (31) of the Los Angeles City CEQA Guidelines.
2. This action is not subject to the provisions of the Service Contract Worker Retention and Living Wage Ordinances.
3. This action is not subject to the provisions of the MBE/WBE/OBE/DBE Program.
4. This action is not subject to the provisions of the Affirmative Action Program.

5. This action does not require a Business Tax Registration Certificate.
6. This action is not subject to the provisions of the Child Support Obligations Ordinance.
7. This action is not subject to the insurance requirements of the City of Los Angeles.
8. This action is not subject to the provisions of Charter Section 1022 (Use of Independent Contractors).
9. This item is not subject to approval as to form by the City Attorney.
10. Action taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of the Los Angeles City Charter, Section 245.
11. This action is not subject to the provisions of the Contractor Responsibility Program.
12. This action is not subject to the provisions of the Equal Benefits Ordinance.
13. This action is not subject to the provisions of the First Source Hiring Program.

Attachments

Narrative description of Parking Lots and a map of the Parking and Terminal Areas

ATTACHMENT

DESCRIPTION OF PARKING LOTS

Lot 2 provides 1,601 parking stalls directly in front of Terminal 2. This parking lot generated \$6.3 Million in FY 2008, which accounted for 25.7% of gross parking revenues. On average, vehicle occupancy ranges from 25% to 35% during the week.

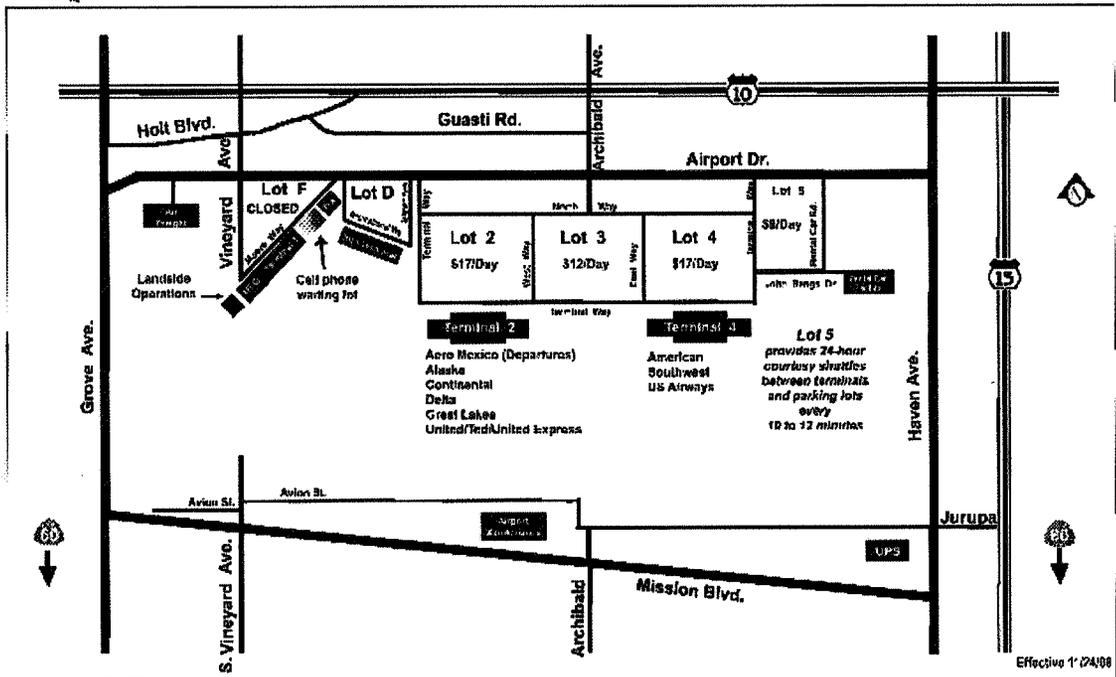
Lot 3 provides 1,192 parking stalls (335 of which are now used for employee parking) and is located between Lots 2 and 4. This parking lot generated \$2 Million in FY 2008, which accounted for 8.2% of gross parking revenues. On average, vehicle occupancy ranges from 20% to 25% of capacity during the week.

Lot 4 provides 1,790 parking stalls directly in front of Terminal 4. This parking lot generated \$9.4 Million in FY 2008, which accounted for 38.2% of gross parking revenues. On average vehicle occupancy ranges from 55% to 65%. It occasionally fills to capacity on Wednesdays and Thursdays.

Lot 5 provides 2,200 parking stalls and is located just east of Lot 4. This parking lot generated \$2.6 Million in FY 2008, which accounted for 10.4% of gross parking revenues. On average, vehicle occupancy ranges from 40% to 70% of capacity during the week. Courtesy shuttle service is provided 24 hours a day to the terminals with departures every 10 to 12 minutes.

Lot D provides 726 parking stalls directly in front of the International Arrivals Terminal and is currently used for tenant employee parking in addition to the section in Lot 3 allocated to employees. Visitors picking up passengers on arriving international flights are allowed to park in the lot free of charge. The reason for this practice is that the cost of staffing the lot and restoring parking lot equipment exceeds the potential revenue that would be generated based upon the parking lot's current volume.

