

O*HARE 21

TERMINAL AREA PLAN

FUELING CHICAGO'S ECONOMIC ENGINE: INVESTING IN O'HARE BRINGS BENEFITS TO THE REGION

DELOITTE'S ENGINEERING AND CONSTRUCTION CONFERENCE

JUNE 27, 2017



A Modern and Efficient O'Hare is Critical to Chicago and the Region's Economy



O'Hare Connects Chicago with the World, Making Our Region a Global Destination



Chicago's Large Population, Strong Business Base, and Geographic Location Make it the Most Important Hub City in the United States

- Chicago is the 3rd largest metropolitan area in the U.S.
 - Chicago has a much larger population base than any other Midwest hub
 - Chicago is the only city in the developed world projected to achieve “megacity” status by 2025 (population over 10 million)
- Business travelers make up a high proportion of Chicago’s domestic and international travelers
 - The Chicago area is home to the 2nd largest concentration of Fortune 500 company headquarters in the U.S.
 - Chicago is home to 1,800 foreign-based companies and has the most diversified economy in the U.S.
- Chicago is ideally located to connect passengers traveling across the country and across the world
- ORD is the only U.S. airport that sustains two highly profitable global airline hubs

As a result, Chicago’s Airports Have Operated at or near Capacity Limits for Years

Chicago is an Attractive Destination for Tourists and Business

Growing Number of Visitors

- Chicago is one of only three U.S. cities to welcome more than 50 million visitors annually.
- 54.1 million visitors in 2016 for conventions, business and leisure, an increase of 2.9 percent over the previous record of 52.6 million achieved in 2015.
- Mayor Emanuel's goal is 55 million visitors annually by 2020.
- Chicago recently named the nation's #2 travel destination in Condé Nast Traveler.

Hotels

- Chicago Central Business District offers 124 hotel properties with over 41,000 daily room nights (May 2017)
- In 2016, occupancy was 75.2 percent in a market that added 533,000 daily rooms on an annual basis.

Economic Impact

- Direct spending by visitors reaching an estimated \$15 billion in 2016, a 35 percent increase since 2010.
- Tourism generated \$911 million in total tax revenue, \$2.28 billion in revenue for Chicago's hotels and \$127.3 million in hotel tax revenue.
- Supported an estimated 145,137 tourism related jobs in 2016.



Chicago's Awards and Accolades Depend on O'Hare for Convenient Access from Cities Around the World



ART INSTITUTE OF CHICAGO NAMED #2 MUSEUM IN THE WORLD

TripAdvisor's 2016 Travelers' Choice Awards

THE BEST CITIES IN THE U.S.

Travel + Leisure

CHICAGO NAMED ONE OF THE TOP 25 BEST COASTAL CITIES IN THE WORLD

Condé Nast Traveler

BANK OF AMERICA CHICAGO MARATHON "GREAT RUNNING AND CYCLING RACE FROM EVERY STATE"

Compression+Design

CHICAGO, TOP TECH HOT SPOT OF THE FUTURE

Modis

"IT LIST 2016" – BEST NEW HOTELS ON THE PLANET

Travel+Leisure

CHICAGO RANKED NO. 1 AND NO. 2 HOTELS IN THE U.S.

Condé Nast Traveler's 2016 Reader's Choice Awards

THE BEST BIG CITIES IN THE U.S.

Condé Nast Traveler

CHICAGO NAMED NO. 4 DESTINATION IN THE U.S.

TripAdvisor's 2016 Travelers' Choice Awards

TOP 10 RESTAURANTS OF THE YEAR

Food & Wine Magazine

BEST HOTEL IN THE U.S.

U.S. News & World Report

CHICAGO - #1, THE 50 BEST BIKE CITIES OF 2016

Bicycling Magazine

CHICAGO TOPS THE GLOBAL RANKING OF THE WORLD'S MOST FUN CITIES

TimeOut

O'Hare is the World's Best Airport for Connection Opportunities: O'Hare is the Number-One Mega Hub in the World, with the Highest Ratio of Possible Scheduled Connections to the Number of Destinations Served – the So-Called “Connectivity Index.”

