



City of Chicago



F2011-4

Office of the City Clerk

Tracking Sheet

Meeting Date:	1/13/2011
Status:	Placed on File
Sponsor(s):	City Clerk
Type:	Filed Matter
Title:	Federal Aviation Administration Approval of Application By City Of Chicago To Impose Passenger Facility Charge At Chicago O'Hare International Airport. Charge Effective Date: August 1, 2008.
Committee(s) Assignment:	N/A



City of Chicago
Richard M. Daley, Mayor

Chicago Department of Aviation

Rosemarie S. Andolino
Commissioner

Chicago O'Hare International Airport
P.O. Box 66142
Chicago, Illinois 60666
(773) 686-2200
(773) 686-8333 (TTY)

O'Hare Modernization Program
P.O. Box 66142
10510 W. Zemke Road
Chicago, IL 60666
(773) 462-7300
(773) 462-8552 (Fax)

Chicago Midway International Airport
5700 South Cicero Avenue
Chicago, Illinois 60638
(773) 838-0600
(773) 838-0795 (TTY)

www.flychicago.com
www.OhareModernization.org



12/1/2010

The Honorable Miguel del Valle
City Clerk
City of Chicago
City Hall Room 107
121 N. LaSalle Street
Chicago, IL 60602

Dear Mr. del Valle:

Pursuant to the ordinance passed on January 12, 1993, attached hereto please find the approval by the Federal Aviation Administration (FAA) dated November 24, 2010 regarding an application by the City of Chicago for the Passenger Facility Charge (PFC) program at Chicago O'Hare International Airport.

If you have any questions regarding these matters, please contact me at (773) 686-3579.

Sincerely,

Michael Cosentino
Department of Aviation

Attachment

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U.S. Department
of Transportation
**Federal Aviation
Administration**

Office of the Associate
Administrator for Airports

800 Independence Ave., SW.
Washington, DC 20591

NOV 24 2010

Ms. Rosemarie S. Andolino
Commissioner of Aviation
City of Chicago Department of Aviation
10510 W. Zemke Road
Chicago, IL 60666

Dear Ms. Andolino:

In accordance with section 158.29 of the Federal Aviation Regulations (Title 14, Code of Federal Regulations, Part 158), the Federal Aviation Administration has approved, in part, your application to impose a passenger facility charge (PFC) at Chicago O'Hare International Airport (ORD) and to use PFC revenue at ORD. The authority to impose a PFC is contingent on your continued compliance with the terms of the regulation and any conditions included in this letter.

Enclosed is a Final Agency Decision which provides specific information about this approval including the approved PFC level, total amount of approved, net PFC revenue to be collected, earliest charge effective date, and duration of authority to impose the PFC. This Decision also includes a list of partially approved projects, as well as the FAA's reasons for each decision. The FAA's findings and determinations required by statute and Part 158 as well as the FAA's disposition of comments received in response to your air carrier consultation are also included in the Decision.

The FAA has approved authority, in whole or in part, to impose a PFC at ORD for four projects and to use PFC revenue for those four projects at ORD. The total approved net PFC revenue to be collected for these projects is \$1,400,818,394, the amount requested by the City.

The FAA has also approved your request to exempt that class of air carriers defined as *air taxis* from the requirement to collect the PFC. We request that you notify the carriers in the excluded class, which were listed in your application, of this exemption.

Reporting, recordkeeping, and auditing requirements are described in Part 158, Subpart Please issue your required quarterly reports in accordance with the previously issued guidance on reports. We request that you advise our Chicago Airports District Office when you notify the air carriers and foreign air carriers to begin collecting PFCs. Also, you are responsible for coordinating any construction with the appropriate Federal offices as you would with any non-federally funded construction.

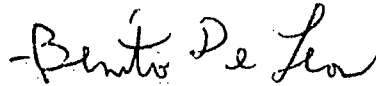
CHICAGO DEPARTMENT
OF AVIATION
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COMMUNICATIONS UNIT


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In accordance with §158.33(a)(1), you are required to implement your projects approved for concurrent impose and use authority at ORD no later than 2 years after receiving approval to use PFC revenue on that project.

We have enclosed the list of advisory circulars with which you must comply in accordance with your certification of assurance number 9, standards and specifications.

Sincerely,

A handwritten signature in cursive script, appearing to read "Catherine Lang".

 Catherine Lang
Acting Associate Administrator
for Airports

FINAL AGENCY DECISION

CITY OF CHICAGO, DEPARTMENT OF AVIATION CHICAGO, ILLINOIS

Application number 10-23-C-00-ORD is to impose a passenger facility charge (PFC) at Chicago O'Hare International Airport (ORD) for use at ORD.

In accordance with §158.29 of Title 14, Code of Federal Regulations ("CFR") of the Federal Aviation Regulations¹, this Final Agency Decision (FAD) includes the appropriate determinations to approve or disapprove, in whole or in part, imposition of a PFC at ORD and use of PFC revenue on four projects at ORD².

Procedural History (Dates)

Public notice: April 12, 2010.

Air carrier consultation meeting: April 21, 2010.

FAA receipt of application: July 30, 2010.

FAA finding that application is substantially complete: August 30, 2010.

PFC Level, Amount, and Charge Effective Date

Level of PFC:	\$4.50
Total approved net PFC revenue in this decision:	\$1,400,818,394
Earliest charge effective date:	August 1, 2028

August 1, 2028, is the "earliest" date on which air carriers are obliged to begin collecting PFCs from passengers ("charge effective date") and is based upon the estimated "charge expiration date" for the previously approved collections in application 09-22-C-00-ORD³. If the City of Chicago Department of Aviation (City) changes the charge expiration date for the previous application, the charge effective date for this application will also change, so that the City can continue to collect the authorized amount of PFC revenue without a cessation in collections. Title 14 CFR §158.43 contains information regarding notification to air carriers and foreign air carriers of the charge effective date and changes to the charge expiration date. In establishing its charge effective date, the public

¹ Elsewhere in this document 14 CFR Part 158 may be referred to in abbreviated form as "Section 158.xx" or "§ 158.xx".

² Projects included in this decision are as follows: Construction of runway 9C/27C, Runway 9R/27L extension, Runway 10R/28L construction, and Taxiway LL construction.

³ Pursuant to Title 14 CFR §158.3: "charge effective date" means the date on which air carriers are obliged to begin collection of a PFC; "charge expiration date" means the date on which air carriers are to cease collecting a PFC.

agency must comply with §158.43(b)(3), which states, in part, that the charge effective date will be the first day of a month which is at least 30 days from the date the public agency notifies the carriers of approval to impose the PFC.

Duration of Authority

The City is authorized to impose a PFC at ORD until the date on which the total net PFC revenue collected plus interest thereon equals the allowable cost of the approved projects or the charge expiration date is reached, whichever comes first. Based on information submitted by the City, the FAA estimates the charge expiration date for this decision is January 1, 2038. Should the amount of PFC revenue collected for this application ever exceed the allowable costs for all approved projects in this application, the public agency's authority to impose a PFC for this application ceases.⁴ If the public agency's authority to impose a PFC ceases, the public agency must, without delay, submit a plan acceptable to the FAA describing the use of accumulated PFC revenue to insure that it complies with applicable law. If the plan is not acceptable to the FAA, the PFCs may offset the (loss of) Airport Improvement Program (AIP) grant funds. See §158.39(d).

CUMULATIVE PFC AUTHORITY DECISION SUMMARY TABLE (including current decision)

Application Number	Approved for Collection	Approved for Use
93-01-C-00-ORD	\$ 500,418,285	\$ 203,169,288
93-01-C-01-ORD	\$ 3,043,976	\$ 0
93-01-C-02-ORD	\$ 4,070,943	\$ 4,070,943
93-01-C-03-ORD	\$ 2,310,816	\$ 0
93-01-C-04-ORD	(\$ 49,381,374)	(\$ 49,381,374)
93-01-C-05-ORD	\$ 2,228,896	\$ 0
93-01-C-06-ORD	\$ 33,289,404	\$ 52,607,489
93-01-C-07-ORD	\$ 7,211,803	\$ 0
93-01-C-08-ORD	\$ 12,397,557	\$ 0
93-01-C-09-ORD	\$ 6,455,531	\$ 5,228,339
93-01-C-10-ORD	(\$ 4,774,097)	(\$ 4,774,097)
93-01-C-11-ORD	\$ 612,594,021	\$ 0
93-01-C-12-ORD	(\$ 115,037,047)	\$ 23,053,275

⁴ See Title 14 CFR § 158.63(a) (The public agency must provide quarterly reports to air carriers collecting PFCs for the public agency with a copy to the appropriate FAA Airports Office.), § 158.67(c) (The public agency shall annually provide for an audit of its PFC account.), and § 158.39(a) (If excess PFC revenue has been collected, the public agency must use the excess funds for approved PFC projects or to retire outstanding PFC – financed bonds.).

