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Commissioner
Chicago Department of Aviation**

**2017 Budget Hearing
Chicago City Council
Committee on Budget and Government Operations**

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Chairman Austin, Vice-Chairman Ervin, members of City Council, ladies and gentleman; I want to thank you for giving me the opportunity to appear before you today to discuss the budget of the Chicago Department of Aviation (CDA). This budget represents a blueprint for the important work we need to do to bring our airports in to the 21st century. We are excited about the potential we can unleash at both O'Hare and Midway, and look forward to updating you on our progress. We know there is a great deal of work to do not only on our airfields and in our terminals, but also within our workforce – and we are going to meet those challenges head on.

The proposed 2017 operating budgets for O'Hare and Midway International Airports are \$1.211 billion and \$290.2 million, respectively. The CDA independently manages both O'Hare and Midway International Airports as Enterprise Funds, segregated and separate from all other City funds – no local or state tax dollars are part of our budget. All major capital improvement projects at Chicago's airports are also financed without the use of city and/or state tax revenues. Funding for these projects comes from airline-backed bonds, Passenger Facility Charges (PFCs), Customer Facility Charges (CFCs) and Federal Airport Improvement Program (AIP) funds.

Chicago's airports are fortunate to have a significant hub presence from three of the nation's largest airlines – United, American and Southwest – as well as a growing base of foreign-flag carriers. In 2015, passenger traffic at O'Hare grew by an impressive 9.8 percent to reach 76.9 million passengers. Through July 2016, passenger volume has increased by 2.7 percent compared to the first seven months of 2015. Cargo volume at O'Hare reached record levels in 2015 with more than 1.7 million tons handled.

O'Hare and Midway also provide significant tax revenue to the City's Corporate Fund. Chicago's airports generated \$136.7 million in tax revenue to the City in 2015, compared with \$126.0 million in 2014.

In the last year, the CDA has announced significant capital projects to improve and expand our infrastructure, we've undertaken critical noise mitigation and abatement strategies and developed a more robust outreach and contracting plan to increase Minority (MBE), Women-Owned (WBE), Disadvantaged (DBE) and Small Business Enterprise (SBE) participation amongst all Contracts awarded by DPS, while also maximizing workforce employment for residents from socio-economically disadvantaged areas.

We continue to engage in significant outreach efforts to ensure that all firms in Chicago are aware of upcoming CDA contracting opportunities. The CDA regularly hosts workshops and networking events for prospective businesses at the airports, including minority-owned, women-owned and disadvantaged businesses. In 2016, the CDA has hosted or participated in 17 outreach sessions.

But the Mayor has been clear: all Departments throughout the city of Chicago need to do more. And that starts with me. I am deeply committed to ensuring that we are doing everything we can to improve participation and bring more minority firms and small businesses to the table when it comes to contracting. And I fully expect that we will exceed those expectations in part by changing the type of contracts we utilize and the packaging of the contracts. We will utilize

target market contracts for almost all of the construction management contracts that we will pursue, and we also will utilize CM At Risk contracts which will allow for professional service type requirements and a robust selection process for MBE/ WBE and workforce development programs.

Our work has already begun. On October 12, the CDA hosted an airport and concessions job fair at the UIC Forum that featured 44 companies in the fields of aviation, cargo, concessions, construction, hospitality and security. The event was heavily promoted throughout the city and provided an excellent opportunity for job seekers to meet face to face with representatives from companies looking to hire. In fact, many job interviews were conducted on-site. In addition, representatives from the Chicago Urban League, Hispanic American Construction Industry Association (HACIA) and Skills for Chicagoland's Future were on-site to provide guidance for job seekers. More than 400 people attended the job fair.

The CDA has one of the most comprehensive aircraft noise management programs in the world. It recognizes the need to balance the economic benefits of both of Chicago's airports with the quality of life issues of its neighbors, and as a result has made substantial investments in sound-insulating homes and schools around its airports. To date, the CDA has provided sound-insulation to more than 21,000 homes and 165 schools around O'Hare and Midway. The CDA continually works with nearby communities, elected officials and the O'Hare and Midway Noise Compatibility Commissions.

Aircraft noise is a difficult issue that airports in major cities across the U.S. and other parts of the world are grappling with. In Chicago, residents, community groups and elected officials have expressed their concern with aircraft noise. Several aldermen have invested significant time in understanding and addressing noise exposure, and their leadership and engagement with the CDA has led to solutions to address aircraft noise.

In 2015 and 2016, the CDA developed a Fly Quiet Runway Rotation Plan for O'Hare that is designed to achieve a more balanced distribution of noise exposure for Chicago and suburban communities during overnight hours. The rotation test is the first of its kind in the U.S. and represents a concerted effort to preserve the quality of life in the neighborhoods near the airport. After several months of public meetings and consultation with aviation experts, the FAA, elected officials and community groups, the CDA's plan was approved by the O'Hare Noise Compatibility Commission and then FAA in summer 2016. The six-month rotation test began in July 2016. The CDA created a web page where residents can view the weekly rotation schedule and performance reports, and provide feedback.

Another top priority for the CDA is to increase Chicago's connectivity through new air service – with both existing regions served and in emerging high growth routes and markets. Bringing in new service to Chicago creates millions of dollars in new economic activity for our City.

In March, China Eastern started new service between Chicago O'Hare and Shanghai, China that is estimated to bring in \$175 million in annual economic activity. Also in March, Icelandair began service to Reykjavik, Iceland that is estimated to generate \$75 million each

year. In November, EVA Air will begin new service from O'Hare to Taipei, Taiwan that is estimated to generate \$200 million in annual economic impact and Interjet will start new service to Mexico City, Mexico which will bring in \$45 million annually.

Looking ahead, the CDA will continue to aggressively market Chicago and its airports to expand air service to destinations around the globe, including Mexico, as well as countries in Latin America, Asia and the Middle East.

And of course, the top priority of the CDA will always be safety and security for passengers and employees. Both on the airfield and in the terminals – we continue to evaluate risks and proactively address them, in full compliance with Federal Aviation Administration (FAA) and Transportation Security Administration (TSA) requirements. The CDA's budget ensures that its safety and security personnel have the ongoing training, expertise, resources, and technology needed to fulfill this critical mission.

Under the Mayor's leadership, the CDA will continue to make Chicago's airports not only the busiest, but most importantly, the best; and will ensure our airports continue to be economic engines for Chicago and the region.

We must ensure that businesses and residents in neighborhoods throughout the city have an opportunity to benefit from the tremendous economic activity and job creation that are generated by our airports.

We look forward to continue working closely with the Chicago City Council to make our airports "best-in-class" destinations that are truly representative of our world-class city.

Thank you. I look forward to answering any questions you have and to working together to build a bright future for all Chicago residents and businesses.