Global

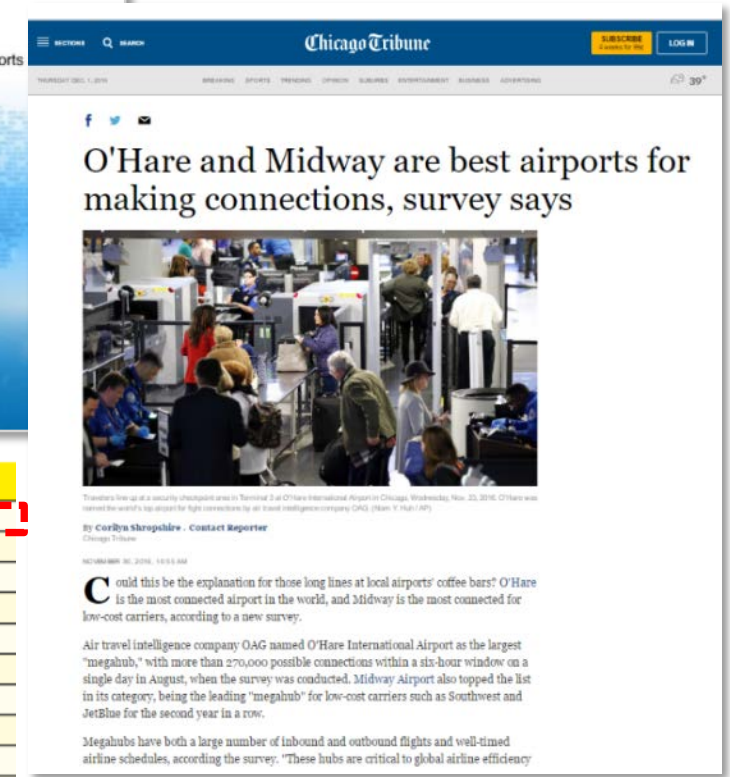
Rank	Airport	Country	Connectivity Index	Rank	Airport	Country	Connectivity Index
1	ORD	USA	1204	26	EWR	USA	268
2	ATL	USA	997	27	SIN	Singapore	262
3	DFW	USA	709	28	BOM	India	260
4	DEN	USA	633	29	CDG	France	257
5	CLT	USA	588	30	YVR	Canada	254
6	LAX	USA	580	31	JFK	USA	252
7	CGK	Indonesia	566	32	DCA	USA	249
8	SEA	USA	470	33	HKG	Hong Kong	244
9	SFO	USA	449	34	MEL	Australia	237
10	PHX	USA	431	35	MIA	USA	236
11	HND	Japan	418	36	KUL	Malaysia	234
12	MSP	USA	414	37	IST	Turkey	233
13	IAH	USA	409	38	MDW	USA	232
14	DTW	USA	398	39	BOG	Colombia	228
15	LHR	UK	397	40	PEK	China	226
16	SYD	Australia	389	41	GRU	Brazil	223
17	BOS	USA	366	42	SLC	USA	220
18	PHL	USA	352	43	BKK	Thailand	210
19	YYZ	Canada	328	44	PVG	China	208
20	FRA	Germany	301	45	CAN	China	201
21	AMS	Netherlands	296	46	MUC	Germany	200
22	DEL	India	286	47	BWI	USA	199
23	CGH	Brazil	285	48	DXB	UAE	194
24	LAS	USA	282	49	ICN	South Korea	188
25	MEX	Mexico	279	50	SUB	Indonesia	186

Source:
oag.com



North America

Rank	Airport	Country	Connectivity Index
1	ORD	USA	1204
2	ATL	USA	997
3	DFW	USA	709
4	DEN	USA	633
5	CLT	USA	588
6	LAX	USA	580
7	SEA	USA	470
8	SFO	USA	449
9	PHX	USA	431
10	MSP	USA	414



O'Hare Has Sufficient Demand to Fill Flights from Destinations Around the Globe, with a less circuitous route for connections to other U.S. Cities



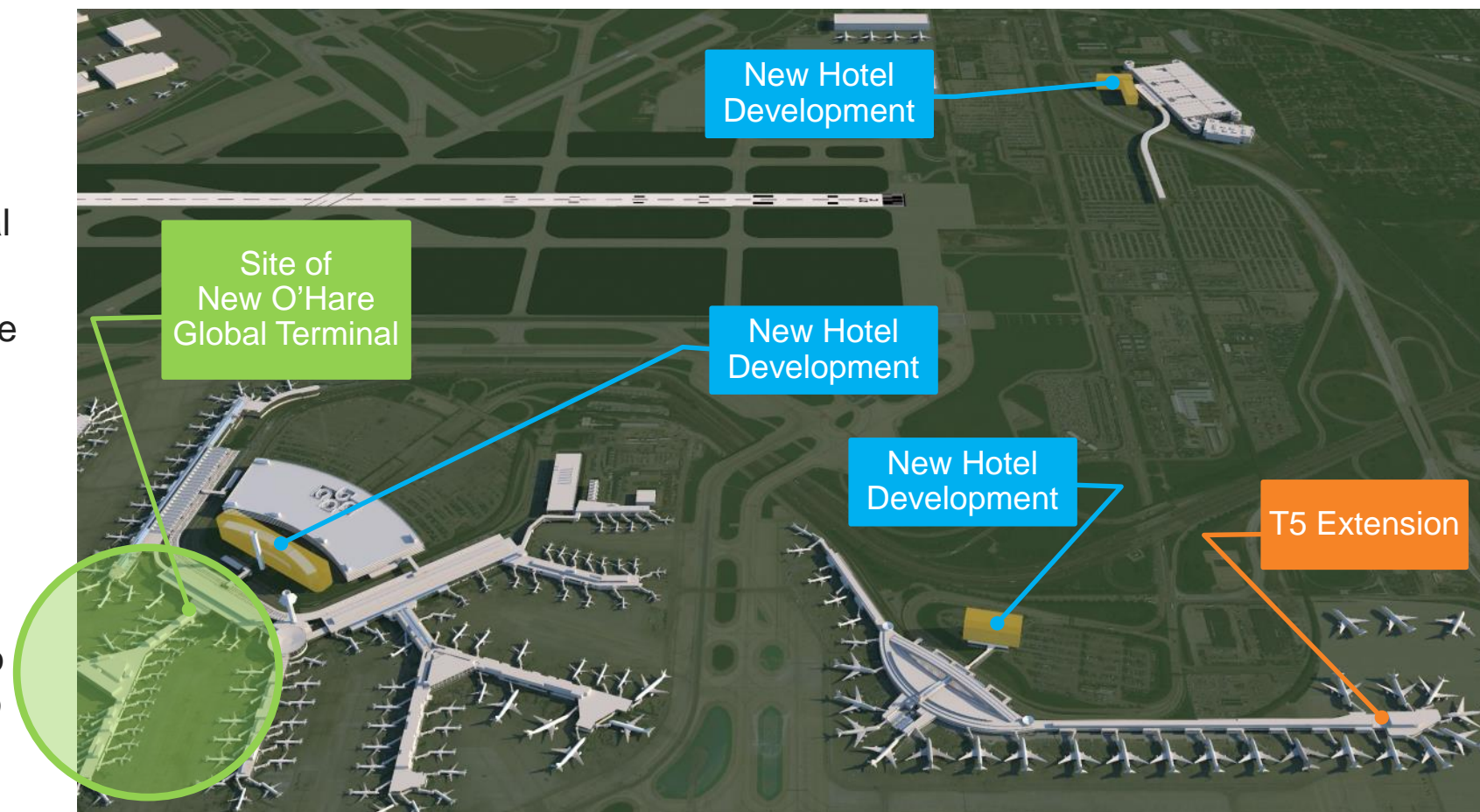
A Passenger Can Reach Shanghai Five Hours Earlier with a Direct Flight from O'Hare Compared to Connecting Through LAX or SFO