Lot F is currently closed until passenger traffic increases enough to merit its reactivation.



**ONTARIO INTERNATIONAL
AIRPORT AUTHORITY**

Agenda Report
April 27, 2017

**SECTION:
ADMINISTRATIVE
REPORTS/DISCUSSION/ACTION**

SUBJECT: APPROVE AND AUTHORIZE EXECUTION OF A FIVE-YEAR LEASE WITH ONE THREE-YEAR OPTION AND ONE TWO-YEAR OPTION BETWEEN ONTARIO INTERNATIONAL AIRPORT AUTHORITY AND DELAWARE NORTH COMPANIES TRAVEL HOSPITALITY SERVICES, INC., AT ONTARIO INTERNATIONAL AIRPORT

RECOMMENDED ACTIONS: That the Ontario International Airport Authority Commission approve and authorize execution of a Lease agreement between Ontario International Airport Authority and Delaware North Companies Travel Hospitality Services, Inc., to continue to operate food and beverage concessions, as well as to make a six-million dollar (\$6,000,000.00) initial investment for the complete rebranding and refurbishment of concessions which will generate an estimated \$1,188,000.00 in net revenue from the rental commencement date and an estimated \$12,917,000.00 in net revenue over the 10 year term and improve the customer experience at ONT.

BACKGROUND

The Ontario International Airport Authority (OIAA or Authority), as the new owner and operator of Ontario International Airport (ONT or Airport), developed and approved in January 2013 the Strategic Business Plan to operate and grow ONT as the most competitive, efficient, innovative, and customer friendly passenger, cargo, and business airport in the United States as a key economic asset serving the Inland Empire and the entire Southern California region. The Authority clearly identifies four goals in their Strategic Business Plan, reduce airline costs, develop airport-related businesses, expand air service, and provide customer friendly facilities and services. The Authority organized 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. Some of these key qualities are to re-initiate negotiations abandoned by Los Angeles World Airports (LAWA), optimize revenue from retail, food & beverage, banking services, rental cars, and other business assets, and if appropriate, restructure current airport contracts with vendors. The Authority's objective is to produce the most non-airline revenue possible while lowering passenger costs, and allow every opportunity to provide customer friendly facilities and services that significantly raise airport customer satisfaction.

STAFF MEMBER PRESENTING: Kelly Fredericks, Chief Executive Officer

Prepared by: Kelly Fredericks
Department: OIAA

Chief Executive
Officer Approval: _____

Submitted to OIAA: April 27, 2017
Approved: _____
Continued to: _____
Denied: _____

Item No. 08

The Strategic Business Plan was developed by the Authority as the Authority was preparing to take ownership of ONT from LAWA, and on December 22, 2015, but effective July 30, 2015, the Settlement Agreement (“Agreement”) by and between the OIAA and LAWA provided for the transfer of ONT to the Authority on November 1, 2016. The Settlement Agreement required LAWA and the OIAA to enter into a Staff Augmentation Agreement to develop written LAWA Employee protection and transition plan with Los Angeles City Labor Groups. Pursuant to the Staff Augmentation Agreement, the OIAA will assume all rights and obligations under the existing Delaware North Travel Hospitality Services, Inc. concession agreement through their existing terms or for two years after the Transfer Date, whichever is later.

Delaware North Travel Hospitality Services, Inc. (“Delaware North”), is the current concessionaire operator at ONT and the OIAA staff is recommending the concessionaire continue their operations at ONT and to renegotiate their contract since their current contract limits the investment to improve the concession facilities, and by renegotiating their existing contract, the OIAA is adhering to their obligations under the Settlement Agreement. According to the Board of Airport Commissioners (BOAC) agenda report on October 1, 2013, LAWA staff released a Request for Proposal (RFP) for ONT passenger terminal concessions in late 2012. Responses and questions arising from the RFP's issuance evidence concerns were about: (1) the inefficiencies of the two-terminal operation at ONT; (2) the payment requirements that were based on historical revenues; and (3) uncertainties about passenger traffic levels. Together, these issues resulted in insufficient interest in the opportunity. Staff cancelled the RFP in February 2013, and decided to re-evaluate the business model and release another RFP in the fourth quarter of 2013. However, the revised RFP was never released.

On October 1, 2013, the BOAC approved a Concessions Agreement with Delaware North, for a term of two (2) years with three (3) one-year options, with little investment by the concessionaire because the term was too short for the concessionaire to gain a return on their capital investment. The Agreement allowed for flexibility in the number of units required to be open based on flight activity, and a tenant allowance of \$135k for refurbishment and rebranding of certain current concessions outlets. The rent structure was amended to reflect the economic conditions at ONT and Delaware North’s need to manage risk of continued operations. The low rent was based solely on a percentage of gross sales and did not include a minimum annual guarantee (MAG). Delaware North continued to operate with unfavorable contract terms, no dedicated representative for concessionaires from the Airport, long delays in approving requested improvements to operations, outdated facilities, and during a time where enplanements dropped by 44.9% the largest decline for a midsize airport during the downturn. From 2013 to 2016 Delaware North still invested \$774k with \$200k not approved by LAWA.