93-01-C-13-ORD	\$ 214,109,256	\$ 109,210,915
93-01-C-14-ORD	(\$ 80,400,000)	\$ 0
93-01-C-15-ORD	\$ 9,947,249	\$ 8,367,249
94-02-U-00-ORD	\$ 0	\$ 59,572,172
94-02-U-01-ORD	\$ 0	\$ 2,228,896
94-02-U-02-ORD	\$ 0	\$ 7,072,870
94-02-U-03-ORD	\$ 0	(\$ 2,572,624)
95-03-C-00-ORD	\$ 21,343,524	\$ 48,078,691
95-03-C-01-ORD	\$ 0	\$ 7,211,803
95-03-C-02-ORD	\$ 0	\$ 218,210,000
95-03-C-03-ORD	\$ 0	(\$ 153,928,673)
95-03-C-04-ORD	(\$ 21,343,524)	(\$ 21,343,524)
95-03-C-05-ORD	\$ 0	\$ 23,020,309
95-03-C-06-ORD	\$ 0	\$ 11,700,000
96-04-C-00-ORD	\$ 1,450,000	\$ 1,450,000
96-04-C-01-ORD	(\$ 346,500)	(\$ 346,500)
96-04-C-02-ORD	(\$ 1,103,500)	(\$ 1,103,500)
96-05-C-00-ORD	\$ 386,444,323	\$ 588,747,375
96-05-C-01-ORD	\$ 26,474,108	\$ 27,701,300
96-05-C-02-ORD	\$ 10,774,097	\$ 10,774,097
96-05-C-03-ORD	\$ 33,191,669	\$ 427,575,690
96-05-C-04-ORD	\$ 0	\$ 18,410,975
96-05-C-05-ORD	(\$ 5,288,448)	(\$ 5,288,448)
96-05-C-06-ORD	\$ 16,118,381	\$ 97,996,413
96-05-C-07-ORD	\$ 0	(\$ 80,400,000)
96-05-C-08-ORD	\$ 0	(\$ 10,120,000)
96-05-C-09-ORD	\$ 20,426,238	\$ 20,426,238
97-06-C-00-ORD	\$ 1,470,500	\$ 1,470,500
97-06-C-01-ORD	(\$ 1,470,500)	(\$ 1,470,500)
98-07-C-00-ORD	\$ 61,717,809	\$ 61,717,809
98-07-C-01-ORD	(\$ 8,814,528)	(\$ 8,814,528)
98-07-C-02-ORD	\$ 1,922,127	\$ 1,922,127
98-08-C-00-ORD	\$ 546,526,300	\$ 209,956,300
98-08-C-01-ORD	(\$ 546,526,300)	(\$ 209,956,300)
98-09-C-00-ORD	\$ 1,540,000	\$ 1,540,000
98-09-C-01-ORD	(\$ 1,540,000)	(\$ 1,540,000)
98-10-U-00-ORD	\$ 0	\$ 88,370,000

98-10-U-01-ORD	\$ 0	(\$ 88,370,000)
99-11-C-00-ORD	\$ 1,500,000	\$ 1,500,000
99-11-C-01-ORD	(\$ 1,500,000)	(\$ 1,500,000)
01-12-C-00-ORD	\$1,486,284,358	\$ 787,084,358
01-12-C-01-ORD	\$ 108,543,432	\$ 108,543,432
01-12-C-02-ORD	(\$ 279,500,000)	\$ 0
01-12-C-03-ORD	\$ 25,000,000	\$ 25,000,000
01-12-C-04-ORD	\$ 100,251,514	\$ 100,251,514
01-12-C-05-ORD	\$ 8,432,793	\$ 17,432,793
01-12-C-06-ORD	(\$ 366,700,000)	\$ 0
01-12-C-07-ORD	\$ 222,300,000	\$ 222,300,000
02-13-U-00-ORD	\$ 0	\$ 53,000,000
02-13-U-01-ORD	\$ 0	(\$ 9,000,000)
02-14-C-00-ORD	\$ 2,565,000	\$ 2,565,000
02-14-C-01-ORD	(\$ 2,565,000)	(\$ 2,565,000)
03-15-C-00-ORD	\$ 11,625,000	\$ 11,625,000
04-16-C-00-ORD	\$ 37,000,000	\$ 37,000,000
06-17-C-00-ORD	\$ 73,198,000	\$ 73,198,000
06-18-C-00-ORD	\$ 8,200,000	\$ 8,200,000
06-18-C-01-ORD	(\$ 8,200,000)	(\$ 8,200,000)
06-19-C-00-ORD	\$ 1,290,509,174	\$ 1,290,509,174
06-19-C-01-ORD	\$ 132,971,654	\$ 132,971,654
07-20-C-00-ORD	\$ 53,983,000	\$ 53,983,000
07-20-C-01-ORD	(\$ 53,983,000)	(\$ 53,983,000)
08-21-C-00-ORD	\$ 231,690,213	\$ 231,690,213
09-22-C-00-ORD	\$ 247,195,313	\$ 247,195,313
10-23-C-00-ORD	\$ 1,400,818,394	\$ 1,400,818,394
Totals	\$6,381,087,840	\$6,381,087,840

Project Approval Determinations

For each project approved in this FAD and for the application as a whole, the FAA, based on its expertise with the PFC program and airport development, exercises its judgment, and based upon its expertise finds that the application and record thereof, contain substantial documentation to support its determinations. Based on its review and pursuant to 49 U.S.C. §40117, the FAA finds that:

- The amount and duration of the PFC will not result in revenue that exceeds the amount necessary to finance the specific projects.
- Each project approved at a PFC level above \$3.00 will make a significant contribution in accordance with 14 CFR §158.17(b)⁵ (as set forth in the individual project determinations); meets at least one of the objectives set forth in §158.15(a) (as set forth in the individual project determinations); is eligible in accordance with §158.15(b) (as set forth in the individual project determinations); and is adequately justified in accordance with §158.15(c) and paragraph 4-8 of FAA Order 5500.1, Passenger Facility Charge (August 9, 2001) (as set forth in the individual project determinations).
- Each project approved for collection at a PFC level above \$3, meets the requirements of 14 CFR §158.17(a) (2). The FAA has reviewed the City's funding proposals for each project. For each project, the FAA has determined that the project does not qualify for additional Airport Improvement Program (AIP) funds (e.g. the proposed PFC funding is intended to be the local matching share or to supplement existing and proposed AIP grants).
- The collection process, including a request by the public agency not to require a class or classes of carrier to collect PFC, is reasonable, not arbitrary, nondiscriminatory, and otherwise in compliance with the law.
- The public agency has not been found to be in violation of §9304(e) or §9307 of the Airport Noise and Capacity Act (ANCA) of 1990 (since codified at 49 U.S.C. 47524 and 47526).
- The project-related requirements, concerning approval of the airport layout plan (ALP) and completion of airspace studies have been met.

⁵ A project for a medium or large airport is only eligible for PFC funding at levels of \$4 or \$4.50 if the project will make a significant contribution to improving air safety and security, increasing competition among air carriers, reducing current or anticipated congestion, or reducing the impact of aviation noise on people living near the airport. [See 14 CFR § 158.17(b).]

Environmental requirements (14 CFR §158.29(b) (1) (iv)) have been completed and are discussed under a separate heading below.

Projects Partially Approved for Authority to Impose and Use the PFC at ORD at a \$4.50 Level

<u>Description:</u>	<u>Approved Amount</u>
Construction of Runway 9C/27C	
Bond Capital ⁶	\$255,000,000
Financing and Interest ⁷	\$255,000,000
Total	\$510,000,000

This project provides for the construction and associated program administration costs of new Runway 9C/27C and related and enabling projects. Runway 9C/27C is one of four airfield elements in the completion phase of the O'Hare Modernization Program (OMP)⁶. The new runway 9C/27C provides additional parallel runway capacity, relieving, in part, the inefficiencies of the existing intersecting runway system. This runway provides arrival and departure capacity consistent with the Final Environmental Impact Statement Record of Decision (FEIS ROD) of September 30, 2005.

