



Photo courtesy of Ontario International Airport

# ONTARIO AIRPORT ROARS BACK

by **Nikhil Agarwal '24**

Ontario International Airport (ONT) has experienced highs and lows in the past two decades. Previously owned by the Los Angeles World Airports (LAWA), a department of the City of Los Angeles that also manages the Los Angeles International Airport (LAX) and Van Nuys Airport, ONT suffered a serious setback following the recession of the late 2000s. Annual passenger volume was in decline and airlines were fleeing. High operation costs borne from overstaffing, high administrative fees, and overcompensation of airport employees contributed to the struggles of the airport. The Cost Per Enplaned Passenger (CPE), an industry-standard measure of what it costs the airlines to use an airport, was more than 200% over the U.S median, and higher than every other major airport in the region. As the economy began recovering and other airports in Southern California rebounded, local officials turned their attention to LAWA. Was it paying enough attention to Ontario? Was it funneling air traffic to LAX?

Starting in 2011, local officials led the campaign for local ownership and control of the airport. San Bernardino County and the City of Ontario executed a Joint Powers Agreement in 2012 to form the Ontario International

Airport Authority (OIAA). The OIAA was created to form a viable business plan for Ontario Airport. OIAA released its strategic business plan in 2013, proposing to bring down costs by treating the airport like a private entity and taking advantage of the potential economic benefits of regional governance and organization.

In August 2015, the City of Los Angeles agreed to relinquish its ownership of the airport and transfer control to the OIAA, with the transfer closing on November 1, 2016. The OIAA agreed to retain LAWA's current employees at ONT for the first two years. Eager to take advantage of the opportunities afforded by the change in control, Alan Wapner, president of the OIAA, told the Rose Institute in 2016 that the strategy for Ontario's air service development consisted of five elements.

1. Reduce ONT's CPE
2. Show how underserved the Ontario market is relative to other markets of similar size
3. Show the constraints that the other area airports face
4. Show the opportunities for growth that the region has to offer

5. Tailor presentations to the carriers and routes that put ONT’s best foot forward.

Behind this ambitious agenda was an optimism that ONT was well positioned to play a critical role in meeting the growing demand for air travel in Southern California. Whereas neighboring airports such as John Wayne International (SNA) in Orange County are bound by upper limits on annual passenger volume, Ontario Airport faces no such constraints. The OIAA worked with the City of Ontario and San Bernardino County to market Ontario Airport as the airport of choice for both residents and businesses in Inland Southern California.

Lowering costs was the most significant goal of the OIAA, and seven years on from the transition to local control, OIAA has met that objective. Reducing the high operating and management costs which had plagued the airport (chiefly overstaffing and overcompensation of airport employees) was seen as paramount to the future success of the airport. Liset Márquez reported on this in the *San Bernardino Sun*, citing a 2010 report released by the City of Ontario. It found that, despite LAWA’s best efforts to cut Ontario Airport’s bloated staff from 425 to 302, ONT staffing was still far higher than John Wayne Airport’s 175, and Long Beach Airport’s 124, both of which had a larger volume of passengers at the time. The report found that for comparable medium-sized airports, the ratio of workers to passengers was around 79 employees to 1 million passengers. Ontario however, came in at 163 to 1 million, more than double the average. This overstaffing issue was compounded by the fact that at \$102,400 per employee, Ontario Airport workers received the highest benefits and wages of any airport in the region; compensation levels at