Engagement with the OIAA

Delaware North met with the OIAA staff in September 2016, before the Transfer Date, and expressed their excitement and interest in working through the transition of ONT. Since OIAA commenced operations, Delaware North has increased weekly operations by 146 hours, requested earlier start for TSA which was an additional increase of weekly operations by 117 hours, worked with OIAA staff to obtain a pre-security coffee cart opened in 48 hours for the transfer ceremony, enhanced service offerings and implemented menu upgrades, requested additional seating in the bar area of Terminal 4, and rolled out Grab App as a customer service cell phone application for customers have their food ready for pick-up upon arriving to the airport. The OIAA staff in return has given the concessionaire a point of contact and is committed to weekly site walks in the terminals with the concessionaire to carry out the obligations by both parties under this new agreement. The OIAA negotiated initial terms and conditions of a new lease and provided the OIAA Commission with a closed session briefing of the preliminary terms and conditions at its Regular Meeting on March 28, 2017. Based on those discussions and direction from the OIAA

Commission, OIAA negotiated and prepared a lease between OIAA and Delaware North at ONT for OIAA consideration. A copy of the proposed Delaware Lease (Lease) is provided as Attachment A to this Agenda Report.

Why no RFP?

Los Angeles World Airports staff released an RFP in 2013, but received insufficient interest for the opportunity. The Staff Augmentation Agreement requires the Authority to adhere to the labor terms of the Delaware North existing agreement until November 1, 2018. Delaware North is currently occupying the high passenger traffic areas of both Terminals; therefore, if the OIAA released another RFP, all potential interest would be in the spaces Delaware North is currently occupying. The Authority's fourth goal of the Strategic Business Plan to provide customer friendly facilities and services, and to produce as much non-airline revenue as possible, would not be readily attained and delayed at least until 2019. To meet the objectives of the Strategic Business Plan, renegotiating a new Lease with Delaware North, which commits the concessionaire to a large capital investment to improve services and facilities, provides a better option.

Summary of Lease Terms

Under the existing lease with Delaware North the Concessionaire has a short one (1) year extension option which allows for minimal capital investment by the concessionaire. The OIAA is also responsible to adhere to the Staff Augmentation Agreement that protects Los Angeles City employees for two years after the Transfer Date. The existing lease is not industry standard; the term is too short for long term investment by concessionaire, the gross revenues paid to the Airport monthly by concessionaire are low (7% in Terminal 2 and 10% in Terminal 4) and the pricing is too high (Street plus 18%).

The terms of the proposed Lease, Delaware North will continue to maintain and operate the existing assigned areas, and open future assigned areas, including making an immediate \$6 million capital investment necessary to rebrand and redevelop the concession program at ONT. Delaware North will begin to demolish current concession locations and rebrand and redevelop the concession facilities at ONT once their construction plan has been approved by OIAA staff and their new rental rates and pricing will go into effect once the construction plan is complete. In addition, Delaware North will invest \$100.00 per square foot (estimated \$1.2 million) within their first option to extend the lease (5th year) to refurbish the facilities. The proposed lease requires that Delaware North provide exceptional customer service, and all violations by concessionaire are strictly enforced in the terms of the contract.

Term of Lease

The initial term of the Lease will be five (5) years and consist of one (1) three (3) year option to extend and one (1) two (2) year option to extend for a total of ten (10) years. The term of this Lease is consistent with industry standards and the term starts upon signature by the OIAA Commission (effective date), therefore, the OIAA will carry out the term required under the Staff Augmentation Agreement which is October 31, 2018 or 1.5 years.

Base Rent and Rent Adjustments

The existing base rent is seven percent (7%) of gross sales in Terminal 2 and ten percent (10%) of gross sales in Terminal 4 with no minimum annual guarantee (MAG). The existing base rent will continue after the effective date of the agreement until the construction plan is complete and the new concepts are open for business in both terminals (Rental Commencement).

Gross Revenues	% Rent
Up to \$10 Million	12.0%
\$10,000,001 to \$12 Million	14.0%
Over \$12 million	14.0%
Up to \$10 Million	15.0%
\$10,000,001 to \$12 Million	15.5%
Over \$12 million	16.0%

The new rental rates after the Rental Commencement date will bring higher revenues to ONT and provide higher revenue percentages for alcohol sales to ONT; as the last two years of sales trends show thirty-two percent (32%) of the concessionaire’s sales are from alcohol. OIAA staff is projecting the new rental rates with the new concepts will generate an estimated \$1,188,000.00 of revenues the first year from the Rental Commencement date which is a Fifty-four percent (54%) increase from the 2017 budgeted revenues of \$769,000.00. OIAA staff also projects a three percent (3%) increase in revenues each year after the first year from the Rental Commencement date. These projections are believed to be conservative as they rely on conservative assumptions of passenger growth provided by the FAA. The proposed Lease will also include a Minimum Annual Rent which will be Eighty percent (80%) of sales for previous fiscal year, adjusted annually for each succeeding year. Therefore, the tenant agrees to pay to the OIAA for each accounting year either the Minimum Annual Rent or the Percentage Rent, whichever is greater.