Connecting through O'Hare to Asia provides 30-150 minute savings for midwest/east coast passengers

Chicago's location enables more direct connections Between Asia and U.S. Cities

O'Hare 21 – Investing in O'Hare to Enable Future Economic Growth

- As announced in July 2016, we are expanding Terminal 5 by 25 percent to provide up to nine additional gates. This project will be the first expansion of Terminal 5 since it opened 23 years ago.
- In June, we announced that three hotel development projects are launching at O'Hare, which will more than double the current hotel capacity at the airport.
- Finally, and most importantly, "O'Hare 21" calls for redevelopment of Terminal 2 into a new O'Hare Global Terminal to serve both domestic and international flights.



Chicago's Continued Economic Growth Requires Investment in Our Terminals



Midway Modernization Program



- \$323 million investment represents largest improvement program in two decades
- Positions Midway to meet forecasted passenger demand

Parking Garage Expansion

- 1,500 new spaces in terminal parking garage
- New pedestrian bridge offers temperature-controlled corridor for passengers using CTA or kiss and ride lot



Security Checkpoint Expansion

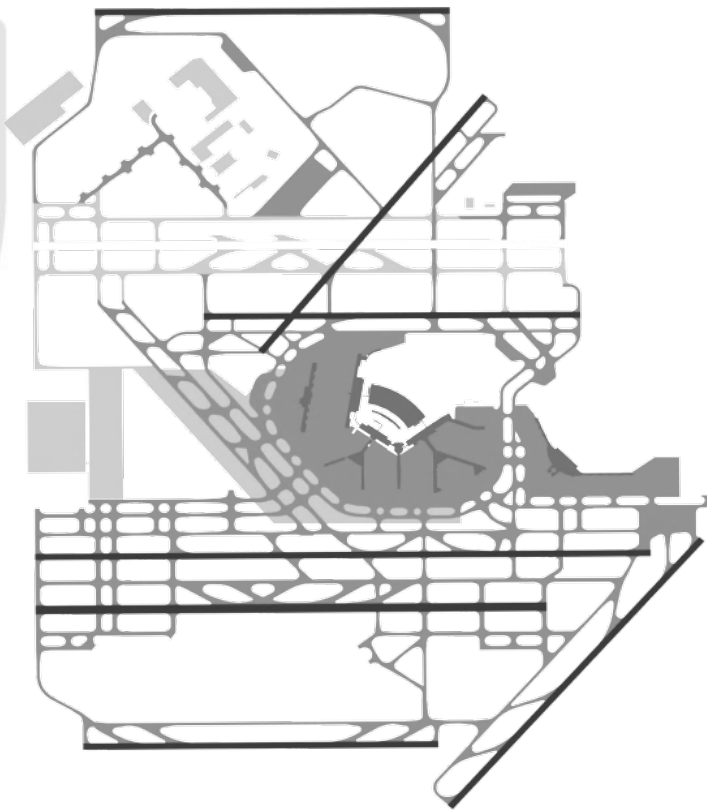
- 80,000-square-foot security pavilion improves passenger flow through TSA security checkpoint



Concessions Redevelopment

- 70,000-square-feet of concessions space to feature Midway favorites and new offerings that reflects Chicago's diversity

Chicago's Investment in the OMP Has Substantially Reduced Airfield/Airspace Delay