This runway will be one of four arrival runways used for simultaneous quadruple arrivals. It will provide sufficient landing separation for all aircraft operating at the airport. This runway also provides Airplane Design Group (ADG)⁸-VI capabilities

⁶ "Bond capital" refers to the proceeds of a bond or other debt instrument used to pay the capital costs of a project.

⁷ "Financing and Interest" means the cost of financing a bond or other debt instrument, including debt service.

⁸ The new projects in this FAD are part of a larger development program at ORD called the "O'Hare Modernization Program" (OMP). The City's Total Master Plan includes all of the projects identified on the City's September 2005 Future Airport Layout Plan. Among those included are all of the projects on the complete OMP (Phase 1 and Phase 2 or completion phase), World Gateway Program (WGP) and Capital Improvement Projects that were approved in the FAA's Record of Decision for O'Hare Modernization at ORD signed September 30, 2005, and which are identified in Chicago's Master Plan. The OMP involves the realignment of three runways, construction of an additional runway, extension of two runways, as well as various terminal and access components, all of which will occur while ORD remains operational. In simple terms, the OMP will renovate and expand one of the busiest airports in the national system of airports without shutting down the airport while the construction takes place.

⁸ "Airplane Design Group" is a grouping of airplanes based on wingspan or tail height. This grouping is used to determine the required geometry of airfield pavements such as runways and taxiways. An ADG for a particular pavement refers to the largest size of aircraft expected to use that pavement. In this case,

on the north airfield. Without runway 9C/27C, the arrival and departure capacity of the north airfield would be substantially reduced. Balancing arrival and departure capacity on both the north and south airfields is necessary to achieve delay reduction and capacity enhancement at ORD.

Each associated component below is necessary to complete this project and the OMP.

New Runway 9C/27C. This component provides for the construction of a new air carrier runway. Runway 9C/27C will be a new 11,245-foot by 200-foot runway. This runway will be designed to ADG-VI standards. The runway will include 40-foot wide shoulders and 500-foot by 1,000-foot runway safety areas at each end. The runway work includes lighting, marking, signage, electrical, and navigation aids to approach category II/III operations.

In addition, instrument landing systems, including approach lights, glide slopes, localizers, inner markers, distance measuring equipment, runway visual range equipment, far field monitors, and a fiber optic transmission system which supports the navigational equipment for each runway end will also be constructed as a part of this component. Construction of this runway also necessitates the demolition of the existing Local Area Augmentation System (LAAS) navigational aid and the demolition and replacement of the existing very high frequency omni range/ distance measuring equipment (VOR/DME) navigational aid.

The runway will be served by 100-foot wide parallel taxiways north and south of the runway with an ADG VI runway-to-taxiway separation distance of 600 feet. The runway will also be served by three high-speed exit taxiways to be constructed as a part of this component, two to facilitate landings on runway 27C and the other to facilitate landings on runway 9C.

This component also includes the construction of new taxiway WK which will be approximately 7,400 feet by 75 feet and will extend from the west end of runway 9R/27L to the west end of runway 9L/27R. In addition, this component includes the conversion of runway 14R/32L into new taxiway U (approximately 3,038 feet by 75 feet). New taxiway V, a 4,000-foot by 100-foot taxiway that will lay parallel to and west of decommissioned runway 14R/32L will also be constructed as a part of this component.

This component also includes the rehabilitation of taxiway WQ (previously designated as taxiway U), approximately 2,460 feet by 50 feet, to make it suitable for aircraft operations. This taxiway will be used by aircraft arriving on

ADG-VI refers to a group of aircraft with a wingspan of between 214 and 262 feet or a tail height of between 66 and 80 feet. [See FAA Advisory Circular 150/5300-13, Airport Design.]

runway 9L/27R during construction of runway 9C/27C. This rehabilitated taxiway will also enhance airport operations after construction is completed by providing a path for atypical movement of aircraft on the north airfield without interrupting the standard taxi routes between the terminal complex and the runways.

This component also includes site preparation; site grading; storm water drainage and management; demolition of various facilities¹⁰; buy out of leases for various facilities¹¹; demolition of other civil infrastructure including foundations, water lines and sewer lines; construction and demolition of 12,414 linear feet of temporary security fencing and construction of 20,147 linear feet of permanent security fencing; and demolition and relocation of underground fuel lines, telephone and electrical utilities. The amount, types, or extent of underground civil infrastructure on the project site is not yet known. Based on experience elsewhere at ORD, the City expects to find existing and abandoned utilities, foundations of previously demolished buildings, and existing and abandoned conduit and duct banks. Given its recent experience, the City's expectations are not unreasonable.

Replacement of aircraft rescue and firefighting (ARFF) #2 facility. This component involves the construction of an 82-foot by 193-foot replacement ARFF facility, an associated 125-foot by 67-foot access road, and demolition of the existing 15,600 square foot facility. The current ARFF station lies in the

¹⁰ The following facilities have been identified as laying within the footprint of the runway 9C/27C complex and subject to demolition: ATS station; Department of Aviation communications service center (7,700 square feet); American Airlines ground equipment maintenance building (82,500 square feet); American Airlines maintenance hangar 2 (123,700 square feet); sanitary lift station; United Airlines ground equipment maintenance building (162,300 square feet); American Airlines fire pump house; Gate Gourmet flight kitchen 1 (59,100 square feet); Gate Gourmet flight kitchen 2 (55,600 square feet); United Airlines office and medical personnel building (13,200 square feet); United Airlines hangar 5/5A (159,300 square feet); ground run-up enclosure; airport repair and construction complex (12,400 square feet); and the Signature Flight Services terminal (30,400 square feet).

¹¹ The following facilities have been identified as laying within the footprint of the runway 9C/27C complex and under lease agreements that must be bought out in order for the City to remove these facilities which impede construction of the runway complex: American Airlines ground equipment maintenance building (82,500 square feet); American Airlines maintenance hangar #2 (123,700 square feet); United Airlines ground equipment maintenance building (162,300 square feet); Gate Gourmet flight kitchen #1 (59,100 square feet); Gate Gourmet flight kitchen #2 (55,600 square feet); United Airlines office and medical personnel building (13,200 square feet); United Airlines hangar 5/5A (159,300 square feet); and the following employee parking lots – American Airlines (26.0 acres), United Airlines (25.0 acres), and Continental Airlines (1.5 acres).

footprint of runway 9C/27C and must be replaced in order to provide required ARFF services.

Relocation of ground run-up enclosure. This component involves the relocation of a 261-foot by 255-foot run-up enclosure to the immediate northeast of the present site and includes site preparation of the new location. The current run-up enclosure is located in the footprint of the parallel taxiway for runway 9C/27C as well as the construction area for the runway.

Extension of airport transit system (ATS) and relocation of ATS station. This component includes demolition of the existing 12,500 square foot "parking lot E" ATS station, construction of approximately 2,200 linear feet of guideway (to connect the existing guideway to the relocated station), and construction of a 12,000 square foot replacement station. This component also includes limited modifications to the existing train control systems, communications, and other ATS supporting systems. The current station is located within the runway protection zone for new runway 9C/27C. The ATS system is an on-airport transit system connecting remote, long-term public parking lots and public transit connection points with the passenger terminal complex. This system is located on airport property and exclusively serves airport passengers. This component does not include commercial or maintenance areas, employee parking lots, or ticketing or fare collection facilities. The modifications to the train control and communications systems will be limited to those associated with the guideway extension and required to maintain system capacity with longer headway times generated by the additional distance to the relocated station.

North detention basin expansion. This component involves the completion of the phased north detention build-out by expanding the north winter basin and removal of the basin diver wall between the south winter basin and area D as well as the modification or construction of all necessary storm sewers and flow control structures needed to enable the project. The north detention basin is currently composed of three areas, the north winter basin (approximate capacity 57 acre feet), the south winter basin (approximate capacity 108 acre feet) and area D (approximate capacity 322 acre feet). When this component is completed, the total capacity of the north detention basin will be increased by 289 acre feet to a total capacity of 776 acre feet. The north detention basin is intended to handle storm water runoff for runway 9C/27C, the runway 9R extension, and related taxiways. These new pavements will produce greater amounts of storm water runoff during rain and snow events than the current airfield pavements. This component is consistent with the project as detailed in the FEIS ROD of September 30, 2005.