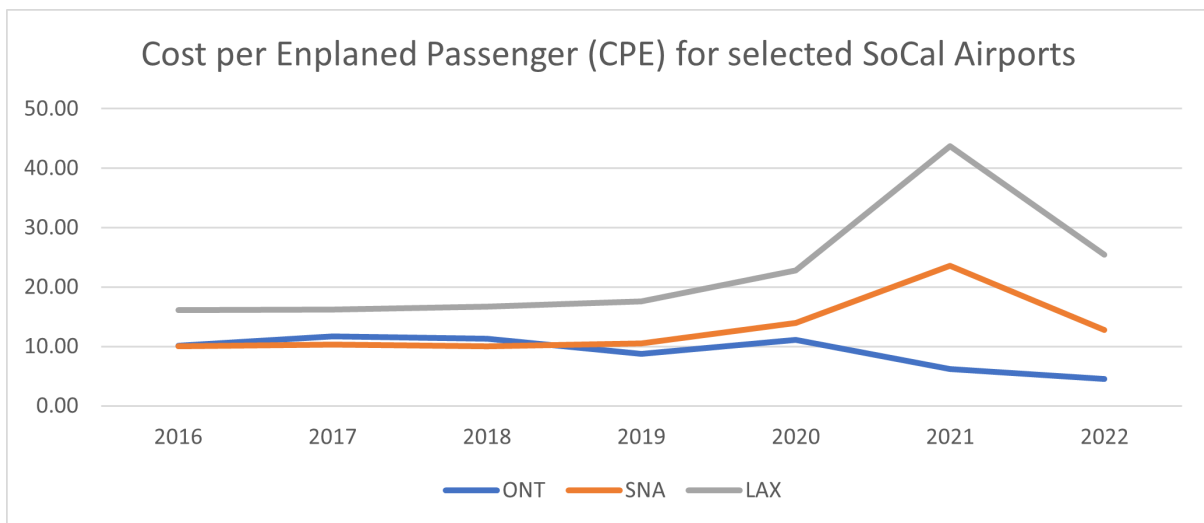
### Ontario International Airport Cost Per Enplaned Passenger

YEAR	CPE
2016	\$ 10.13
2017	\$ 11.69
2018	\$ 11.28
2019	\$ 8.72
2020	\$ 11.12
2021	\$ 6.18
2022	\$ 4.52

Source: (CATS) Operating and Financial Line-Item Report 127. Certification Activity Tracking System. [https://cats.airports.faa.gov/Reports/Form127\\_Line\\_Item\\_Select.cfm](https://cats.airports.faa.gov/Reports/Form127_Line_Item_Select.cfm)

surrounding airports was approximately 15% lower. Consequently, Ontario Airport was a high-cost airport to the airlines.

The OIAA has made excellent progress in reducing the Cost Per Enplaned Passenger (CPE). CPE is the total cost that an airline pays to use an airport divided by the number of enplaned passengers. These costs include all landing fees, airside usage charges, fuel flowage fees, terminal rents, and other airline payments to airports. In 2010, Ontario Airport’s CPE stood at \$14.50, over twice that of Long Beach (\$5.34), and over three and a half times as much as Palm Springs (\$4.07). Ontario Airport’s CPE was even higher than that of LAX, which was \$11. Since then, Ontario Airport has managed to bring its CPE down to \$4.52, where it currently stands after fluctuating around \$10-11 from 2016 to 2020. Steve Lambert, ONT’s public



Source: (CATS) Operating and Financial Line-Item Report 127. Certification Activity Tracking System. [https://cats.airports.faa.gov/Reports/Form127\\_Line\\_Item\\_Select.cfm](https://cats.airports.faa.gov/Reports/Form127_Line_Item_Select.cfm)

information officer, attributes the dramatic improvement to cost reductions in staffing and operations, as well as a commitment to increasing non-aeronautical revenues such as airport concessions.

In comparison to neighboring airports John Wayne International and LAX, Ontario Airport’s CPE today looks good. Since shifting to local control in 2016, ONT has consistently maintained a lower CPE than LAX, and has stayed lower than SNA in each of the past four years.

### Annual Passenger Volume under OIAA

In the decade prior to Los Angeles relinquishing its control of Ontario Airport, ONT annual passenger volume was steadily decreasing. Total passenger volume stood at 7 million in 2006. It rose slightly to 7.2 million in 2007 and then dropped to 6.2 million in 2008. Passenger totals at ONT continued to drop for the next four years, reaching a low of 3.9 million in 2013. They then hovered around 4.2 million for the next three years. In the space of nine years

passenger totals fell by close to 3 million, from 7 million in 2006 to 4.2 million in 2015.

Theories abounded that LAWA was funneling air traffic from smaller regional airports like Ontario to LAX. Writing in an industry journal, Barbara E. Lichman noted it was clear LAX was getting favorable treatment to the severe detriment of Ontario’s future. “LAWA has apparently enticed air carriers to move to LAX by lower costs and fees, in order to pay the cost of its major, ongoing expansion project. Ontario is left the orphan...” LAX’s own increase in passenger volume during this period lends strength to those theories. LAX rebounded from a low of 56 million passengers in 2009 by increasing passenger volume every year, hitting a then-high of 74 million in 2015. The statistics for John Wayne International showed that it was possible to maintain passenger volume during this period, as it hovered consistently between 8-9 million passengers per year before breaking the 10 million mark for the first time in 2015.