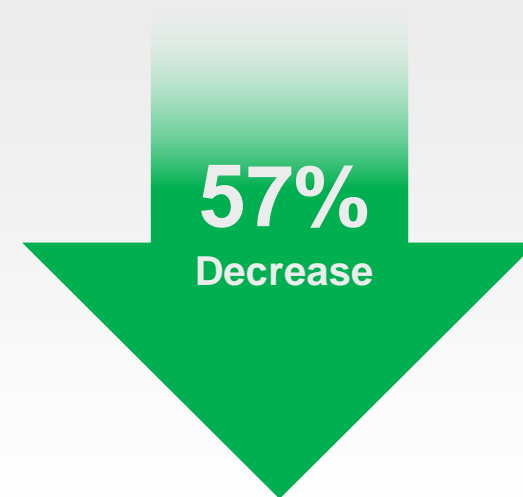
Chicago O'Hare
Capacity & Delays

CAPACITY



Peak Hour Capacity

DELAYS



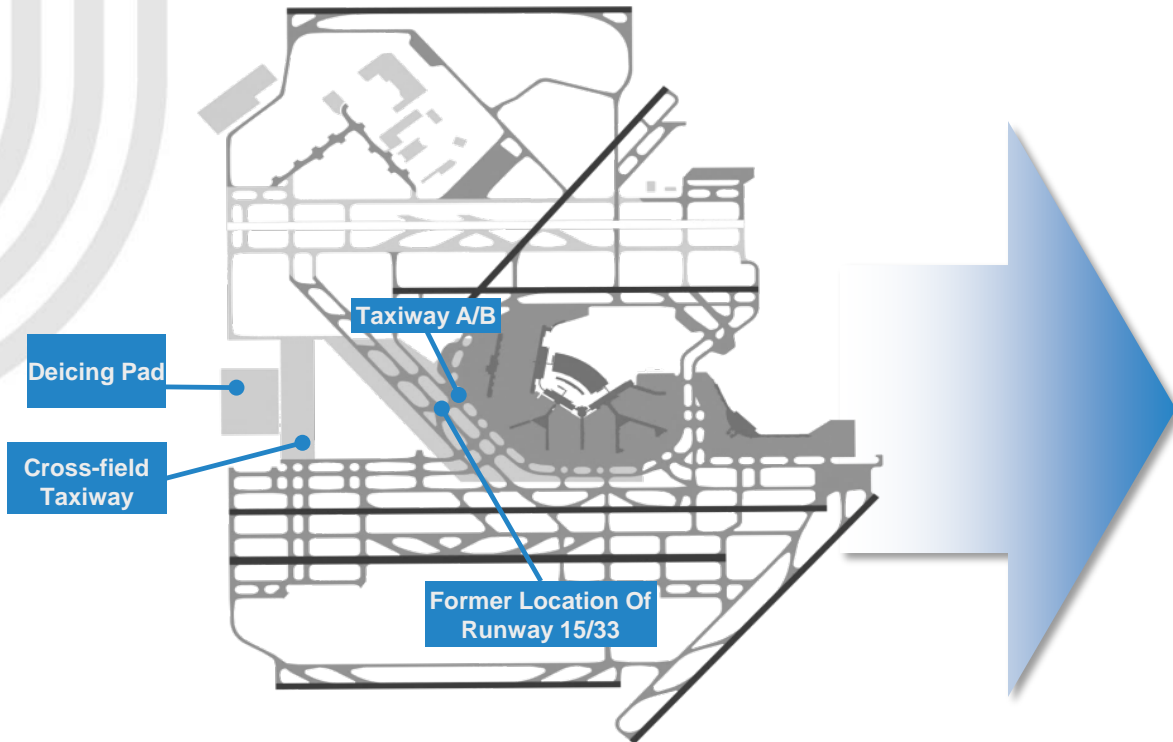
All-Weather Measured System
Delay Reduction from
2003-2008 to 2009-2014

Source: FAA

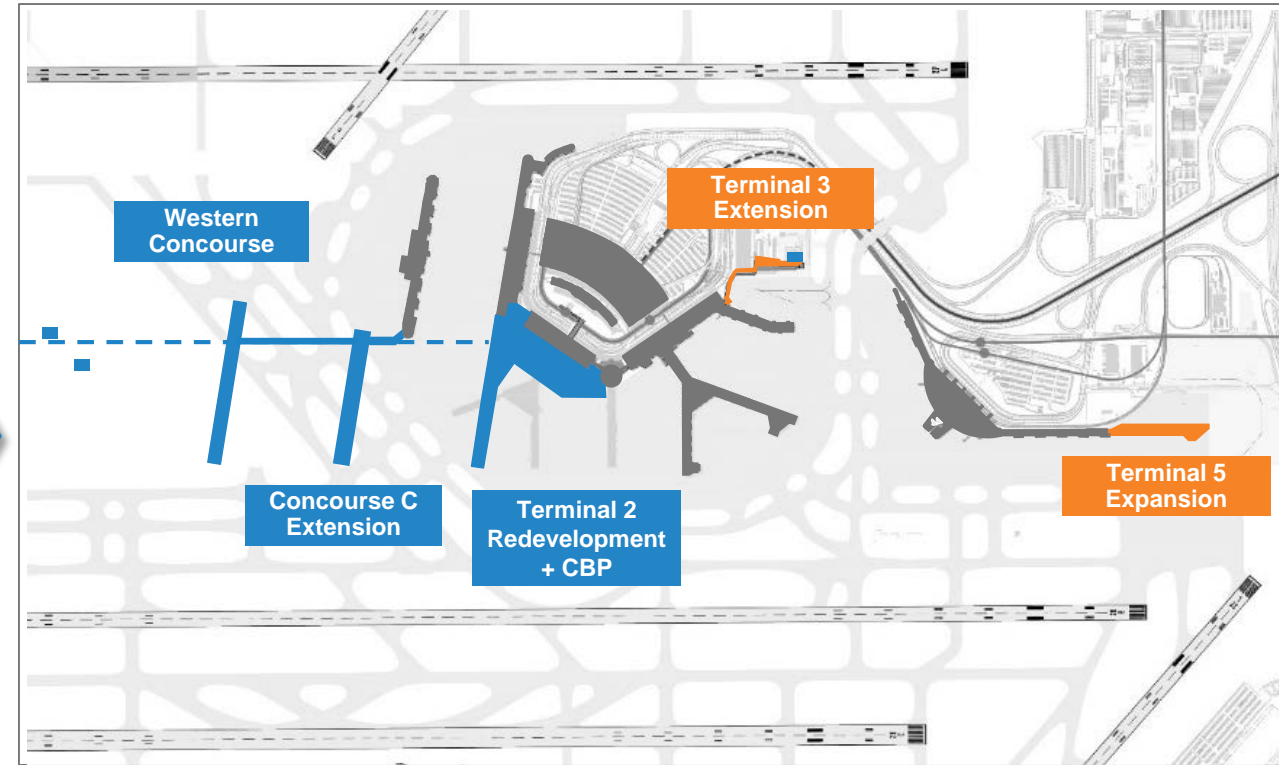
Now is the Time to Invest in O'Hare's Terminals