Service and access roads. This component includes construction of a new north airfield service road system. This road system will replace a portion of Tank Farm Road which will be closed to allow for the development of runway 9C/27C and the extension of runway 9R/27L. This replacement service road will be

approximately 14,400 feet by 30 feet and will run from the relocated Mt. Prospect Road near the fuel farm to the existing Tank Farm Road south of existing taxiway W and includes a 1,225-foot by 30-foot tunnel under future taxiways V and U and existing taxiway T. The construction of future taxiway WK will cross over the relocated Mt. Prospect Road and will require that a 466-foot long tunnel be constructed. In addition, the relocation of facilities in the northwest maintenance hangar area will require the relocation of the hangar road, approximately 2,290 feet by 30 feet, and the construction of a new service road, approximately 2,450 feet by 30 feet, to provide access to the facilities south of existing taxiway Y. These service roads are necessary to separate aircraft and ground vehicles, provide access for ARFF equipment, reduce the possibility of runway incursions due to operational and maintenance equipment, and to provide for the movement of freight and cargo on the airport. Some of the new runways and taxiways will eliminate existing ground vehicle routes on existing roads.

Relocation of Willow Creek. This component includes the relocation of sections of Willow Creek, including the demolition of portions of the existing creek ditch. The future creek will include approximately 957 feet by 30 feet of tunnel and culvert construction and approximately 2,341 feet by 30 feet of open ditch. This component also includes construction of an access road to the runway 9C/27C approach lighting system. The existing location of Willow Creek is in the footprint of runway 9C/27C (and of the runway 9R/27L extension) and related facilities. This component is consistent with the project as detailed in the FEIS ROD of September 30, 2005.

East airport lighting vault. This component includes the construction of a new, above ground, airfield lighting control vault, approximately 82 feet by 60 feet, to house a regulator, lighting control systems, emergency power, switchgear and other electrical equipment, and a cable underground vault. This vault will be built north of runway 9R/27L and south of runway 9C/27C. This vault is needed in order to accommodate the lighting requirements for new runway 9C/27C as well as the runway 9R extension.

Replacement of Chicago Department of Aviation communications service center and airport repair and construction complex. This component involves the replacement of the Department of Aviation communications center building (approximately 8,000 square feet) and the airport repair and construction complex building (approximately 12,500 square feet) with comparable facilities and/or combined with other airport functions in order to achieve operational efficiencies. The current facilities lie within runway safety areas or object free areas for runway 9C/27C or the land currently occupied by these facilities is needed to facilitate construction and use of runways, taxiways, or service roads.

Determinations:

Partially approved for collection and use.

Significant contribution: This runway is one of six parallel runways that will allow the airport to function in an east-west flow basis with simultaneous quadruple aircraft arrival streams. In addition, this runway is intended to provide sufficient landing distance for all current aircraft, as well as those meeting the ADG-VI size classification, operating at ORD. This runway will provide ADG VI capabilities on the north airfield. According to the Total Airspace and Airport Modeler (TAAM) simulations¹², international flights primarily arrived and departed over navigational fixes served by runways in the north airfield. Since current use of ADG VI aircraft, which requires longer and stronger runways, is limited to international air carriers, it is critical that the north airfield include sufficient runway capacity for ADG VI aircraft. The TAAM analysis also shows that delay and congestion are currently an important constraint on airport growth and service at ORD.

Thus, this project makes a significant contribution to reducing current or anticipated congestion at ORD.

PFC Objective: This project will provide additional airfield capacity by adding a new runway in the predominant east-west operating configuration, thereby increasing arrival capacity and reducing congestion and delay. This additional airfield capacity will allow for increased operations by both incumbent air carriers and new entrants. Thus, the project meets two PFC objectives, enhancing capacity and furnishing opportunities for enhanced competition between or among air carriers at ORD.

Basis for eligibility: paragraphs 510, 512, 513, 514, 515, 520, 521, 525, 527a, 530, 531, 532, 533, 534, 535, 536, 537, 538, 547b, 547f, 553, 554, 555, 556, 557, 574, 581, 593a, 593b, 593c, 620c and 622 of FAA Order 5100.38C, AIP Handbook, (June 28, 2005).¹³ See discussion below regarding partial approval of certain project components.

Adequate justification: The FAA finds that this project will add a new runway that increases the arrival capacity and reduces congestion and delay at ORD. Such an outcome is highly desirable as ORD is one of the busiest airports in the national system of airports. This runway will result in reduced aircraft, passenger, and cargo delay during normal airport operations, improved efficiency of traffic flows, as well as non quantifiable benefits of greater schedule predictability including (1) aircraft operator able to make more efficient use of equipment and personnel and (2) passenger able to take later

¹² See Appendix D, "Simulation Modeling," of July 2005 O'Hare Modernization Program (OMP) Environmental Impact Statement (EIS). The TAAM analysis shows that balancing the north and south airfields at ORD is necessary to achieve the OMR's benefits of delay reduction.

¹³ This project is depicted on the FAA-approved ALP dated September 20, 2005. (See page 5 of FAA Advisory Circular 150/5300-13 (September 29, 1989).)

flight and arrive at destination on time and safety improvements.¹⁴ The FAA further finds that the requested PFC amount is based on a mixture of engineering estimates and financing costs that appear reasonable for the type of project. Therefore, based on the documentation provided by the City and the FAA's review based upon FAA's experience with airport development projects, the FAA concludes that this project is adequately justified for those components approved.

Estimated total project cost: \$1,584,422,678.

Proposed sources of financing: PFC revenue (\$510,000,000 – the amount requested by the City), proposed AIP discretionary fund grants as a part of an LOI agreement (\$175,000,000), and local funds¹⁵ (\$899,422,698).

Reasons for partial approval:

- o The FAA notes that, in accordance with the eligibility rules for demolition of facilities that impede eligible development, PFC eligible costs are limited to the cost of demolition minus any salvage value. The City, on page A-7 of the "Completion Phase PFC Application Cost Estimate Summary" located in the Attachment A of the PFC application, states that, based on its experience with phase 1 demolition, the City-owned facilities to be demolished "are likely antiquated and do not have salvage value that would outweigh the cost of collecting and reusing or collecting and selling the material." The City goes on to state that, if they find items with potential salvage value during demolition, these items "...will either be reused on the airport or sold with the proceeds used to offset PFC construction costs." The City also states that if any clean material, such as steel, copper, or similar materials, will be recycled by the contractor and used to reduce the bid amount for the construction.

With respect to the salvage value for non-City owned facilities being demolished as a part of this project, the City states on page A-7 that, if any salvage value exists it is "...held by the contractor as described for City-owned facilities..." or "...by the owner of the facility and therefore not a part of the cost estimate included in this application." The City goes on to provide an example of the VOR that is being replaced. The current VOR will remain the property of the FAA.

The FAA does not agree with the City's rationale with respect to the demolition of non-City owned facilities. While the FAA agrees that the facility

¹⁴ See Attachment F-3 of the PFC application.

¹⁵ "Local funds" refers to all funding sources other than PFCs, existing or proposed Airport Improvement Program grants, any other Federal grant or loan, and any State grant or loan. Local funds include, but are not limited to, an airport's capital fund account, General Airport Revenue Bonds (GARBs), and third-party funding. In the case of these projects for ORD, the City has indicated in the Attachment F of the PFC application that its intention is to use GARBs as a source for the local funds.

owner is certainly entitled to remove its property from the site prior to or in conjunction with the demolition (using the City's example, the FAA may choose to remove and relocate the current VOR), there may be salvage value to a part of the facility that the facility owner chooses not to remove. Any salvage value realized from the demolition must be used to offset the cost of the project.

Although the FAA is not decreasing the approved amount from that requested by the City at this time, the FAA expects that the City will provide a full accounting of any salvage and the credit or bid reduction realized by the City within one year after the demolition is complete and that the City will initiate an amendment action at that time to reduce the PFC amount for the project if appropriate.

