

OFFICE OF THE MAYOR CITY OF CHICAGO

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MAYOR EMANUEL INTRODUCES RATES AND OPERATIONS ORDINANCE FOR O'HARE

Ordinance to ensure modern business framework in anticipation of airline lease expiration at O'Hare next May

Mayor Rahm Emanuel today introduced an ordinance to allow the Chicago Department of Aviation (CDA) to establish new rates and charges methodology and operating terms for all air carriers operating at O'Hare International Airport. To prepare for the expiration of the current use and lease agreements in May 2018, CDA is pursuing the rates and operations ordinance as part of a dual-track process to ensure governance is in place and that all airport business and operations at O'Hare continue seamlessly. At the same time, CDA continues to work with the airlines to finalize the comprehensive use and lease agreement for O'Hare.

"Chicago would not be the world class city it is without a world class aviation system, and without O'Hare as a top connected hub and global destination for nearly 80 million travelers a year," said Mayor Emanuel. "This ordinance will ensure O'Hare is on firm footing with a business plan to guide the day-to-day operations as the City and airline partners continue working out the final details of business terms to support an unprecedented capital plan to grow and transform O'Hare for the future."

CDA expects to introduce to City Council an ordinance at a later date authorizing a new airline use and lease agreement for O'Hare. When approved by the City Council and the majority of airlines, the more comprehensive use and lease agreement would replace the rates and operations ordinance as the sole governance agreement for all air carriers that sign the new lease agreement at O'Hare.

"As productive discussions with our airline partners continue toward a final agreement for O'Hare's future, we are pleased to bring forward today's ordinance which paves the way for a more comprehensive use and lease agreement when the current ones expire in May," said Ginger S. Evans, Commissioner of CDA. "In the days and weeks ahead, we will remain completely focused on getting a final agreement with our partners to make the capital investment that O'Hare requires today in order to remain a top global hub for decades to come."

The rates ordinance is part of a concurrent approach begin taken by the CDA to guarantee a solid governance model and a modern rate structure when the current 34-year-old leases expire in May. Specifically, the rates and operating ordinance will require nearly 60 air carriers operating at O'Hare to sign a Letter of Authorization, which assigns space for a term of either one-year or on a month-to-month basis, and establishes operating terms and conditions.

CDA is introducing the rates and operations ordinance to ensure continuity of operations as work continues toward a final use and lease agreement. The Use and Lease agreement is being pursued by the city and its airline partners in order to secure a more long-term and comprehensive business arrangement. In addition, it will establish future capital expansion efforts designed to help O'Hare meet its forecast growth in the years ahead and a decisionmaking structure for other future investments. While the use and lease agreement is a more complex undertaking, it is the most efficient approach to capital investment, and it would facilitate construction at the earliest possible date.

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