Pricing

The existing Delaware North lease allows the tenant to charge eighteen percent (18%) above the street price for food and beverage. The newly proposed Delaware North Lease allows the tenant to charge ten percent (10%) which is an eight percent (8%) decrease on the cost of food and beverages for ONT’s passengers. The new pricing structure, while lower, is intended to encourage customer confidence in their buying experience and ultimately boost sales through a per customer sales volume.

ACDBE Commitment

The proposed Delaware North Lease is consistent with Federal Aviation Administration (FAA) recommendations (49 CFR part 23) and requirements as the concessionaire is committed under the contract to a twenty percent (20%) Airport Concession Disadvantage Business Enterprise (ACDBE) participation. The FAA requires all airports receiving federal funding to ensure nondiscrimination in the award and administration of opportunities for concessionaires.

Tenant Responsibilities

Delaware North’s responsibilities under the Lease will include, but not be limited to: (i) All licenses, fees, and any and all taxes and assessments associated with the assigned premises during the Lease’s Initial Term and any Extended Term periods; (ii) All operating, permitting and costs and expenses associated with the operation, maintenance, alteration and improvement of the assigned premises during the Lease’s Initial Term and any Extended Term periods; (iii) All maintenance expenses associated with the assigned premises during the Lease’s Initial Term and any Extended Term periods; and (iv) All financing required to meet its obligations under the new agreement.

Uncommitted Space

There is additional uncommitted space in Terminal 2 and Terminal 4 and in the event the OIAA should desire to open the uncommitted space to the public as part of a Food and Beverage the OIAA would give Delaware North first right of refusal before seeking another Food and Beverage Concessionaire.

Operating Hours

The operating hours were slightly changed from the Preliminary Term Sheet and reflect industry standard operating hours and gives the Chief Executive Officer the ability to increase hours. The proposed Delaware North Lease requires the tenant to be open 365 days a year at least one (1) hour prior to the first departure and at least one (1) hour after the last departure.

Termination

Either party may terminate the proposed Agreement, for any reason or no reason, and without cause, upon not less than ninety (90) days prior written notice to the other party delivered in accordance with the Agreement. If the Authority provides the Concessionaire written notice of termination more than one (1) year prior to termination date of the Initial Term, First Extended Term, or Second Extended Term of the Agreement, the Authority shall pay for the Concessionaire's unamortized portion of the Concessionaire's Improvement costs in their Assigned area on a straight line, ten (10) year amortization schedule. If Concessionaire provides written notice of Termination consistent with the proposed Lease the term of the Agreement will automatically extend six (6) months past the date of notification by Concessionaire so that the Authority can competitively bid and select a new Concessionaire. In the event of Termination for Convenience by Concessionaire, all facilities shall revert to the Authority and become property of the Authority and the Authority shall not be obligated to pay Concessionaire any amount of Concessionaire's unamortized portion of Concessionaire's investment.

FAA Grant Assurance Requirements

All Lease provisions are consistent with FAA grant assurance requirements including non-discrimination. In addition, the lease is subordinate to the provisions and requirements of any existing or future agreements between OIAA and the United States or California, relative to the operation, maintenance, or development of the Airport.

CEQA COMPLIANCE

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

EXHIBITS AND ATTACHMENTS

Attachment A: Proposed Lease between Ontario International Airport Authority and Delaware North Travel Hospitality Services, Inc. at Ontario International Airport

This Agenda Report references the terms and conditions of the recommended actions and request for approval. Any document(s) referred to herein and that are not attached or posted on-line may be reviewed prior to the Commission meeting in the office of the Clerk of the Commission. Documents may be reviewed following scheduled Commission meetings in the Office of the Clerk of the Commission. Office hours are 8:30 a.m. to 5:00 p.m., Monday through Friday.

This Agenda Report has been reviewed by OIAA Interim General Counsel. |

SECTION 1: INSTRUCTIONS

All persons or firms seeking contracts must complete and submit a OIAA Conflict of Interest Form along with the proposal. This requirement also applies to any proposed sub-consultant(s). Failure to comply with this requirement may cause your proposal to be declared non-responsive.

Any questions regarding the information required to be disclosed in this form should be directed to OIAA's General Legal Counsel, especially if you answer "yes" to any questions in this form. As doing so may also disqualify your firm from submitting an offer on this proposal.

Name of Firm DELAWARE NORTH COMPANIES

Name of Preparer STEUER TOMES

Project Title: _____

RFP/RFQ # _____

SECTION 2: QUESTIONS

1. During the last twelve (12) months, has your firm provided a source of income to employees of OIAA or members of the OIAA Commission, or have any employees or Commissioners held any investment (including real property) in your firm?

Yes ___ No X

If yes, please list the names of those OIAA employees and/or OIAA Commissioners and the nature of the financial interest:

Name	Nature of Financial Interest
_____	_____
_____	_____
_____	_____

2. Have you or any members of your firm been an employee of OIAA or served as a member of the OIAA Commission within the last twelve (12) months?

Yes ___ No

If yes, please list the name, position, and dates of services:

Name	Position	Dates of Service
_____	_____	_____
_____	_____	_____
_____	_____	_____

3. Are you or any managers, partners, or officers of your firm related by blood or marriage/domestic partnership to an employee of OIAA or member of the OIAA Commission that is considering your proposal?