Completion of the OMP Sets the Groundwork for O'Hare 21 and the O'Hare Global Terminal - Allowing O'Hare to Continue Providing Economic Benefits for Our Region

O'Hare Modernization Program



The OMP Delivered Runway Capacity and Reduced Delays



O'Hare 21 Delivers Gate Capacity

As Other U.S. Hubs Invest and Grow, Facility Constraints Have Depressed O'Hare's Position as an International Gateway Hub

Gateway Airport		2005 International Passengers (000)	2015 International Passengers (000)	% Growth
Miami	MIA	14,241	31,207	119.1%
Seattle	SEA	2,471	4,380	77.3%
Houston	IAH	6,393	10,612	66.0%
New York	JFK	19,123	30,020	57.0%
Dallas	DFW	5,651	7,997	41.5%
San Francisco	SFO	8,055	11,252	39.7%
Los Angeles	LAX	17,486	22,878	30.8%
O'Hare	ORD	11,382	11,068	-2.8%

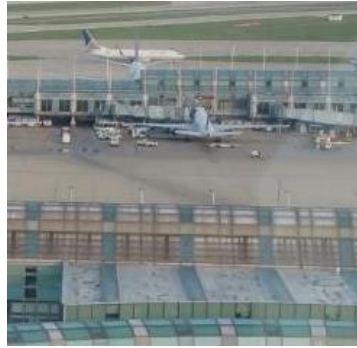
Source: ACI, 2005, 2015

Other U.S. Cities Are Investing in Their Airport Terminals to Serve Growing Demand and Drive Economic Benefits for Their Regions



With Proper Investment, Chicago's Central U.S. Location and Market Strength Position O'Hare to be the Nation's Leading International Gateway

O'Hare Terminals 1, 2 and 3 Are Aged, Congested and Inefficient



T1

- 29 Years Old
- Insufficient Depth for Security Checkpoints
- Aircraft Limitations Between B & C Concourses
- Large Deferred Maintenance



T2

- 55 Years Old
- Failing Structure
- Passenger Demand Exceeds Design Capacity
- Concourses E & F Cannot Serve Larger Aircraft