- The FAA notes that the project cost also includes a "contingency" line item. This is not normally an allowable cost component for PFC purposes. However, based on recent experience with similar projects at ORD, including complex topography and construction conditions, it is reasonable to anticipate that unexpected conditions and associated costs will arise during construction. Moreover, because the City has requested less than the full PFC-eligible amount on this project, the FAA has concluded that it is reasonable to approve this amount of PFC authority. The City must provide a final accounting of the actual project costs incurred and request an amendment of the approved amount if the actual costs are different than the amount approved in this FAD.
 - As the City is aware, the PFC program includes procedures to amend an approved PFC amount (§158.37) if the actual costs are different than the costs requested by a public agency and approved by the FAA in a FAD.¹⁶
- Paragraph 593 of FAA Order 5100.38C limits the eligibility of the purchase, demolition or relocation of facilities that impede eligible airport development

¹⁶ Public agencies are responsible for tracking each project's costs. Each public agency shall establish and maintain a separate accounting record for each PFC approved application. The accounting record shall identify the PFC revenue received from each collecting carrier, interest earned on such revenue, the amount used on each project and the amount reserved for currently approved projects. At least annually during the period the PFC is collected, held or used, each public agency shall provide for an audit of its PFC account. Generally, the FAA Airports office requests that each public agency submit a copy of its audit to the FAA Airport office each year. In addition, the FAA may periodically audit and/or review the use of PFC revenue by a public agency to make sure the public agency is in compliance with the requirements of the statute and regulation. [See 14 CFR §§ 158.63, 67, and 71, FAA Order 5500.1, Passenger Facility Charge, paragraphs 7-17 through 7-20, 7-36, and 7-38.]

projects to the cost to remove or demolish the facility. Therefore, the PFC-eligible portion of the cost of relocating the Chicago Department of Aviation communications service center and airport repair and construction complex is limited to the cost of demolition of those facilities. The City has not provided the FAA with sufficiently detailed cost estimates for these components and thus, the FAA is unable to determine which costs are eligible for use of PFC revenue beyond demolition costs.

- o The City has chosen to finance this project with a combination of AIP (Federal grant), PFC, and local funding. Both the AIP grants and PFC revenue have Federal statutory and regulatory requirements on their use. The local funding does not require specific Federal approval; however, subject to statutory constraints including AIP and PFC assurances, local funding may generally be used to finance allowable costs associated with the non PFC-eligible portions of the project.

As is noted in the bullet above, the FAA has determined that portions of the cost of relocating the Chicago Department of Aviation communications service center and airport repair and construction complex are not eligible for PFC collection and use at this time. The FAA has chosen not to reduce the PFC-approved amount of the overall project to account for the costs of this relocation. The cost of the questioned component, while unknown at this time, is likely less than the amount of local funding (\$899,422,698) being used on this project, giving the City the ability to fund this component without using PFC revenue. The eligible components of this project are estimated to cost in excess of \$1 billion. The PFC revenue approved for this project, \$510,000,000, may be used on any portion of the eligible components.¹⁷ Even though the scope of the approved project is less than that requested by the City and the approved amount of PFC revenue is the same as that requested by the City, the FAA's approval will not result in excess PFC revenue being collected for this project because the approved PFC amount is less than the eligible cost of the project. The FAA prohibits the use of PFC

¹⁷ This is similar to the FAA's approval of PFC funding for the Denver International Airport. In that decision, 92-01-C-00-DEN, the FAA made eligibility determinations on 83 project components, some of which were determined to be 100 percent eligible, some less than 100 percent eligible, and some not eligible at all. The total cost of the airport, at the time the FAA issued its PFC decision, was approximately \$6 billion, of which at least \$4 billion was for work determined to be PFC-eligible. The approved PFC amount was slightly over \$2.3 billion. Since the cost of the PFC-eligible work was greater than the amount of PFC revenue requested and approved for the project, the FAA allowed Denver to use PFC revenue on any eligible portion of the project and did not reduce the approved amount from that requested to account for the ineligible work. [See also FAA Order 5500.1, Passenger Facility Charges, August 9, 2001, paragraphs 10.16 through 10.22.]

revenue to pay any costs beyond demolition of the existing facilities and for those costs associated with the relocation of the Chicago Department of Aviation communications service center and airport repair and construction complex.

Runway 9R/27L Extension

Bond Capital	\$190,000,000
Financing and Interest	<u>\$190,000,000</u>
Total	\$380,000,000

This project provides for the extension of runway 9R/27L and associated program administration costs. The overall length of the extended runway will be 11,260 feet. The extension will be constructed to meet ADG V¹⁸ standards.

This runway provides arrival and departure capability consistent with the FEIS ROD dated September 30, 2005. Aircraft would be able to depart this runway from a taxiway intersection that allows other aircraft to taxi behind runway 9R/27L departures after arriving on runways 9L/27R or 9C/27C. This will eliminate runway crossings for these operations, providing Air Traffic with more flexibility to optimize airfield capacity. With this runway extension, a relocated threshold will exist on the east end of the runway which will allow for compliance with runway safety area standards not currently provided on the existing runway.

Each associated component below is necessary to complete this project and the OMP.

Runway 9R/27L extension. This component includes the construction of a 3,600-foot by 150-foot extension to runway 9R and related taxiways. The east end of the runway will be relocated 300 feet to the west in order to provide a full 1,000-foot runway safety area as well as localizer clearance from Bessie Coleman Drive. The existing parallel taxiway located south of the runway will be extended by 2,900 feet. Construction of this runway extension includes site preparation; site grading; storm water drainage and management; modified capacity of the north storm water detention basin; demolition of civil infrastructure including foundations, waterlines and sewer lines; construction and demolition of 12,414 linear feet of temporary security fencing and construction of 20,147 linear feet of permanent security fencing; demolition and relocation of underground fuel lines, and telephone and electrical utilities; lighting, marking, signage, electrical, and navigation aids to support approach category II/III operations; instrument landing systems including approach lights, glide slopes, localizers, inner markers, distance measuring equipment, runway visual range equipment, far field monitors, and a fiber optic transmission system which supports the

¹⁸ ADG-V refers to a group of aircraft with a wingspan of between 171 and 214 feet or a tail height of between 60 and 66 feet. [See FAA Advisory Circular 150/5300-13, Airport Design.]

navigational equipment. Construction of this extension also includes demolition of existing navigational aids and construction of airport surveillance radar (ASR)-9, relocation of local area augmentation system (LAAS), extension of runway 9R navigational aids, and the runway 27L localizer.

Service and access roads. This component includes construction of a new north airfield service road system. This road system will replace a portion of Tank Farm Road which will be closed to allow for the development of runway 9C/27C and the extension of runway 9R/27L. This replacement service road will be approximately 14,400 feet by 30 feet and will run from the relocated Mt. Prospect Road near the fuel farm to the existing Tank Farm Road south of existing taxiway W and includes a 1,225-foot by 30-foot tunnel under future taxiways V and U and existing taxiway T. The construction of future taxiway WK will cross over the relocated Mt. Prospect Road and will require that a 466-foot long tunnel be constructed. In addition, the relocation of facilities in the northwest maintenance hangar area will require the relocation of the hangar road, approximately 2,290 feet by 30 feet, and the construction of a new service road, approximately 2,450 feet by 30 feet, to provide access to the facilities south of existing taxiway Y. These service roads are necessary to separate aircraft and ground vehicles, provide access for ARFF equipment, reduce the possibility of runway incursions due to operational and maintenance equipment, and to provide for the movement of freight and cargo on the airport. Some of the new runways and taxiways will eliminate existing ground vehicle routes on existing roads.

Relocation of Willow Creek. This component includes the relocation of sections of Willow Creek, including the demolition of portions of the existing creek ditch. The future creek will include approximately 957 feet by 30 feet of tunnel and culvert construction and approximately 2,341 feet by 30 feet of open ditch. This component also includes construction of an access road to the runway 9C/27C approach lighting system. The existing location of Willow Creek is in the footprint of runway 9C/27C (and of the runway 9R/27L extension) and related facilities. This component is consistent with the project as detailed in the FEIS ROD dated September 30, 2005.

Determinations:

Partially approved for collection and use.

Significant contribution: As a result of this extension, aircraft will be able to depart from this runway from an intersection, allowing aircraft arriving on runways 9L/27R and 9C/27C to taxi behind the runway 9R/27L departing aircraft, thus eliminating active runway crossings for these taxiing aircraft. The elimination of these runway crossings by taxiing aircraft will increase airfield operational efficiencies by increasing the speed and quantity of aircraft operations, with a corresponding reduction in congestion, as well as improving air safety.

Thus, this project makes a significant contribution to reducing current or anticipated congestion. In addition, the project makes a significant contribution to improving air safety at ORD.

PFC Objective: This project will provide additional airfield capacity by eliminating a source of runway crossings, thus improving the operational efficiency of the airfield. In addition, this runway extension allows for a displaced threshold on the east end of the runway, allowing for compliance with runway safety area standards. Thus, the project meets two PFC objectives, enhancing capacity and enhancing safety at ORD.