### Total Passenger Volume

YEAR	ONT	SNA	BUR
2006	7,049,904	9,613,480	5,689,291
2007	7,207,150	9,979,699	5,921,336
2008	6,232,975	8,989,603	5,331,404
2009	4,861,110	8,705,199	4,588,433
2010	4,812,578	8,663,452	4,461,271
2011	4,540,694	8,609,008	4,301,568
2012	4,296,459	8,857,944	4,056,416
2013	3,971,136	9,232,789	3,844,092
2014	4,127,280	9,386,033	3,861,179
2015	4,209,311	10,038,466	3,943,629
2016	4,251,903	10,496,511	4,739,466
2017	4,552,225	10,423,578	4,739,466
2018	5,115,894	10,664,038	5,263,972
2019	5,583,732	10,656,986	5,983,737
2020	2,538,482	3,794,850	1,995,348
2021	4,496,592	7,700,489	3,732,971
2022	5,740,593	11,360,959	5,898,736

Source: Passenger and Freight Statistics, Ontario International Airport, <https://www.flyontario.com/air-service/statistics>; Monthly Airport Statistics, John Wayne Airport, Orange County, <https://www.ocair.com/about/news-info/statistics/>; Airport Statistics, Hollywood Burbank Airport, <https://www.hollywoodburbankairport.com/about-us/airport-statistics/>.

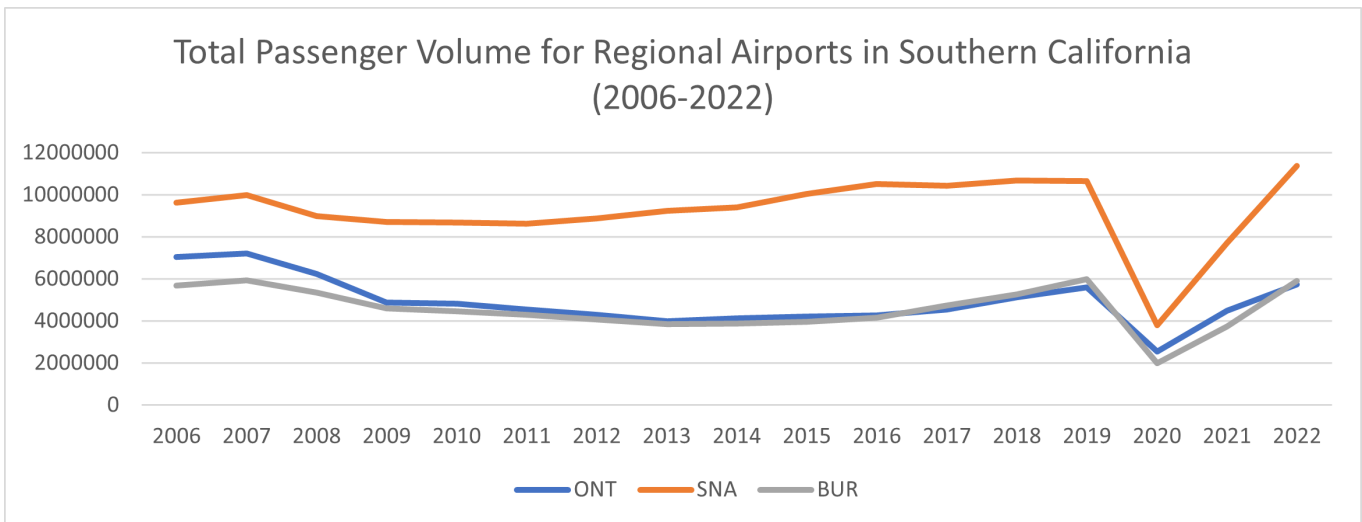


Photo courtesy of Ontario International Airport

Since gaining local control in 2016, Ontario Airport has by and large steadily increased its annual passenger volume, save for 2020, the year in which the COVID-19 pandemic severely restricted travel. Despite passenger volume dropping to 2.5 million that year, the airport has now rebounded to its pre-Covid level, and had a total of 5.7 million passengers in 2022, its highest number since 2008. Ontario's trajectory looks very similar to both John Wayne International Airport and Hollywood Burbank Airport (BUR), both of which also recovered following marked declines in total passenger volumes in 2020.