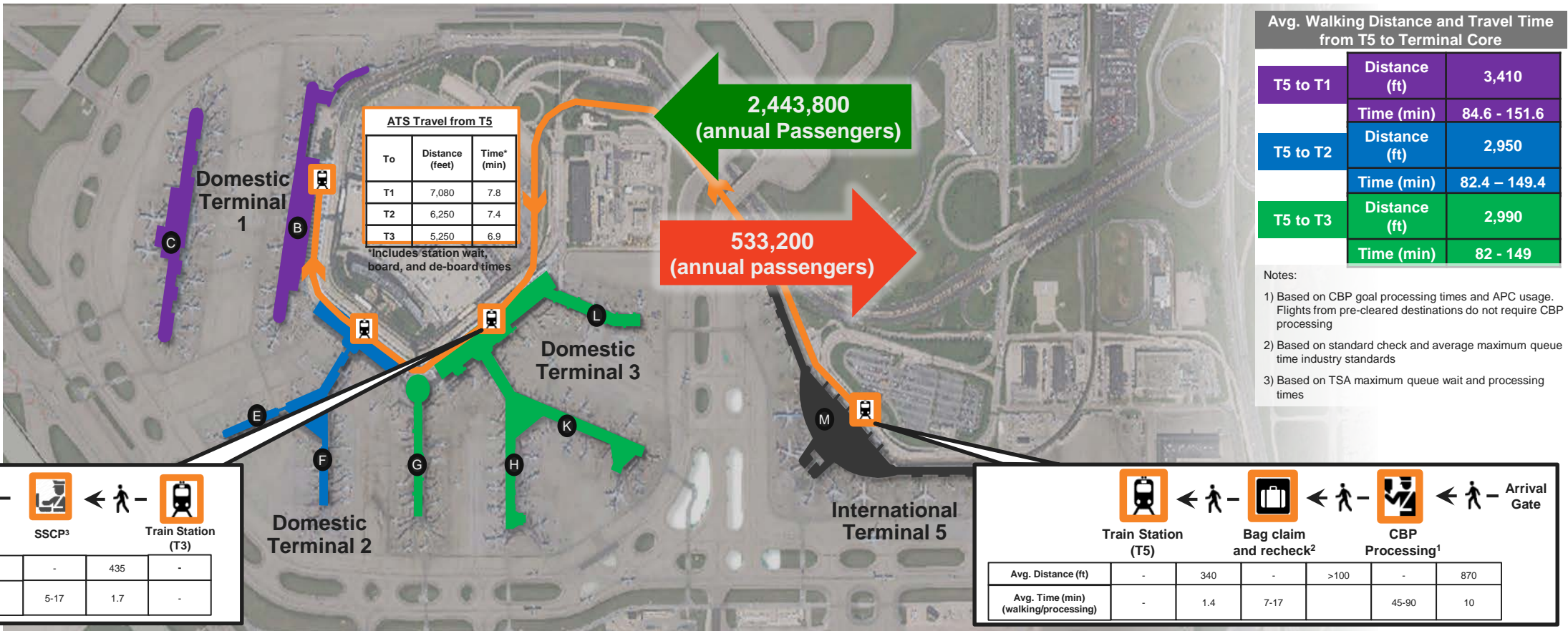


T3

- 55 Years Old
- Rotunda is Failing
- Concourse G Cannot Support Larger Aircraft
- Concourse L Poor Level of Service
- Insufficient Depth for Security Checkpoints
- Large Deferred Maintenance



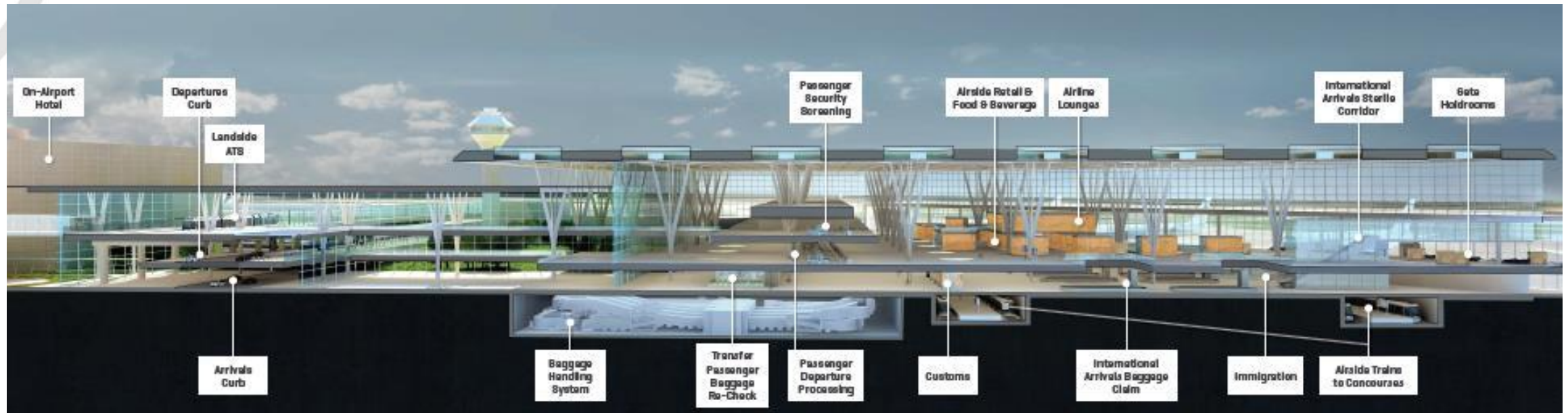
Three Million Passengers Are Burdened Each Year with Long and Complicated Transfers Between International Terminal T5 and Terminal Core Making O'Hare a Less Attractive International Gateway