Basis for eligibility: paragraphs 510, 511, 512b, 513, 514, 515, 520, 521, 525, 527a, 531, 532, 533, 534, 535, 536, 537, 538, 547f, 553, 554, 555, 556, 557, 581, 593, 610, and 620c of FAA Order 5100.38C, AIP Handbook, (June 28, 2005).¹⁹ See discussion below regarding partial approval of certain project components.

Adequate justification: The FAA finds that this project will extend an existing runway, eliminating the need for arriving aircraft to taxi across an active departure runway. This project will result in increased airfield operational efficiency which will reduce congestion and delay at ORD. This runway will result in reduced aircraft, passenger, and cargo delay during normal airport operations, improved efficiency of traffic flows, as well as non quantifiable benefits of greater schedule predictability including (1) aircraft operator able to make more efficient use of equipment and personnel and (2) passenger able to take later flight and arrive at destination on time and safety improvements.²⁰ The FAA further finds that the requested PFC amount is based on a mixture of engineering estimates and financing costs that appear reasonable for the type of project. Therefore, based on the documentation provided by the City and the FAA's review based upon FAA's experience with airport development projects, the FAA concludes that this project is adequately justified for those components approved.

Estimated total project cost: \$772,581,814.

Proposed sources of financing: PFC revenue (\$380,000,000 – the amount requested by the City), proposed AIP discretionary fund grants as a part of an LOI agreement (\$60,000,000), and local funds²¹ (\$332,581,814).

Reasons for partial approval:

- The FAA notes that the project cost also includes a "contingency" line. This is not normally an allowable cost component for PFC purposes. However, based on recent experience with similar projects at ORD, including complex topography and construction conditions, it is reasonable to anticipate that unexpected conditions and associated costs will arise during construction. Moreover, because the City has requested less than the full PFC-eligible amount on this project, the FAA has concluded that it is reasonable to approve this amount of PFC authority. The City

¹⁹ This project is depicted on the FAA-approved ALP dated September 20, 2005. (See page 5 of FAA Advisory Circular 150/5300-13 (September 29, 1989).)

²⁰ See Attachment F-3 of the PFC application.

²¹ See footnote 15.

must provide a final accounting of the actual project costs incurred and request an amendment of the approved amount if the actual costs are different than the amount approved in this FAD.

- o The PFC program includes procedures to amend an approved PFC amount (\$158.37) if the actual costs are different than the costs requested by a public agency and approved by the FAA in a FAD.²²

Runway 10R/28L Construction

Bond Capital	\$215,000,000
Financing and Interest	<u>\$215,000,000</u>
Total	\$430,000,000

This project provides for the construction of runway 10R/28L, related and enabling projects, and associated program administration costs.

This runway is located with sufficient spacing from the next-closest runway to provide independent arrival capacity under FAA standards. Based on the modeling undertaken for the EIS, the delay reduction achieved by the remainder of the OMP airfield projects without this runway would be considerably less than the delay reduction achieved if this runway is constructed.

Each associated component below is necessary to complete this project and the OMP.

New Runway 10R/28L. This component includes construction of a 7,500-foot by 150-foot air carrier runway and related taxiways. This runway will have a centerline spacing 3,100 feet south of the runway 10C/28C centerline and will satisfy ADG-V standards. This component will include lighting, marking, signage, electrical, and navigational aids to support approach category II/III operations.

The completion of a 7,200-foot by 75-foot parallel taxiway (the eastern portion of the taxiway was constructed as a part of the OMP phase I construction of runway 10C/28C) will be constructed for the north side of the runway. Two high speed exit taxiways located near each runway end will also be constructed to facilitate aircraft exiting from the runway.

This component also includes site preparation; site grading; storm water drainage and management; demolition of civil infrastructure including foundations, waterlines, and sewer lines; construction and demolition of 2,484 linear feet of temporary security fencing and construction of 28,096 linear feet of permanent security fencing; and demolition and relocation of underground telephone and electrical utilities.

²² See footnote 16.

This component also includes the installation of lighting and navigation aids to support approach category II/III operations. The navigation aids include instrument landing systems with approach lights, glide slopes, localizers, inner markers, distance measuring equipment, runway visual range equipment, far field monitors, a remote transmitter/receiver, and a fiber optic transmission system which supports the navigational equipment.

New south airport air traffic control tower. This component provides for the construction of a new south airfield air traffic control tower. The new tower is expected to have an 866-square-foot footprint with a height of 150 feet and a 90-foot by 100-foot base building. This new tower is needed because the existing air traffic control tower does not provide unobstructed sight lines to runway 10R/28L due to existing facilities. This project is necessary for maximizing safety operations of the airport and the national system of airports.

Service and access roads. This component provides for the relocation of a portion of the main cargo road (future South Access Road). A portion of this road is being constructed as a part of the OMP phase I construction. The remainder of the relocation, approximately 3,650 feet by 30 feet, is west of the future access to the relocated Fed Ex facilities and will connect to the relocated Irving Park Road. This landside service road will require a tunnel (300 feet long) under future taxiway ZC. In addition, Post Office Road, which serves general airport traffic, will be relocated. This relocated Post Office Road will be 2,675 feet by 30 feet and will include a perpendicular tunnel, (932 feet by 30 feet) under the new runway. Guard Posts 5 and 5A will be relocated as a part of the Post Office Road relocation. The relocated Guard Post 5 will be expanded from one main and three construction vehicle inspection booths to one main and four construction vehicle inspection booths to accommodate the increased construction traffic associated with the OMP construction. Guard Post 5A relocates a single inspection booth.

Relocation of Irving Park Road. Another element of this project is the relocation of Irving Park Road. The relocated road will be approximately 9,559 feet by 98 feet and will have the same capacity and similar dimensions of the existing road. Irving Park Road is a State highway (Illinois Route 19) in the path of new runway 10R/28L. It must be relocated while maintaining roadway service.

Determinations:

Partially approved for collection and use.

Significant contribution: This runway is one of six parallel runways at ORD.

This runway will be used primarily for departures but will also be available to provide a fourth arrival stream under visual flight rule conditions. In addition, the FEIS modeling suggests without this runway, the likelihood of reducing delay on the other OMP projects won't be considerably decreased. Thus, this project makes a significant contribution to reducing current or anticipated congestion at ORD.

PFC Objective: This project will provide additional airfield capacity by adding a new runway in the predominant east-west operating configuration, thereby increasing arrival capacity and reducing congestion and delay. Thus, the project meets the PFC objective of enhancing capacity at ORD. Increased capacity also provides opportunity for increased competition with both incumbent and new entrant carriers.

Basis for eligibility: paragraphs 510, 512b, 513, 514, 515, 520, 521, 525, 527a, 531, 532, 533, 534, 535, 536, 537, 538, 547f, 547g(3), 553, 554, 555, 556, 557, 563, 581, 593, and 620c of FAA Order 5100.38C, AIP Handbook, (June 28, 2005).²³ See discussion below regarding partial approval of certain project components.

Adequate justification: The FAA finds that this project will add a new runway that increases the departure capacity, potentially increases the arrival capacity during good weather, and reduces congestion and delay at ORD. This runway will result in reduced aircraft, passenger, and cargo delay during normal airport operations, improved efficiency of traffic flows, as well as non quantifiable benefits of greater schedule predictability including (1) aircraft operator able to make more efficient use of equipment and personnel and (2) passenger able to take later flight and arrive at destination on time and safety improvements.²⁴ The FAA further finds that the requested PFC amount is based on a mixture of engineering estimates and financing costs that appear reasonable for the type of project. Therefore, based on the documentation provided by the City and the FAA's review based upon FAA's experience with airport development projects, the FAA concludes that this project is adequately justified for those components approved.

Estimated total project cost: \$1,022,321,313.

Proposed sources of financing: PFC revenue (\$430,000,000 – the amount requested by the City), proposed AIP discretionary fund grants as a part of an LOI agreement (\$175,000,000), additional FAA funding for the design and construction of the South ATCT (\$3,400,000), and local funds²⁵ (\$413,921,313).

Reasons for partial approval:

- The FAA notes that the project cost also includes a "contingency" line. This is not normally an allowable cost component for PFC purposes. However, based on recent experience with similar projects at ORD, including complex topography and construction conditions, it is reasonable to anticipate that unexpected conditions and associated costs will arise during construction. Moreover, because the City has requested less than the full PFC-eligible amount on this project, the FAA has concluded that it is reasonable to approve this amount of PFC authority. The City must provide a final

²³ This project is depicted on the FAA-approved ALP dated September 20, 2005. (See page 5 of FAA Advisory Circular 150/5300-13 (September 29, 1989).)