Since the return to local ownership in 2016, China Airlines, JetBlue, Hawaiian Air, Northern Pacific and Avianca have all started operation at ONT. The legacy airlines, however, are still the largest carriers. In 2022 Southwest topped the list with 2,294,956 passengers, American Airlines was second with 848,352, and Delta third with 723,876. China Airlines was the fastest growing from 2021 to 2022.

Ontario Airport has continued its steady growth in passenger volume in 2023, recording a YTD passenger volume of 4,696,498 as of September 2023, up 11% from one



Source: Passenger and Freight Statistics, Ontario International Airport, <https://www.flyontario.com/air-service/statistics>; Monthly Airport Statistics, John Wayne Airport, Orange County, <https://www.ocair.com/about/news-info/statistics/>; Airport Statistics, Hollywood Burbank Airport, <https://www.hollywoodburbankairport.com/about-us/airport-statistics/>.

**Ontario International Airport  
Passenger Volume by Carrier, 2021, 2022**

	2021	2022	% Change
aha!	876	4,770	445%
Alaska Airlines	403,608	440,568	9%
American Airlines	886,116	848,352	-4%
Avianca	16,897	42,334	151%
China Airlines	2,114	31,680	1399%
Delta Air Lines	542,023	723,876	34%
Frontier Airlines	446,177	611,010	37%
Hawaiian Airlines Co	82,971	117,590	42%
JetBlue	44,415	106,995	141%
Southwest Airlines Co	1,687,528	2,294,956	36%
United Air Lines Inc	283,105	393,825	39%
Volaris	104,146	120,811	16%
All Other	152	3,826	487%

Source: Ontario International Airport, December 2022 Traffic Report, <https://www.flyontario.com/sites/default/files/2023-01/ont-airport-statistics-dec-2022.pdf>.



Photo courtesy of Ontario International Airport



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year prior. Among domestic carriers, American Airlines and Frontier Airlines had the largest increase, with each showing 22% YTD increase over September 2022 to 757,908 and 503,086 passengers respectively. Southwest still leads the pack in passenger volume with 1,749,504 YTD, an increase of 2.6%. Although the absolute passenger numbers are small in comparison, passenger volume on direct international flights to Taiwan, Mexico, and Central America show explosive growth. Through the first eight months of 2023, the number of international passengers flying into or out of ONT more than doubled, to nearly 260,000.

### Freight

Much of Ontario Airport’s success is clearly tied to the success of the logistics sector. Situated close to the intersection of Interstate 10 from Los Angeles to Phoenix, Interstate 15 connecting San Diego to Las Vegas, and State Route 60, Ontario Airport is central to the growth and success of the Inland Empire’s logistics industry. As Claremont Graduate University Professor Gary Gaukler pointed out in 2016, shipments by air through Ontario Airport are critical to meet the demand for warehouse and logistics capacity, as e-commerce sales grow at the expense of traditional brick-and-mortar sales. The region’s proximity to both the Port of Los Angeles and the Port of Long Beach, as well as to large population centers, and the availability of relatively affordable real estate for distribution and fulfillment centers, gave Ontario Airport strategic advantages.

### Ontario Airport Freight

YEAR	Freight
2006	544,600
2007	532,865
2008	481,284
2009	390,060
2010	492,428
2011	417,686
2012	454,880
2013	465,537
2014	474,502
2015	509,809
2016	567,295
2017	654,378
2018	751,529
2019	781,993
2020	924,160
2021	890,383
2022	851,924

Source: Passenger and Freight Statistics, Ontario International Airport, <https://www.flyontario.com/air-service/statistics>.



