

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

**2022 Budget Hearing
Chicago City Council
Committee on Budget and Government Operations**

October 1, 2021

Chairman Dowell, Vice-Chairman Silverstein, members of the Committee on Budget and Government Operations, thank you for this opportunity to be with you today. Thank you, as well, to those of you who have reached out to me directly, whether it's on matters of equity and inclusion, aircraft noise, or just to check in. I greatly value open lines of communication with this Council.

CDA independently manages both O'Hare and Midway International Airports as enterprise funds, separate and distinct from all other City funds – so no local tax dollars are part of our budget. 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), and federal Airport Improvement Program (AIP) funds.

The proposed 2022 operating budgets for O'Hare and Midway are \$489.6 million and \$118.7 million, respectively — a slight increase over last year for some additional staff.

The 1,500 CDA employees take enormous pride in our mission of connecting Chicago to the wider world. We also take our public service role seriously. Throughout the pandemic, the airports never closed, and thanks to our employees – along with the more than 50,000 badged employees across both airports – the traveling public was always able to safely get where they needed to go. I'd like to acknowledge the service of those frontline employees, well over half of whom live in the City across all 77 community areas.

Despite the substantial impact of the pandemic, we are excited about the future of air travel in Chicago and are well-positioned to rebound and grow activity. It is a great time to be a domestic connecting hub, and our two-airport system and geographic location are critical to the air traffic network across the nation and the world. O'Hare is one of the most connected airports in North America, currently serving nonstop flights to 187 domestic destinations – one more than the number served at this time in 2019. Although long-haul international service is recovering more slowly than domestic service, in August 2021, there were more international departing seats offered at both O'Hare and Midway than at any time since COVID-19 related shutdowns began. We expect to see these numbers rebound further with the loosening of international travel restrictions and increased vaccination rates.

The safety and security of the traveling public and employees working at our airports remains our highest priority, and we've worked closely with the Chicago Department of Public Health and other partner agencies to surpass guidelines for everyone's healthy travel experience.

I'm proud to say that even in the midst of a pandemic, much was accomplished at our airports. The CDA recently celebrated the completion of construction for the O'Hare Modernization Program, or OMP. The 16-year, \$6 billion investment transforms the airfield into a modern configuration and paves the way for future terminal redevelopment. The reconfigured, parallel runways increase O'Hare's efficiency and have already reduced system impact delays by 64%.

O'Hare 21 has advanced with completion of steel work on the Terminal 5 concourse extension and the expanded passenger security screening checkpoint. The CDA also released a Request for Proposal (RFP) for concessions to support this development. With more than 350,000 square feet in building expansions and over 750,000 square feet in renovations, the Terminal 5 expansion will create an estimated 3,500 jobs over the next decade. When complete in the years ahead, O'Hare 21 will transform the airport from curb to gate and meet the needs of the traveling public through the 21st century and beyond.

Meanwhile, the Midway Modernization Program has elevated the passenger experience with enhancements to the terminal parking garage and is redeveloping the concessions program with an emphasis on local options.

But at the Department of Aviation, we are not only focused on what we are building, but also on who will be doing the building. Mayor Lightfoot and members of City Council have led this charge, and I couldn't agree any more in the power of procurement to drive meaningful change. Since my first days at CDA, I have challenged my team to reimagine how contracts are conceived and awarded at our airports. This process can take some time, but one example I'm particularly proud of is our utilization of the Target Market Program, through which we currently have four contracts out to bid for approximately \$35 million and eight bids totaling \$170 million in development.

Mayor Lightfoot made it clear that we could not allow the pandemic to derail our commitment to equity and inclusion, and we did not. In 2021, the CDA has spent more than \$210 million with M/WBE certified firms – 38% of our total spend and a \$72 million increase over 2020. We're currently tracking 11% spent with African American-owned firms; 13% with Hispanic-owned firms; and 6% with Asian-owned firms. Eight percent was spent with women-owned firms.

Airport concessions have long provided opportunities for diverse businesses of all sizes to gain a foothold, and the CDA is trending toward capturing its highest ACDBE participation ever at Midway and highest in a decade at O'Hare. O'Hare has achieved a 44.5% participation rate, and Midway has reached the highest reported participation rate for any airport in the country at 56.1%. The Concessions Relief Program, approved by this Council last year, leveraged roughly \$40 million of our CARES Act funds toward rent relief and operational breathing room to keep the life blood of our airports – our concessions businesses – on track. We are also collaborating with DPS on a program to deploy certified Assist Agencies to provide business support for small businesses.

The CDA has also embraced capacity building and workforce development across all our capital projects. The CDA and our contractors have hosted more than 63 community events, including symposiums, webinars and learning sessions, to educate small businesses about opportunities to work with the airports. Additionally, eight job fairs, organized or supported by the CDA, drew job seekers from across the city. We are also collaborating with CPS and City Colleges on workforce development initiatives, like the One Summer Chicago internship program that inspires interest in the aviation industry.

From the Mayor on down, we all know there's more work to do to develop a workforce that looks like and benefits all of Chicago. From First Lady Eshleman's work on growth opportunities for the city's youth to our Committee on Aviation Chair Alderman O'Shea's focus on people with disabilities to our Vice-Chair Alderman Curtis's voice on internship programs, we have been grateful to collaborate with these leaders to nurture a talent pipeline and certify more firms.

Last month, we were happy to host a series of tours of O'Hare Airport with the Committee on Aviation and with Aldermen Ervin and Villegas, chairs of the Diversity Working Group, in order to show everyone the latest developments and align on the goals and great possibilities of O'Hare 21.

The airports and the aviation industry continue to face a number of challenges, and we are not alone in that, but we are optimistic that we will emerge stronger. We are determined to play a central role in Chicago's recovery. I look forward to continuing our work to provide world-class airports that reflect Chicago's rich and diverse character.

Respectfully submitted,
Jamie L. Rhee