

**Jamie L. Rhee  
Commissioner  
Chicago Department of Aviation**

**2023 Budget Hearing  
Chicago City Council  
Committee on Budget and Government Operations**

**October 18, 2022**

Chairwoman Dowell, Vice Chairwoman Silverstein, and members of the Committee on Budget and Government Operations, thank you for the opportunity to be with you today.

Thank you, as well, to members of the City Council who have reached out to me directly in recent months, whether it is on matters of equity and inclusion, security, new development, aircraft noise, or just to check in. I greatly value open lines of communication with this Council.

I must also thank the leaders of the City Council Committee on Aviation: Chairman O'Shea and Vice Chairman Curtis. Together, we have spent countless hours working toward policy changes on a federal level, and your partnership has been crucial. Additionally, I want to thank all members of the Council's Diversity Working Group, or DWG. Led by Chairman Ervin and Chairman Villegas, the DWG has been pivotal in delivering on the diversity and inclusion successes that I will walk you through today.

I sit before you at the most exciting time for our airports in 30 years. The O'Hare 21 initiative is entering its fourth year transforming the airport we know and love into the true global mega-hub of the future.

Before I report on **what** we are building, I would like to speak with you about **who** is doing the building. Since I was first given the honor of serving as Aviation Commissioner four-and-a-half years ago, I have pushed my team at the CDA to completely reimagine how contracts are conceived, segmented, and awarded at both of our airports. The purpose of this effort is to demonstrate and advance Mayor Lightfoot's commitment to diversity, equity, and inclusion. In 2022, CDA will spend \$191 million with M/WBE certified firms, which accounts for 36% of our total spend, and an increase of \$1.5 million when compared to 2021.

This total includes spending 9% with Black-owned firms, 13% with Latino-owned firms, 7% with Asian-owned firms, and 7% with women-owned firms. We are not stopping there. Two minority-owned firms, in custodial services and unarmed security, were selected this summer for more than \$220 million of work over the next five years, and each achieved labor peace through collective bargaining agreements. CDA is also focusing on capacity building and workforce development across the extensive capital program at O'Hare and Midway. Together with our contractors, we have hosted 71 community events, including symposiums, webinars and learning sessions, to educate small businesses about opportunities to work with the airports.

Our effort in workforce development included six job fairs organized or supported by the CDA, each of which drew job seekers from across the city. We are collaborating with CPS, City Colleges and First Lady Amy Eshleman on workforce development initiatives and art programs that inspire student interest in aviation, including the One Summer Chicago internship opportunity. Our goal is to empower students across Chicago to not only find jobs but also develop careers. We will provide the direction and support essential to enabling passionate and committed young people to be entrepreneurs. This will, we

believe, spark a growth in the MBE/WBE community that will provide essential goods and services in the years to come.

Airport concessions have long provided opportunities for diverse businesses of all sizes to work in and with airports. CDA is trending toward achieving its highest ACDBE participation ever at Midway and the highest in a decade at O'Hare. O'Hare has achieved a 43% participation rate, and Midway has reached the highest reported participation rate for any airport in the country at 56%, far beyond the FAA goal of 10% participation.

In order to maintain the momentum that has yielded the results that I have just described, the proposed 2023 operating budgets for O'Hare and Midway are \$528.5 million and \$135.1 million, respectively — a slight increase over last year.

As you all know, CDA manages both O'Hare's and Midway's enterprise funds, separate and distinct from all other City funds. Our operating budget does not rely on local or state tax dollars. Likewise, all major capital improvement projects at Chicago's airports are financed without the use of city or state tax revenues. Funding comes from airline-backed bonds, Passenger Facility Charges (PFCs), Customer Facility Charges (CFCs), as well as federal Airport Improvement Program (AIP) funds, for which I must thank our dedicated congressional and state delegations for their continued recognition of the value that O'Hare and Midway bring to the people of Illinois.

CDA employs residents from all 50 wards, 1,618 Chicagoans in all. We have continued hiring at a rapid clip, onboarding 326 of your constituents in the past 12 months. CDA employees take public service very seriously. Throughout the pandemic, our airports never closed. Those 1,618 Chicagoans were among the 50,000 badged workers at O'Hare and Midway that performed their duties throughout the pandemic, ensuring the traveling public could always get where they needed to go, and I would like to thank all 50,000 of them for their service, particularly our first responders.