Photo courtesy of Ontario International Airport

In the early 2010s, Ontario Airport saw impressive gains in the volume of cargo (measured in tons) being transported through, rising to 509,810 tons in 2015, up almost 30% from its low of 390,933 tons in 2009. Ontario Airport has continued its upward trajectory, posting increases in freight every year until its peak of 924,160 tons in 2020 as many people turned to e-commerce during the Covid-19 lockdown. As passenger volume fell precipitously in 2020, the large increase in freight saved the Ontario Airport during the pandemic, much as it did during the last recession. As the pandemic subsides, freight volume has fallen in 2021 and 2022, but still exceeds pre-pandemic levels.

Lambert pointed out that “ONT has long been one of the nation’s strongest air-cargo centers and had the infrastructure in place to handle what was about a 20% year-over-year increase in cargo volumes in 2020 and heading into 2022.” ONT readiness and capacity works hand in hand with investments made by the industry. According to a study commissioned by ONT from Oxford Economics, during the first year of the pandemic, FedEx Express announced a \$290 million project at ONT designed to improve efficiency. UPS expanded its Western Regional Air Hub at the airport to process over 400,000 packages daily and FedEx Ground also made considerable investments in the IE region with plans to spend over \$90 million. Amazon has spent over

\$19 billion in the Inland Empire since 2010 and is developing its largest warehouse in the world in the city of Ontario.

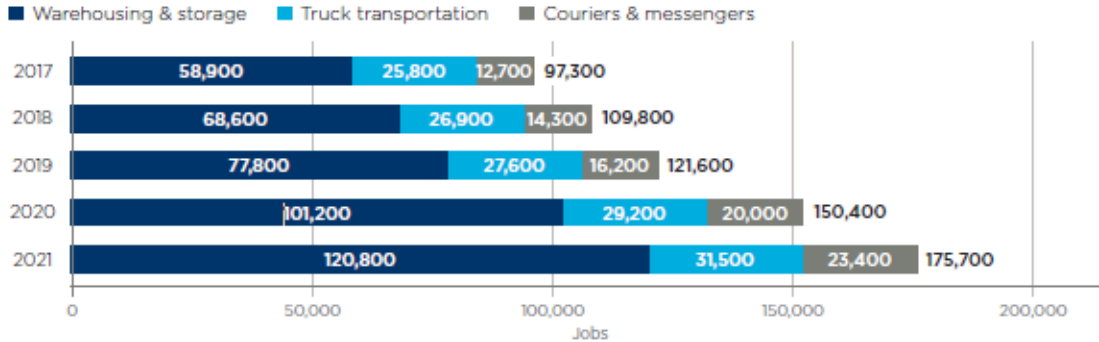
As Ontario Airport has grown in importance, so too has the number of jobs which flow into the Inland Empire. Oxford Economics reports that Inland Empire employment in the logistics industry grew 44% between 2019 and 2021, from 121,600 to 175,700. A report from the *Orange County Register* found that the logistics businesses employed 486,300 people across Southern California at year-end 2022, up 83,800 in three years, a gain of 21%. Not only do Riverside and San Bernardino counties together have the third largest transportation and warehouse workforce in the nation, but the 42% growth in transportation and warehouse staffing in the Inland Empire also outpaced other sectors within Southern California and was the largest in the nation. The health of the Inland Empire’s logistics sector has had positive spillover effects on its broader job market. With 1.71 million workers, the IE is the nation’s fifteenth largest job market. Among the 36 biggest U.S. employment hubs, its 6.2% job-growth pace over three years was bettered by only Austin, Dallas, Nashville, and Tampa.

This growth is not without critics. Earlier this year, over sixty organizations representing environmental, academic,

health, and labor interests wrote a letter to Governor Gavin Newsom calling for a moratorium on new warehouses in the region, arguing that rampant warehouse development results in decreased air quality, in turn leading to increased rates of cardiac, respiratory, and reproductive health impacts, as well as cancer, related to truck emissions.

The logistics industry, however, is a significant economic driver, employing an estimated 200,000 people in the region. According to the Oxford Economics study, the eight zip codes that adjoin the airport generated \$17.8 billion in economic output. Lambert points out that “FedEx, UPS and Amazon all have significant cargo operations at the airport, employing thousands of people and supporting families across the region.” ♦

### Inland Empire Logistics Industry Wage and Salary Employment, 2017-2021



Source: The Economic Impact of Ontario International Airport, Oxford Economics, September 2022, <https://www.flyontario.com/airport-authority/economic-impact-report>.



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