Yes ___ No

If yes, please list the names and nature of the relationship:

Name	Relationship
_____	_____
_____	_____
_____	_____

4. Does an employee of OIAA or a member of the OIAA Commission hold a position at your firm as a director, officer, partner, trustee, employee, or any position of management?

Yes ___ No

If yes, please list the names and nature of the relationship:

Name	Relationship
_____	_____
_____	_____
_____	_____

5. Have you or any managers, partners, or officers of your firm ever given (directly or indirectly), or offered to give on behalf of another or through another person, campaign contributions, or gifts to any current employee of OIAA or member of the OIAA Commission (including contributions to a political committee created by or on behalf of a member/candidate)?

Yes ___ No X

If yes, please list the name, position, and dates of services:

Name	Date	Dollar Value
_____	_____	_____
_____	_____	_____
_____	_____	_____

SECTION 3: VALIDATION STATEMENT

This Validation Statement must be completed and signed by at least one General Partner, Owner, Principal, or Officer authorized to legally commit the proposer.

DECLARATION

I (print full name) STEVE TOMES, hereby declare that I am the (position or title) GENERAL MANAGER of (firm name) DELAWARE NORTH COMPANIES and that I am duly authorized to execute this Validation Statement on behalf of this entity. I hereby state that this OIAA Conflict of Interest Form dated 4/25/17 is correct and current as submitted. I acknowledge that any false, deceptive, or fraudulent statements on this Validation Statement will result in rejection of my contract proposal.



 Signature of Person Certifying for Proposer

4/25/17

 Date

NOTICE

A material false statement, omission, or fraudulent inducement made in connection with this OIAA Conflict of Interest Form is sufficient cause for rejection of the contract proposal or revocation of a prior contract award.

**ONTARIO INTERNATIONAL
AIRPORT AUTHORITY**

Agenda Report
April 27, 2017

**SECTION:
ADMINISTRATIVE
REPORTS/DISCUSSION/ACTION**

SUBJECT: COMMISSION DISCUSSION AND REQUEST FOR FURTHER DIRECTION REGARDING PROPERTY GENERALLY BOUNDED BY AIRPORT DRIVE TO THE NORTH, JURUPA STREET TO THE SOUTH, HAVEN AVENUE TO THE WEST AND DOUBLEDAY AVENUE TO THE EAST

RECOMMENDED ACTION(S): That the OIAA Commission accept an agenda report and staff recommendations and direct staff to: (i) Follow the Federal Aviation Administration’s (FAA’s) process to declare the property generally bounded by Airport Drive to the north, Jurupa Street to the south, Haven Avenue to the west, and Doubleday Avenue to the east (“Subject Property”) as surplus property; (ii) Complete an appraisal of the Subject Property’s fair market value; (iii) Prepare information detailing a public auction process that would be used for the sale of the Subject Property; and (iv) Return to the Commission in the summer of 2017 with an update on the Subject Property.

BACKGROUND

The Subject Property

The property generally bounded by Airport Drive to the north, Jurupa Street to the south, Haven Avenue to the west, and Doubleday Avenue to the east (“Subject Property”) (also known as the “boot property” due to the configuration of the parcels and referred to as the “Surrounding Parcels” in the December 22, 2015 Settlement Agreement) consists of twenty-four (24) separate parcels totaling approximately 200.5 acres. The property is further split between “buildable” parcels totaling approximately 147.5 acres and “yard space” parcels totaling approximately 53 acres that are directly under the final approach to Ontario International Airport (“ONT” or “Airport”) Runways 26L and 26R. The Ontario International Airport Authority (“OIAA” or “Authority”) acquired the Subject Property as part of the transfer of ONT from the City of Los Angeles in November 2016 (*see*, Exhibit A). The City of Los Angeles had acquired the property in stages from January 1998 to June 1999 using airport revenues. No Passenger Facility Charge (“PFC”) collections or Airport Improvement Program (“AIP”) grant funds were used for the purchase of the Subject Property, and no part of the Subject Property was acquired by a Federal deed.

All existing aeronautical land uses of ONT property are located west of South Haven Avenue, which divides the Airport from north to south. The Subject Property development parcels are all east of South

STAFF MEMBER PRESENTING: Kelly Fredericks, Chief Executive Officer

Prepared by: Kelly Fredericks
Department: OIAA
Chief Executive Officer Approval: _____

Submitted to OIAA: April 27, 2017
Approved: _____
Continued to: _____
Denied: _____

Item No. 09

Haven Avenue. South Haven Avenue is an eight-lane, principal arterial, divided highway that directly connects to Interstate 10 at an interchange 0.3 miles north of the Airport and to Interstate 60 south of the Airport. South Haven Avenue cannot be closed or relocated. While land on both sides of South Haven Avenue is relatively level, the land to the east has a slightly higher elevation, and there is an embankment along much of the east side of South Haven Avenue while the land to the west side is approximately twelve (12) feet lower than the road elevation with a retaining wall and embankment along much of the west side.