Dedicated personnel from CDA, CPD, CFD, and state and federal law enforcement report to work at our airports every hour of every day, ready to respond to an emergency situation, and this budget reflects our continued commitment to being at the top our game when it comes to preparedness.

Additionally, in partnership with Lynn Osmond at Choose Chicago, Michael Fassnacht at World Business Chicago, and Deputy Mayor Samir Mayekar, we're telling the story of Chicago's connectivity, by partnering with them on marketing efforts that promote Chicago's airports to the tourism and business travel industries. Together we also hosted the annual Airport Minority Advisory Council conference this summer, yielding incredible opportunities for local, minority-owned firms nationally and globally. And next spring, we're preparing to host Routes America 2023, the premier route development conference pairing senior decision-makers from airports, airlines and travel authorities across the Americas. The last time Chicago hosted the international version of this event, 11 flag carriers launched new Chicago service over the five years that followed. And it's estimated

that one new daily, widebody long-haul international flight can generate between \$150 and \$200 million in annual economic impact for the Chicago area.

O'Hare and Midway are the first and last impression travelers get when visiting Chicago, and because of that, customer service remains top of mind at CDA every single day. With your support, we're ready to further expand those efforts in 2023. The budget before you increases the department's Customer Service section at O'Hare by adding 15 new positions. These frontline staff members will be hired from our neighborhoods to personally meet and greet passengers and provide them with key information on tourist destinations, airport operations, and ground transportation. Since we are a global city with the world's most globally connected airport, we will have Customer Service Representatives that are able to speak the languages of our visitors. Those representatives will also be trained and ready to respond to emergency situations and irregular operations, which is particularly important on peak travel weekends as passenger traffic returns to pre-pandemic levels.

As that rebound continues, we are fortunate that our two-airport system and our geographic location in the middle of this continent remain critical to the air traffic network across North America and the world. We are also thankful to all four major U.S. carriers — American, Delta, Southwest and United — each of which have invested in O'Hare through the 2018 Airport Use and Lease Agreement. At both airports, our airlines are serving the same number of domestic destinations as they did prior to the pandemic, preserving the connectivity that is so important to our city and our airports. And with your support, we are thinking big for our future.

After 16 years of continuous runway construction, the O'Hare Modernization Program, or OMP, is now complete. Through this monumental \$6 billion project, we built four new runways, decommissioned three outmoded runways, extended two existing runways, constructed two new Air Traffic Control towers, and sound insulated more than 11,500 of our neighbors' homes, along with 124 nearby schools.

The new runway configuration we created through OMP has reduced avoidable delays by 65%, validating this critical investment. It is an unprecedented move in airfield infrastructure that has not been made by any other airport at this scale. As a matter of fact, we now have eight runways, the most of any commercial airport in the world. Together, we have transformed our hometown airport into the most capable civilian airfield in North America.

I again thank each of you for your continued support as we pivot to another sizeable investment, this time in our terminals. The O'Hare 21 project is well underway, and it is a decade-long, curb-to-gate capital plan that will elevate the passenger experience and improve operational efficiencies to ensure O'Hare's continued growth and strong competitive position in the years ahead.

CDA's Development team has worked throughout the last several years to transform O'Hare through the implementation of O'Hare 21. We embarked on this effort four years

ago for a simple reason: our region's biggest economic engine needed to grow and modernize in an ever-evolving industry. We must continue to act quickly. Airports around the country are competing for additional arrival and departure slots to continue economic development in their respective communities. The budget proposal before you today will allow us to continue our work to ensure tomorrow's O'Hare will be wholly transformed in the eyes of the frequent flyer of today, able to meet global demand as well as the needs of even the most demanding passengers.

In Air Cargo, we became the most valuable port of entry in America for several months during the pandemic, keeping the critical supply chain moving. We continue to foster the development of those facilities, with 125,000 square feet of new cargo space coming online in early 2023, a development that's led by a minority-owned firm.

At Terminal 5, we are nearing completion of one of the largest projects in O'Hare 21, a \$1 billion renovation that's already opened seven new gates since this summer. Three more will open in the months ahead. Those 10 gates, a 25% increase to existing gate capacity at T5, are the equivalent of an entire new concourse at most airports. The work at Terminal 5 will add approximately 350,000 square feet of terminal space, replace the baggage handling system, and increase passenger amenity space by 75%. We also broke ground this spring on a new, six-story parking garage that will more than double the parking capacity at Terminal 5, a key upgrade as it completes its \$1 billion transition from an outmoded international gateway to a state-of-the-art facility that serves both domestic and international passengers. All told, the Terminal 5 project is contributing more than 3,500 jobs to the Chicago economy.

