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CITY COUNCIL APPROVES NEW AERONAUTICAL LEASE AGREEMENTS  
EXPECTED TO INCREASE ANNUAL REVENUES FOR O’HARE BY $37 MILLION  
New, modern cargo and aeronautical leases to generate additional revenue for airport improvement and operations

The City Council today authorized a series of ground leases for O’Hare International Airport. With several cargo and aeronautical leases set to expire in May, the Chicago Department of Aviation (CDA) has finalized agreements with its partners to enter into 21 new agreements for operations at O’Hare. New rates and lease terms will promote continued growth and improvements at O’Hare by leveraging an additional $37 million annually for investment in airport facilities.

“With support from Mayor Emanuel and the City Council, we are committed to furthering O’Hare’s role as one the world’s top international gateways for passenger travel as well as cargo operations,” said CDA Commissioner Ginger S. Evans. “We expect the implementation of these leases will result in additional revenue to support our plans for a modern, growing O’Hare at no cost to taxpayers or travelers.”

The newly-approved leases will go into effect between May-September of 2018, and will ensure continuity for all O’Hare tenants by instituting provisions consistent with the forthcoming Use and Lease agreement.

New leases will have terms ranging from five to 30 years and will apply a uniform aeronautical rates structure across the board to ensure both consistency with market value rates and equitable costs for all tenants. Aeronautical leases include those for tenants leasing space of facilities used to support cargo, hangar, ground equipment maintenance operations, as well as airport and non-airport parking at O’Hare.

The new rates are dependent on the level of airfield access, and range from $2 to $2.25 per square foot for hangar and ground rents, with a $10 per square foot lease rate for cargo facilities. The City will also establish an off airport access fee of $5.00 per ton for cargo transported by carriers that do not lease or sublease facilities on airport property to ensure tenants share in the costs of cargo related operations, such as road maintenance and security.

The cargo tenants are American, Air France, Delta, FedEx, Lufthansa, Nippon, Swissport and UPS. A total of eight leases will be entered into with American, SkyWest and United to support the tenants’ use of...
either ground equipment maintenance or hangar facility use. The CDA will enter into new agreements related to aircraft and vehicular parking with the City of Rosemont, Delta, Ozinga, United and UPS.

In all, the new rates will derive more than $41 million in additional revenue each year by operators, up from the current revenue generated of approximately $4 million. The revenues generated through these leases and the off-airport access fees will be directed back toward the cost of operating ground facilities and to fund ongoing and future airport improvement projects.

All new revenue will promote continued growth and improvements at O'Hare, including continued investment in the sprawling northeast cargo development. Following a series of investments by the Emanuel Administration to establish these modern facilities for cargo processing at O'Hare, air cargo volumes have exploded, with 2017 coming in as another record year with 1.9 million metric tonnes handled. Overall enhancements to cargo as well as passenger operations at O'Hare are central to Mayor Emanuel's O'Hare 21 Vision, now underway, to support a modern, growing O'Hare with new facilities and increased capacity for the future.

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