Airport land uses abutting to the west side of South Haven Avenue cannot be feasibly connected to the Subject Property for aircraft access east of South Haven Avenue. The central portion of Airport land along South Haven Avenue is in the FAA Runway Protection Zones (“RPZs”) for Runways 26L and 26R. The area along the west side of the South Haven Avenue north of the RPZs is currently occupied by the Airport rental car facility (a non-aeronautical use). The parcel along the west side of South Haven Avenue south of the RPZs has an east-west, stub taxiway that is dedicated to through-the-fence access to a privately-owned, exclusive-use aircraft parking ramp for United Parcel Service (“UPS”) aircraft.

The Opportunity for ONT

Possible sale or the long-term lease of the Subject Property presents a significant opportunity for the improvement of ONT while also meeting the OIAA’s final financial obligation to Los Angeles World Airports (“LAWA”). The OIAA still owes LAWA the remaining unpaid amount of Seventy Million Dollars (\$70,000,000) as stipulated in Section 11.E.ii of the Settlement Agreement. During the development and negotiation of the ONT Settlement Agreement all parties understood the potential value of the Subject Property. The Settlement Agreement Section 11.E.ii.d stipulates that the OIAA shall not sell the Subject Property until the \$70 Million obligation owed to LAWA is met. While the ongoing collection of Passenger Facility Charges (“PFCs”) were ultimately pledged to satisfy this obligation in the Funding Plan approved by LAWA, the sale of the Subject Property and early payoff of this obligation would free the PFCs for airport improvements. Any property sale proceeds over the remaining LAWA obligation could also be applied to other revenue-producing airport development projects.

The remainder of this agenda report provides summary information on this potential opportunity for ONT and the basis of the staff recommendations.

Why sell now? Why not ground lease or other revenue generating opportunities? Are there alternative paths to consider?

In general, the options are:

1. OIAA sells the property as is to a developer for development and realizes the unimproved value now.
2. OIAA leases the property in its entirety to a developer for development and collects land rent for a long lease term, e.g. 50-99 years and leverages this future revenue stream.
3. OIAA acts as its own developer and enters into land leases for individual parcels to be developed either directly by the OIAA or by a developer.

Financially, the sale option is the least costly and potentially the quickest payoff for the OIAA under the right circumstances. A long-term lease would have the ability to produce similar proceeds as those realized from a sale except for the additional debt-service costs to equal the sale option proceeds on a net

present value basis. The OIAA-as-developer model would have significant up-front costs and future market risks with the potential for the longest-term potential return on investment and the longest period to realize the payoff.

The unique advantage of a sale is the impact it can have on the Airport in the first several years of operation under OIAA management. Sale of the property would generate enough revenue to retire the remaining debt to LAWA, immediately free up PFC collections for needed capital improvements and would also generate excess proceeds for other revenue-producing projects. Sale proceeds could also be used for site development of vacant aeronautical parcels, which would result in additional revenue from airside leases.

A long-term land lease has the advantage of providing continuing revenue for airport operations for decades without the requirement to immediately retire the remaining LAWA obligation. However, for several years the lease revenue and PFCs would be dedicated to payments to LAWA and credits to the airlines, as a result of contractual obligations. Thus, lease revenue would accelerate the retirement of the LAWA debt by several years, but would not provide any funds for site development or other projects in the near term unless the OIAA borrows for these projects and dedicates Subject Property lease payments to cover the development-project(s) debt service. After the LAWA debt is retired, and a new use and lease agreement is negotiated with the ONT airlines, at least some of the lease payments would be available to supplement ONT revenues indefinitely. However, as ONT traffic and business grows, the Subject Property land lease payments would represent a decreasing percentage and therefore a less important contribution to ONT finances.

The option of OIAA acting as its own developer would result in the least income in early years. While in theory OIAA should be able to obtain a higher rent from a tenant in a finished building than from a developer who would develop the property and sublease it to tenants, the OIAA would need to identify, secure and devote resources to developing the property, promoting and managing leases, and would receive nothing for unleased parcels.

Of the three options, a current sale is the least costly to the OIAA with potentially the quickest payoff, but has the unique additional benefit of enabling immediate improvements that can in turn begin generating revenue for the airport as well as improving service and reducing airline costs.

Who is expressing interest in purchasing?

OIAA staff has an unsolicited, firm offer from a property development company for an “as-is” purchase of the buildable parcels of the Subject Property . This offer has significantly attractive terms and sets the purchase price based upon an OIAA appraisal of fair market value but not less than the appraised value that a reputable appraiser determined on behalf of the development company.

OIAA staff has also received a letter of interest in any airport land available for sale, lease or development from a second development company.

OIAA staff has also received numerous general expressions of interest in the Subject Property from various property brokers, potential property users and related interested parties.

Has the property value been appraised?

The property development company that has made an offer commissioned an appraisal of the Subject Property from a reputable appraiser, which also happens to be one of the appraisal companies that OIAA

has selected for its own use in providing appraisal services. While this appraisal was prepared at the request of a proponent, it was done according to professional standards by a highly-qualified firm. The appraisal concluded that the current fair market value of the property is of substantial value and sufficient to pay off the remaining LAWA obligation and allow for additional proceeds for other aeronautical revenue-producing projects.