The work of O'Hare 21 is leading the way for an even larger effort, the Terminal Area Plan, which will construct two entirely new concourses and rebuild our oldest terminal. We are in the final weeks of an environmental review by the Federal Aviation Administration that will yield what is effectively our permit to start construction of the Terminal Area Plan. In cooperation with our Construction Managers at Risk, we will continue to use the city's robust bid incentives to build capacity for diverse firms from all 77 of Chicago's neighborhoods to take part in this work. It will begin with building of two new satellite concourses just to the west of our existing terminal footprint, followed by the demolition of Terminal 2 and the construction of the brand-new O'Hare Global Terminal in its place.

The design of these facilities has already progressed to 30% completion, and work on a number of enabling projects is already underway. All of this work is being performed by a group of seven firms, five of which are joint ventures that include minority-owned and women-owned firms as members. As the work progresses, we will ensure that MBE and WBE firms are included in the ownership teams that perform the design and construction work.

Just last month, construction crews completed a major utility and pavement repair project in the arrival lanes of O'Hare's Main Terminals, installing new ADA-compliant crosswalks, and a new 12-inch water main with new fire hydrants that will be critical in the event of an

emergency. We also wrapped construction on the Main Parking Garage in August, a \$25.5 million project that included pavement repairs and structural support work, which will prolong the life of the 49-year-old parking ramp another 15 years. Last spring, we launched 24/7 service on the revamped Airport Transit System (ATS), which reached 1 million riders a month in July. And earlier this summer, we reopened seven pedestrian tunnels that connect the Main Terminals to the parking garage and the CTA Blue Line, using vibrant new designs that provide a world-class welcome to visitors and residents. These are just some examples from a list of more than 90 smaller projects that make up our current capital plan, which will together support the larger terminal investment initiative that we call O'Hare 21.

As we invest billions of dollars in our terminal facilities, we also recognize this is a unique moment to rethink a key facet of the passenger experience: wayfinding. O'Hare sits on 7,200 acres of land, which is six times the size of Lincoln Park. The interior space covers over 5.9 million square feet, which is 30% bigger than the Willis Tower. Finding your way around an area that massive requires thoughtful, comprehensive signage. Our newly formed wayfinding committee consists of two dozen experts in airport design, architecture, planning, marketing, security, communications and customer service, working together to develop and institute a first-class wayfinding experience.

At Midway, we have nearly completed the Midway Modernization Program, a game-changer for the passenger experience at our original hometown airport. An expanded security checkpoint structure built on top of South Cicero Avenue is now complete, adding 80,000 square feet to the facility. We have nearly doubled the available security capacity to 23 lanes, reducing wait times during peak periods, vastly improving passenger circulation, and providing significantly expanded retail and concessions opportunities. TSA throughput has doubled, from 2,500 to 5,000 passengers per hour.

The master concessionaire, Midway Partnership, is performing a complete overhaul of the Midway concessions operation. Recently completed development work also includes the rehabilitation of the airport's aging parking garage along with a new facility for Federal Inspection Services, a Customs Hall, and a new baggage handling system.

All of this work will continue to improve the passenger experience, but, as we all know, airports do more than transport people. Our airports support job creation, drive the economy, and create numerous business opportunities for Chicagoans of all backgrounds. Investments in O'Hare and Midway are therefore investments in our neighborhoods, our communities, and the lives of the residents who call them home.

Finally, I must give a special thank you to the members of the Midway and O'Hare noise commissions, two groups that are celebrating their 25th anniversary this year. Each group has served as an international model for how hub airports should engage with their surrounding residents, resolving their differences in boardrooms and not courtrooms.

In closing, challenges abound in the aviation industry. The nature of the workplace is changing. Traveler habits are shifting. Staffing shortages are commonplace. And COVID-19 and other viruses monitored by our public health partners remain a real threat. The road forward may not always be clear, but I am more confident than ever that, under the leadership of Mayor Lightfoot and this Council, our airports and our industry will emerge from this era stronger. And our budget will continue to shift to meet this moment, and ensure we are ready to tackle the unknown.

At CDA, we will remain forever committed to leading by example as we continue our role as a central player in Chicago's economy. I look forward to continuing our work with you to provide world-class airports that reflect our city's rich and diverse character.

Respectfully submitted,

Jamie L. Rhee