²⁴ See Attachment F-3 of the PFC application.

²⁵ See footnote 15.

accounting of the actual project costs incurred and request an amendment of the approved amount if the actual costs are different than the amount approved in this FAD.

- The PFC program includes procedures to amend an approved PFC amount (§158.37) if the actual costs are different than the costs requested by a public agency and approved by the FAA in a FAD.²⁶
- U.S. Transportation Secretary Ray LaHood announced on November 15, 2010, that the FAA would provide \$3,400,000 in federal funds to design the South ATCT and an unpublished amount to fund the construction of this new ATCT.
 - The FAA has not reduced the PFC-approved amount of the overall project to account for the additional federal funding that was announced after the PFC application had been submitted. The eligible components of the runway 10R/28L project are estimated to cost in excess of \$1 billion. The PFC revenue approved for this project, \$430,000,000, may be used on any portion of the PFC eligible components.²⁷ Even though the funding sources for the project are different than was originally proposed by the City and the approved amount of PFC revenue is the same as that requested by the City, the FAA's approval will not result in excess PFC revenue being collected for this project because the approved PFC amount is less than the eligible cost of the project.

²⁶ See footnote 16.

²⁷ This is similar to the FAA's approval of PFC funding for the Denver International Airport. In that decision, 92-01-C-00-DEN, the FAA made eligibility determinations on 83 project components, some of which were determined to be 100 percent eligible, some less than 100 percent eligible, and some not eligible at all. The total cost of the airport, at the time the FAA issued its PFC decision, was approximately \$6 billion, of which at least \$4 billion was for work determined to be PFC-eligible. The approved PFC amount was slightly over \$2.3 billion. Since the cost of the PFC-eligible work was greater than the amount of PFC revenue being approved for the project, the FAA allowed Denver to use PFC revenue on any eligible portion of the project and did not reduce the approved amount from that requested to account for the ineligible work. [See also FAA Order 5500.1, Passenger Facility Charges, August 9, 2001, paragraphs 10.16 through 10.22.]

Taxiway LL Construction

Bond Capital	\$40,409,197
Financing and Interest	<u>\$40,409,197</u>
Total	\$80,818,394

This project provides for the construction of taxiway LL, related and enabling projects, and associated program administration costs. This project includes the construction of taxiway LL which will be a 3,250-foot by 75-foot taxiway located north of the east end of runway 10L/28R²⁸. Also included in this project is the realignment of taxiway M, the realignment of taxiways A and B southeast of the domestic terminal, and connector taxiways. This project includes site preparation, site grading, lighting, marking, signage, electrical, and navigation aids, as well as the demolition of the fuel super satellite system, fuel maintenance facility, truck fuel stand and glycol facility, and American Airlines ground service equipment facilities.

This taxiway provides operational flexibility in a congested part of the airfield. It allows multiple departure queues for runways 10L/28R and 10C/28C, thereby relieving congestion of departing aircraft. This taxiway will allow taxiway flows in both directions north of runway 10L/28R at all times, thereby providing ground controllers with flexibility to move aircraft without delay or conflict through this congested area.

Determinations:

Partially approved for collection and use.

Significant contribution: This taxiway provides operational flexibility in a congested part of the airfield by allowing multiple departure queues for runways 28R and 28C. This taxiway allows taxiway flows in both directions north of runway 10L/28R at all times which also increases airfield operational flexibility. With construction and expansion of runways at ORD, additional taxiways become necessary and warranted for maximum efficiency. Thus, this project makes a significant contribution to reducing current or anticipated congestion at ORD.

PFC Objective: This project will provide additional airfield capacity by improving operational efficiencies in several ways. This taxiway provides space for multiple departure queues for two runways as well as providing increased taxiing capacity to the new runways being built south of runway 10/28. Thus, the project meets the PFC objective of enhancing capacity at ORD.

Basis for eligibility: paragraphs 510, 515, 520, 525, 530, 531, 532, 533, 535, 536, 537, 538, and 593 of FAA Order 5100.38C, AIP Handbook, (June 28, 2005).²⁹ See discussion below regarding partial approval of certain project components.

²⁸ This runway is currently designated as runway 10/28.

²⁹ This project is depicted on the FAA-approved ALP dated September 20, 2005. (See page 5 of FAA Advisory Circular 150/5300-13 (September 29, 1989).)

Adequate justification: The FAA finds that this project will add a new taxiway that reduces congestion and delay at ORD. The FAA further finds that the requested PFC amount is based on a mixture of engineering estimates and financing costs that appear reasonable for the type of project. Therefore, based on the documentation provided by the City and the FAA's review based upon FAA's experience with airport development projects, the FAA concludes that this project is adequately justified for those components approved.

Estimated total project cost: \$342,403,379.

Proposed sources of financing: PFC revenue (\$80,818,394 – the amount requested by the City) and local funds³⁰ (\$261,584,985).

Reasons for partial approval:

- o The FAA notes that the project cost also includes a "contingency" line. This is not normally an allowable cost component for PFC purposes. However, based on recent experience with similar projects at ORD, including complex topography and construction conditions, it is reasonable to anticipate that unexpected conditions and associated costs will arise during construction. Moreover, because the City has requested less than the full PFC-eligible amount on this project, the FAA has concluded that it is reasonable to approve this amount of PFC authority. The City must provide a final accounting of the actual project costs incurred and request an amendment of the approved amount if the actual costs are different than the amount approved in this FAD.
- o The PFC program includes procedures to amend an approved PFC amount (§158.37) if the actual costs are different than the costs requested by a public agency and approved by the FAA in a FAD.

³¹

Calculation of PFC Level

In 2000, the "Wendell H. Ford Aviation Investment and Reform Act for the 21st Century" (AIR-21), Pub. L. 106-181 (April 5, 2000) amended the PFC statute to establish additional eligibility requirements for projects to be funded with PFC levels above \$3. As a result public agencies may be able to collect for certain projects at a \$1.00, \$2.00, or \$3.00 PFC level and others at a \$4.00 or \$4.50 PFC level. This is true here. The FAA determined that all four projects in the application (for which the City requested to collect at the \$ 4.50 PFC level) met the requirements of 49 U.S.C. §40117(b)(4) as implemented at 14 CFR §158.17(b).

It is consistent with the PFC statute and regulation to apply a single PFC level to the entire application. The FAA notes that the \$4.50 authority established by AIR-21 represents a \$1.50 premium above the current authorized \$3 PFC base

³⁰ See footnote 15.

³¹ See footnote 16.

charge for an application. The \$1.50 premium can be authorized when a sufficient value of projects in the application can be shown to meet the criteria specified by 14 CFR §158.17. Thus, on an application basis, the FAA may authorize a public agency to collect the \$1.50 premium over the \$3.00 base level until the total revenue collected through the PFC premium for that application equals the total value of the projects approved for premium collection status. Once that total value is collected, the public agency would no longer be authorized to collect the premium and would be required to reduce its PFC to \$3.00. As a practical matter, if, in the case of a \$4.50 PFC, the value of the premium projects equaled at least one-third (33 percent) of the total value of collection authority, the total premium value would not be collected before all outstanding PFC authority were collected and there would be no need to step down the PFC to the \$3.00 PFC level. Here, the FAA has determined that 100 percent of the total PFC value of the approved projects is collectible at \$4.50 and is a sufficient value of projects to permit authorizing the \$4.50 collection level for the entire application. The collection of the entire PFC stream at ORD will be reduced by several months. [See also FAA Order 5500.1, Passenger Facility Charges, August 9, 2001, paragraphs 10-16 through 10-22.]

Environmental Requirements

The FAA completed the Final Environmental Impact Statement (FEIS) and based upon the FEIS issued the Record of Decision (ROD) for O'Hare Modernization at Chicago O'Hare International Airport, Chicago, Illinois signed September 30, 2005 FEIS ROD. The airfield completion projects which are the subject of this application are part of the Capital Improvement Program and were analyzed in the FEIS and approved in the ROD, thus allowing the City to seek concurrent authority to impose and use the PFCs.³² The EIS and ROD were prepared pursuant to the National Environmental Policy Act (NEPA), Council on Environmental Quality guidelines implementing NEPA and FAA Orders 1050.1.E and 5050.4A and 4B.³³

Specifically, the ROD unconditionally approved the revised ALP, and provided the environmental approval and other approvals to submit a PFC application under 14 C.F.R. §158.25(c). These determinations were final and reviewable when the ROD was issued. The ROD indicated that projects in selected Alternative C (including the OMP) were eligible for PFC funding from an

³² Specifically, the ROD unconditionally approved the revised ALP, and provided the environmental approval and other approvals to submit a PFC application under Title 14 C.F.R. §158.25(c). These determinations were final and reviewable when the ROD was issued.