The OIAA has commissioned an independent appraisal of the property's value from Jones, Roach and Caringella, Inc., one of three firms selected through the OIAA's request for appraisers. The appraisal by JRC is scheduled to be completed by July 2017. This is an important step in the process and would be required by the FAA as part of the airport land disposal process.

What is the best way to market and sell the property?

An auction has several advantages over other methods of sale:

- A well-publicized auction should produce the highest sale price achievable in the least amount of time.
- The FAA will accept the high bid at an open auction as evidence of fair market value.
- The County of San Bernardino has used an auction process for other surplus property sales, so auctions are an existing, publicly-accepted process for disposing of large and valuable parcels of public property.

What leverage might we be giving up for ultimate master plan implementation? Could this property be used as leverage in some public-private partnership to ultimately implement the master plan? For example, if we are looking at maximizing cargo operations onsite, might this be attractive to enhancing that development?

The value of the Subject Property as possible leverage for a larger airport development is limited by the fact that the FAA will not approve the sale or lease of the property at less than fair market value. Therefore, the OIAA could not offer the Subject Property at an attractive, below-market price either as an incentive or in return for other concessions from a prospective tenant.

However, a sale does not take the Subject Property out of the picture for airport-related uses. The property would be sold to a development company to build out for sale or lease to other firms. As a result, cargo companies or other aviation-related businesses could obtain parcels they need to support their on-airport operations, and the availability for those purposes could certainly be included in the marketing of the property.

If sold, what would the proceeds be used for?

Proceeds of sale would first be used to retire all remaining debt to LAWA for transfer of the airport to the OIAA. It should be noted that the immediate retirement of the LAWA debt would be discounted to a number far less than the full \$70M due ten (10) years from the date of transfer. By the fourth quarter of 2017 after PFC remittances have been applied the remaining amount of this obligation would be approximately \$50.5 million.

The remainder of any sale proceeds would be used to lower the Airport's costs of capital redevelopment and operations as identified in the OIAA Strategic Business Plan. A likely use would be the site preparation of currently vacant airside parcels, for lease to cargo and other aviation support operations.

The former Lockheed property, GE Engine property and Air National Guard property are each in need of clearing and preparation for reuse as revenue-producing properties.

What FAA approvals are needed to sell?

Grant Assurance 5.a. of the standard Airport Improvement Program (AIP) grant agreement prohibits the OIAA from selling any airport land without FAA approval. The FAA has two general requirements for approval of a sale: first, that the property is not needed for present or foreseeable public airport purposes, and second, that the airport receives fair market value compensation for the transfer.

The FAA will also require that the deed executed by the sponsor contain an aviation easement for the continuing right to overflights, restrictions on structures or growth of natural objects that would interfere with air navigation, and a prohibition on any land use or activity that would interfere with air navigation.

With the FAA's approval, the OIAA has the authority to dispose of property, and no state or local approvals are needed beyond a formal resolution of the OIAA.

What are compatible uses?

Compatibility with airport operations involves two general limitations on development: height of structures, and uses of the property. The height of structures is limited by the FAA airport design criteria and by the FAA requirements for instrument approaches and departures. Both standards contain specific limits on the height of structures along and around the flight path of aircraft using the airport. The deed and other transfer documents would contain legally binding limits on the height of structures at each location on the Subject Property to meet FAA requirements.

The safety of people and property on the ground under the airport's approach and departure paths is a key consideration for land uses allowed on the Subject Property. The concentration of the number of people associated with a type of land use is the primary means of controlling this factor. Land uses with low intensity of use based on the number of people per acre would be associated with development on the Subject Property.

Compatible use of the property also relates to the cumulative noise impact of aircraft overflights. The 2015 noise contour map for ONT shows that more than half of the Subject Property is within the 65 dB CNEL contour (i.e., above 65 dB cumulative noise impact), and a small central part of the Subject Property is located within the 70 dB CNEL contour. In areas subject to 65 dB CNEL or higher, some land uses are considered incompatible with the Airport, such as residential, hospitals, and schools. However, light industrial use is considered compatible above 65 dB and even above 70 dB CNEL, so the current City of Ontario zoning of the property as Light Industrial will ensure that use of the property remains compatible.

What is the current zoning?

The Subject Property is included in the City of Ontario, California Commerce Center Specific Plan, which includes three zoning designations: Industrial, Office, and Commercial/Food/Hotel. An appraisal of the Subject Property found the highest and best use based on the close proximity to the Airport to be Light Industrial, and it can be assumed that most prospective tenants would be interested in that category of use.

The adopted Airport Element of the Ontario Plan does have land use restrictions on the property that were based on outdated plans to shift the existing runway locations to the south and east. While included in the City's General Plan, the airport layout itself was never completed, environmentally approved and adopted by LAWA. The new airport master plan is scoped to leave the existing ONT runways in their existing locations and configurations. In order to develop the property fully, a change to the Airport Element of the City's General Plan would be required.

What businesses are located around ONT's properties?

The Subject Property is located entirely within the California Commerce Center Specific Plan for the City of Ontario, which is designated for industrial, office, and commercial use. The areas immediately surrounding the Subject Property are used for industrial warehouses and some commercial uses. The airport Park'N Fly, off-airport parking lot is located directly north of the property.