Source: L&B Analysis

The New O'Hare Global Terminal: The Key to O'Hare's Future

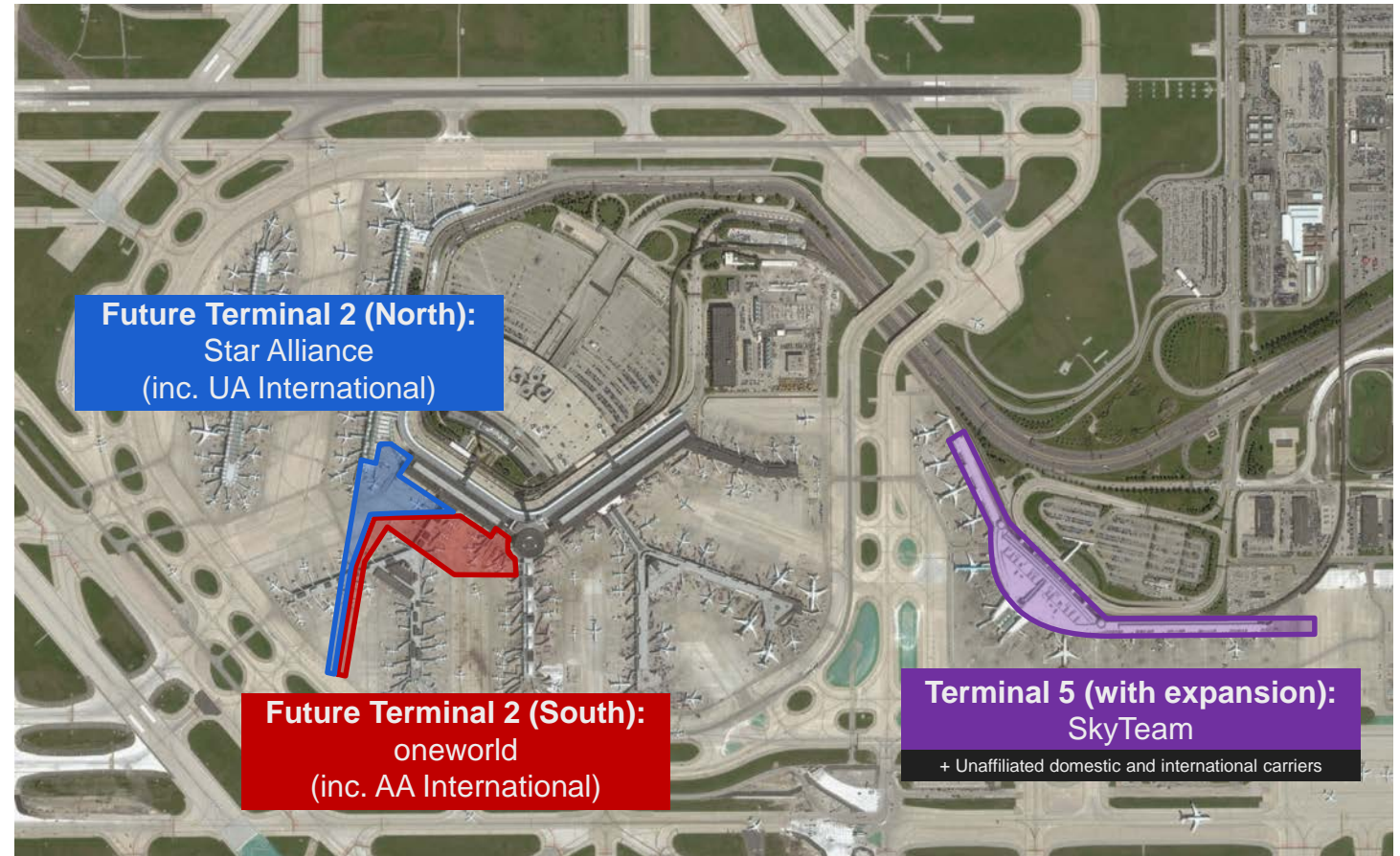
- At the center of the airport, a new O'Hare Global Terminal will allow arriving passengers to exit faster and connect to other flights with greater ease.
- It will include a U.S. Customs and Border Protection facility, a departure hall with additional space for TSA passenger screening, more concessions and other passenger amenities.
- It will dramatically improve connectivity, capacity and efficiency for both O'Hare and our airline partners.



Conceptual rendering – actual plans are under development

O'Hare Will Increase International Service for Chicago Passengers and Businesses – and thus Fuel the Regional Economy

- Creates the first Global Alliance Hub in the U.S, so each of the 3 Major Airline Alliances operate in a consolidated facility, thereby improving international air service potential.
- Improves passenger experience by reducing connection times between flights and walking distances between terminals
- Reduces operating costs for airlines by facilitating shared use of facilities, as well as reducing tow operations between terminals
- Increases utilization of airport facilities and improve flexibility to adjust to changing economic conditions



O'Hare 21 Reduces Airline Costs, Making Chicago More Competitive Relative to Other Hub Airport Cities



Benefits Related to Increased Gate/Apron Capacity

- Reduced Apron area congestion
- Reduced Gate Delays
- Increased Gate/Terminal Utilization
- Improved air service



Benefits related to integrated International/Domestic Operations

- Reduced aircraft towing costs
- Reduced terminal staffing costs
- Reduced ramp staffing
- Improved Air Service



Benefits Related to Baggage Handling Improvements

- Reduced unit operating costs
- Improved throughput
- Improved Level of Service
- Potential for easier baggage connections for passengers



Benefits Related to O&M Unit Cost Efficiencies

- Reduction in unit heating and cooling costs due to improved systems
- Reduction in unit facility maintenance cost



Benefits Related to Employee Parking / Access Improvements

- Less transit time
- Reduced busing costs/congestion



Benefits Related to Increased Non-Aero Revenue

- Opportunity to increase concession revenue with more space and better locations
- Improvements in parking revenue with improved structure and new products

O'Hare 21 and the O'Hare Global Terminal Will Generate Economic Growth, Provide Jobs, Improve Living Standards, and Increase Tax Revenue



Companies that Relocate to Chicago Say O'Hare is a Major Factor

Global transportation links and access to top talent

Caterpillar

Following a thorough site selection process, we chose this location because it is approximately a 20-minute drive to O'Hare airport and convenient to the city of Chicago via commuter train, achieving our goal to be more accessible to our global customers, dealers and employees."

Caterpillar CEO Chief Executive Jim Umpleby, April 2017

Boeing

"We do business with 145 countries, and we have significant operations in 26 states....

So we were looking for a place that would minimize travel time throughout the country and internationally and that would also give government leaders and financial markets in Washington, DC, New York, and abroad access to us. We needed a central location near a major airport.

Boeing SVP and CAO John Warner, SVP and CAO / 2001 interview with Harvard Business Review

GE Transportation

"We have transformed GE Transportation from a North American rail company to a truly global transportation business. Chicago allows us to more efficiently reach and serve customers around the world in the rail, mining and marine industries."

GE Transportation President and CEO Lorenzo Simonelli, May 2012

GE Health

Because Chicago is "a great hub for travel, it "puts us closer to our customers in the U.S.", and because of Chicago's strong health care sector and academia.