³³ The roadway improvements, expansion of the north basin, and relocation of Willow Creek, were also assessed in both the Final Environmental Assessment and the Finding of No Significant Impact/Record of Decision for the World Gateway Program and Other Capital Improvements issued in June 2002.

environmental and ALP perspective, including the following elements: Land Acquisition; Site Preparation; Runway, Taxiway, and Runway Safety Area Construction; Terminal and Landside Development; Installation of Navigational Aids; Environmental Mitigation; Willow Creek relocation; and Noise Mitigation Projects.

All applicable requirements pertaining to ALP approval, airspace and NEPA have been met.

Request Not to Require a Class or Classes of Carriers to Collect PFCs.

The City requests that the following class of air carriers be excluded from the requirement to collect PFCs: *Air taxi*.

Determination: Approved pursuant to 14 CFR §158.11. Based on information contained in the City's application, the FAA has determined that the proposed class accounts for less than 1 percent of ORD's total annual enplanements. The City should confirm, on an annual basis using prior year enplanement data, that the approved class does not exceed 1 percent of the total enplanements at ORD. Upon completion of the annual review, should the approved class (Air taxi) no longer meet the requirement for exclusion; the City must initiate collection of PFCs from this class of carriers.

Compliance with the Airport Noise and Capacity Act of 1990 (ANCA)

The FAA is not aware of any proposal at ORD which would be found to be in violation of the ANCA. The FAA herein provides notice to the City that a restriction on the operation of aircraft at ORD must comply with all applicable provisions of the ANCA and that failure to comply with the ANCA and Part 161 makes the City subject to provisions of Subpart F of that Part. Subpart F, "Failure to Comply With This Part," describes the procedures to terminate eligibility for AIP funds and authority to collect PFC revenues.

Compliance with Subsection 47107(b) Governing Use of Airport Revenue

As of the date of this approval the City of Chicago, Department of Aviation has not been found to be in violation of 49 U.S.C. §47107(b) or in violation of grant assurances made under 49 U.S.C. §47107(b).

Compliance with Requirement to Submit a Competition Plan

As of the date of this approval, the City of Chicago Department of Aviation has complied with the requirement to submit a competition plan in accordance with §158.29(a)(1)(viii). Furthermore, by letter dated June 2, 2004, the FAA has determined that the plan is in accordance with 49 U.S.C. §47106(f).

Air Carrier Consultation and City's Public Notice Comments

The City received comments from American Airlines, Delta Air Lines, and United Airlines in response to the City's April 21, 2010 air carrier consultation on this PFC application. The City did not receive any comments in response to the City's April 12, 2010, public notice and request for comments on this application. The FAA considered all comments during its deliberations on this application.

American and United filed a joint certification of agreement during the air carrier consultation process. Delta filed a separate certification, also agreeing with all proposed projects. The carriers all expressed their support for the projects but also asserted that airline Majority-In-Interest (MII) approval is required to secure funding, including general airport revenue bonds (GARBs), if the City plans to issue GARBs to pay the portions of the project not funded with PFC or AIP funds.

The City responded to the carriers comments in Attachment E of the PFC application. The City acknowledged that the carriers' certifications of agreement do not constitute Mil approval for certain types of GARB funding. However, the City also states in Attachments F-1 and F-2 of the application that the proposed GARB funding for this project is of a type that does not require MII approval because the proposed GARBs would not be paid until after the current Use agreement (which stipulates the need for Mil approval of bond financings) has expired.

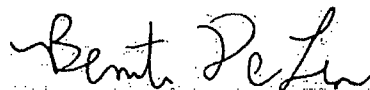
The FAA has examined the carriers' remarks and the City's response. The FAA is satisfied that the City has provided a viable funding plan for financing the cost of the proposed projects. Furthermore, since the carriers did not disagree with the proposed projects and the FAA has determined that each project is eligible, adequately justified, and meets all other requirements of the PFC program, the FAA is approving the construction of runway 9C/27C, runway 9R/27L extension, runway 10R/28L construction and taxiway LL construction projects.

Legal Authority

This decision is made under the authority of 49 U.S.C. §40117, as amended. This decision constitutes a final order to approve, in whole or in part, the City of Chicago Department of Aviation's application to impose a PFC and use PFC revenue on four projects at ORD. A person disclosing a substantial interest may apply for review of this decision to the courts of appeals for the United States or the United States Court of Appeals for the District of Columbia upon petition, pursuant to 49 U.S.C. §46110, filed within 60 days after issuance of this decision.

Concur

for



Acting Associate Administrator
for Airports

11/24/10
Date

Nonconcur

Acting Associate Administrator
for Airports

Date

A copy of the signed document is in the files at FAA HQ, APP-510, as well as in the Chicago Airports District Office.

**CURRENT FAA ADVISORY CIRCULARS REQUIRED FOR USE IN AIP
FUNDED AND PFC APPROVED PROJECTS**

Dated: 6/2/2010

View the most current versions of these AGs and any associated changes at:
http://www.faa.gov/airports/resources/advisory_circulars

NUMBER	TITLE
70/7460-1K	Obstruction Marking and Lighting
150/5000-13A	Announcement of Availability—RTCA Inc., Document RTOA-221, Guidance and Recommended Requirements for Airports Surface Movement Sensors
150/5020-1	Noise Control and Compatibility Planning for Airports
150/5070-6B Change 1	Airport Master Plans
150/5070-7	The Airport System Planning Process
150/5200-28D	Notices to Airmen (NOTAMS) for Airport Operators
150/5200-30C	Airport Winter Safety and Operations
150/5200-33B	Hazardous Wildlife Attractants On or Near Airports
150/5210-5D	Painting, Marking and Lighting of Vehicles Used on an Airport
150/5210-7D	Aircraft Fire and Rescue Communications
150/5210-13B	Water Rescue Plans, Facilities, and Equipment
150/5210-14B	Aircraft Rescue Fire Fighting Equipment, Tools, and Clothing
150/5210-15A	Airport Rescue & Firefighting Station Building Design
150/5210-18A	Systems for Interactive Training of Airport Personnel
150/5210-19A	Driver's Enhanced Vision System (DEVS)
150/5220-4B	Water Supply Systems for Aircraft Fire and Rescue Protection
150/5220-13B	Runway Surface Condition Sensor Specification Guide
150/5220-16C	Automated Weather Observing Systems for Non-Federal Applications

FAA Advisory Circulars Required for Use in AIP Funded and PFC Approved Projects
June 2, 2010

NUMBER	TITLE
150/5320-15A	Management of Airport Industrial Waste
150/5325-4B	Runway Length Requirements for Airport Design
150/5335-5A	Standardized Method of Reporting Airport Pavement Strength PCN
150/5340-1J and Change 2	Standards for Airport Markings (Change 1&2)
150/5340-5C	Segmented Circle Airport Marker System
150/5340-18E	Standards for Airport Sign Systems
150/5340-30D	Design and Installation Details for Airport Visual Aids
150/5345-3F	Specification for L821 Panels for the Control of Airport Lighting
150/5345-5B	Circuit Selector Switch
150/5345-7E	Specification for L824 Underground Electrical Cable for Airport Lighting Circuits
150/5345-10F	Specification for Constant Current Regulators Regulator Monitors
150/5345-12E	Specification for Airport and Heliport Beacon
150/5345-13B	Specification for L841 Auxiliary Relay Cabinet Assembly for Pilot Control of Airport Lighting Circuits
150/5345-26D	Specification for L823 Plug and Receptacle, Cable Connectors
150/5345-27D	Specification for Wind Cone Assemblies
150/5345-28F	Precision Approach Path Indicator (PAPI) Systems
150/5345-39C	FAA Specification L853, Runway and Taxiway Retroreflective Markers
150/5345-42F	Specification for Airport Light Bases, Transformer Housings, Junction Boxes and Accessories
150/5345-43F	Specification for Obstruction Lighting Equipment
150/5345-44H	Specification for Taxiway and Runway Signs
150/5345-45C	Low-Impact Resistant (LIR) Structures