Is there anything the OIAA could be doing now to maximize the property value later?

Because the Subject Property is essentially unimproved land, the only increase in later value would result from a general increase in the value of land in the vicinity of the airport. There is not much the OIAA could do to affect that value. The property already has fully completed streets with curb and gutter, storm sewers and all utilities stubbed into the area.

Should OIAA be concerned about an imminent economic downturn?

While it is impossible to predict economic conditions a year from now, it is true that relatively favorable conditions exist now for realizing the value of the Subject property. There is current demand for the property, at a favorable price. It is unlikely that the value of the property will dramatically increase in the next few years, so there is little risk that a current sale would miss out on substantial appreciation in the value of the property. There is always a risk of a substantial, short-term decrease in property value, however, as happened in 2008.

Is there any way we can require rooftop or other solar be used to support sustainable energy needs (and cost savings) at ONT?

The FAA requires that glare analysis has to be completed on any solar projects within two miles of the end of a runway. There are rooftop solar arrays and other solar arrays immediately adjacent to the Subject Property. However, imposing such a requirement on the developer and its tenants would potentially increase the development costs of the property to them, and therefore reduce the price a developer would be willing to pay for the property. This reduction would almost certainly exceed any benefit in utility savings for OIAA.

SUMMARY

A sale of the Subject Property through a public auction presents a significant, immediate opportunity for the OIAA to retire its financial obligations to LAWA early and free up additional capital and PFCs for Airport cost reduction and new sources of aeronautical revenue generation. Development of the Subject Property, if sold, would be compatible with the operation and development of ONT and would likely include future owners and users with direct and indirect airport functions that would complement the OIAA Strategic Business Plan. Therefore, the OIAA staff recommends that the OIAA Commission direct staff to move forward with the process necessary to declare the Subject Property as surplus as required by the FAA and undertake a public auction to complete the sale.

FISCAL IMPACT AND SOURCE OF FUNDS

The fiscal impact of this item would be to provide the OIAA with a significant source of funds that would pay off the remaining obligation to LAWA (\$50.5 million remaining by 4Q17) and provide additional funding for the reduction of airline rates and charges and other needed airport capital improvements. By prioritizing capital improvements that clear the former Lockheed Property, GE Engine Property and the Air National Guard Property and prepare these properties for reuse, these funds would be opening new sources of airport revenues that would further reduce airline rates and charges. The added benefit of paying off the remaining obligation to LAWA is the release of approximately \$8.9 million in annual Passenger Facility Charge (PFC) funds that are currently pledged to this obligation. These PFCs are a key source of funding for airport capital improvements or for paying debt service on PFC-backed airport revenue bonds that can fund needed airport improvement projects.

PRIOR COMMISSION ACTION

Commission Agenda - March 28, 2017 – Commission members Wapner, Hagman and Dunn discussed general issues associated with the long-term lease or sale of the subject property. The OIAA Commission directed Staff to return to next Commission meeting with an agenda report and staff recommendations on the Subject Property.

CEQA COMPLIANCE

Statutory exemption: Feasibility and planning studies. CEQA does not apply to feasibility or planning studies that will not have a legally binding effect on later activities. (CEQA Guidelines §15262; Pub. Resources Code, §§21102, 21150.)

Exclusion from the definition of “project”: The creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. (CEQA Guidelines §15378(b)(4).)

Categorical exemption: Data collection, research, experimental management, and resource evaluation activities. (CEQA Guidelines §15306.)

Categorical exemption: Surplus Government Property Sales. (CEQA Guidelines §15312.)

Common sense exemption: The CEQA Guidelines include an exemption based on “the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment.” (CEQA Guidelines §15061(b)(3).) Under this exemption, a lead agency may find a project exempt from CEQA if “it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment.” (*Ibid.*)

STAFFING IMPACT (# OF POSITIONS)

N/A

IMPACT ON OPERATIONS

N/A

SCHEDULE

The following is a tentative schedule for the activities necessary for a sale of the Subject Property through the use of a public auction:

1. Declare as surplus property according to FAA requirements – summer 2017
2. Complete OIAA property appraisal – July 2017
3. Prepare for and publicize public auction – May/June/July 2017
4. Hold public auction – August 2017
5. Close escrow – November 1, 2017

EXHIBITS AND ATTACHMENTS

Attachment A – Exhibit A: Ontario International Airport East Development Site

This Agenda Report references the terms and conditions of the recommended actions and request for approval. Any document(s) referred to herein and that are not attached or posted online may be reviewed prior to or following scheduled Commission meetings in the Office of the Clerk of the Commission. Office hours are 8:30 a.m. to 5:00 p.m., Monday through Friday

This Agenda Report has been reviewed by OIAA Interim General Counsel.

Exhibit A
Ontario International Airport
East Development Site

LEGEND

-  **Buildable (147.5 Acres)**
-  **Yard Space (53 Acres)**

Distance from runway end:
2,100 ft
Max Bldg Ht: ~42 ft

Distance from runway end:
3,800 ft
Max Bldg. Ht: ~76 ft

Distance from runway end:
5,150 ft
Max Bldg. Ht: ~100 ft

Not to Scale



North