John L. Flannery, GE Healthcare CEO, January 2016

This Investment will Enable Chicago to Attract Additional Corporate Headquarters - Which Rely on Efficient Air Service

- The 15-county Air Trade Area had the second highest number of Fortune 500 company headquarters in 2016¹
- Of the 15 new U.S. companies to join the Fortune 500 in 2016, three are headquartered in the Air Trade Area¹ (Univar , Baxalta and Arthur J. Gallagher)
- 36 Fortune 500 Headquarters in the Air Trade Area¹
- Chicago was named “Top Metro for Corporate Investment” by Site Selection magazine in 2015
- Business visitors grew 2.1% to 11.90 million visitors in 2016²

Source: Ricondo & Associates, Report of the Airport Consultant, September 2016.

¹ Fortune Magazine (2016).

² Choose Chicago (2016).

Major Chicago-Based Corporations



New Contracts Require Robust Programs to Include MBE/ WBE/ DBE Firms and Workers from Socioeconomic Disadvantaged Areas

CDA Workforce	<ul style="list-style-type: none">• Increase diversity of senior leadership team• Focus on increased diversity in middle management
MBE, WBE and Small Business Outreach	<ul style="list-style-type: none">• Targeted outreach to minority businesses and professional organizations• Create ongoing dialogue, special presentations, and distribution of materials regarding contracts
Contract Types and Packages	<ul style="list-style-type: none">• Develop bid packages that are of right size and scope for MBE/WBE subcontractors and small businesses• Provide assistance in meeting requirements (bonding, variances, insurance)• Create MBE/WBE participation in non traditional contracts such as OCIP, technology
Workforce Diversity and Community Hiring	<ul style="list-style-type: none">• Develop a project-specific workforce hiring plan• Implement and identify hiring opportunities throughout the life of the project• Pre Apprenticeship programs to prepare minorities for skilled trades
Strategic Partnership Programs	<ul style="list-style-type: none">• Develop ongoing partnerships focused on core construction management and business skills• Facilitate partnering opportunities with prime and sub-tier level firms• Include Mayor's Office of People with Disabilities (MPOD) and Veterans Affairs

New Contract Types Will Increase Participation

Modify Future Contract Types

- Target Market for majority of CM services
- At least 2 Target Market design contracts
- Utilize CM At Risk to expand workforce development and mentoring of MBE WBE construction firms

Implementation of Intervention Team for Project Performance

- Monitor for claims or issues slowing cash flow
- Elevate to expedite negotiations and payment
- Support for permits and other regulatory issues

Compliance is Ongoing and Penalties for Not Meeting Goals Are Significant

Contract Compliance Monitoring

- Monitors M/W/DBE Commitments
- Tracks Requests for Subcontractor Approval to ensure committed goals are subcontracted out to the firms included on the Compliance Plan approved by DPS
- Oversees day-to-day participation specific to each Contract
- Requests participation letter for each change order to monitor compliance goals
- Prompts General Contractor if participation is trending below committed goals
- Performs project audits and compiles final documentation for DPS review of actuals vs. committed goals
- Conducts site visits (announced and unannounced)
- Monitors Equal Employment Opportunity (Minority and Female Commitments) through the Certified Payroll Processing System (LCP Tracker)
- Assess penalties if goals are not met at end of contract

New Contracts Require Robust Programs to Include MBE/ WBE/ DBE Firms and Workers from Socioeconomic Disadvantaged Areas

- The CM At-Risk community development plan will include but not be limited to the following
- MBE/ WBE/ DBE program:
 - Targeted outreach program that includes CDA, CM At-Risk and assist agencies
 - Plan for unbundling some bid packages to meet the project goals and pair bid package scopes with the capabilities of the local MBE/ WBE certified contractors.
 - Plan for developing a small contractor bridge bid bond program in conjunction with the City of Chicago
 - Mentor/ protégé and contractor training program
 - Establishment of an MBE/ WBE Community Advocacy Group
 - Early intervention program for subcontractors that encounter issues with cash flow and permits during contract execution
 - Workshops for subcontractors to assure access to easily implementable administrative procedures for bidding, invoicing, submittals using approved project software, claims, and badging
 - Identification of non-traditional opportunities for MBE/WBE businesses such as insurance, safety equipment, technology, signage, translation services and services for construction office facilities (rentals, MEP, services)
 - Monthly reports to track contract goals and actual participation; and remediation measures for contracts and program elements that are lagging against the goals
- Workforce and community hiring program
 - Inclusion of hiring goals and requirements including relevant City bid incentives in all contract and subcontract terms
 - Gaps analysis to identify skilled trades with a lack of diversity
 - Outreach program to unions for increased rates of minority and female participation in apprenticeship programs
 - Transportation assistance
 - Process for continuous improvement of workforce recruitment and retention utilizing information and data from firms, assist agencies and employees
 - Job fairs in various areas of the City
 - Facilitating interaction between primes, subcontractors and existing training programs such as those at City Colleges of Chicago - Dawson Skills Center and Chicago Public Schools
 - Dunbar Technical Institute
- Partnerships with City of Chicago sister agencies to support CDA's commitment to provide job-readiness training to underserved communities including MOPD - Mayor's Office for People with Disabilities; DFSS – Department of Family & Support Services; and Veterans Affairs
- Monthly reports to track contract workforce goals, actual hiring and retention rates, and remediation measure for contracts and program elements that are lagging against the goals.



The Time To Invest In O'Hare Is Now...

O*HARE 21

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GINGER S. EVANS, COMMISSIONER