

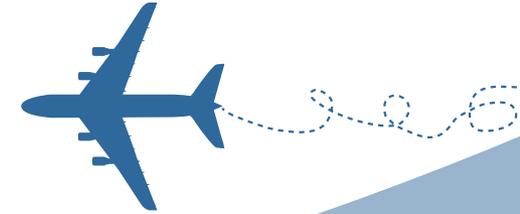


# WELCOME

**Partnering for Progress:**

**Innovative Delivery of South Suburban Airport**





# Susan R. Shea, Ph.D.

Director, Division of Aeronautics

# WELCOME





# Erica Borggren

## Acting Secretary of Transportation



- Vision
- Commitment





# Economic Benefit of the Illinois Airport System

**Susan R. Shea, Ph.D.**  
Director, Division of Aeronautics



# Illinois Aviation System

- **Comprised of over 800 facilities!**
  - One of the most diverse systems in the country
    - From global hubs, to regional commercial airports, to local municipal airports, to hospital heliports, to private grass landing strips...
  
- **Over 14,100 registered pilots**
  
- **Over 5,600 registered aircraft**

Airports & Restricted Landing Areas				
Public Use	Publicly Owned	78	107	533
	Privately Owned	29		
Private Use	Residential (Privately Owned)	16	426	
	RLA (Privately Owned)	410		

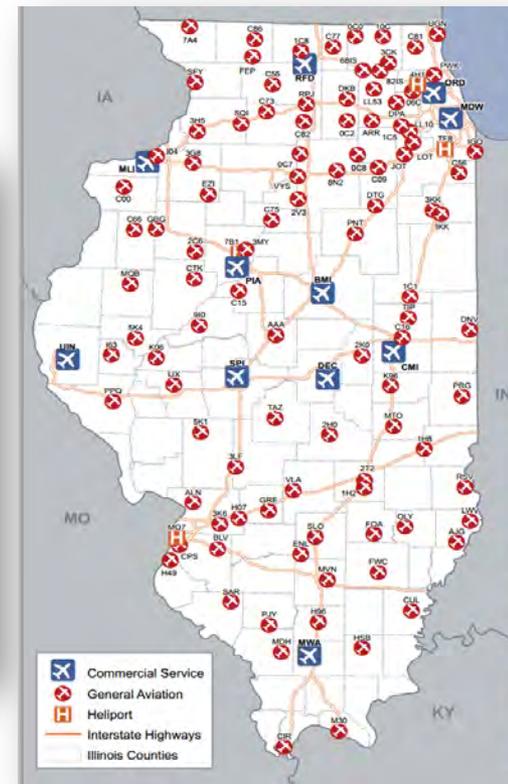
Heliports				
Public Use	Publicly Owned	2	2	286
Private Use	Hospital Heliport	146	284	
	RLA (Privately-Owned)	138		

Other Landing Facilities				
Seaplane Base	Public Use, Privately Owned	1	6	8
	Private Use, Privately Owned	5		
Balloon Port	Private Use, Privately Owned	2	2	
<b>TOTAL</b>				<b>827</b>

# Aviation Economic Impact Study

[www.illinoisairportsmeanbusiness.com](http://www.illinoisairportsmeanbusiness.com)

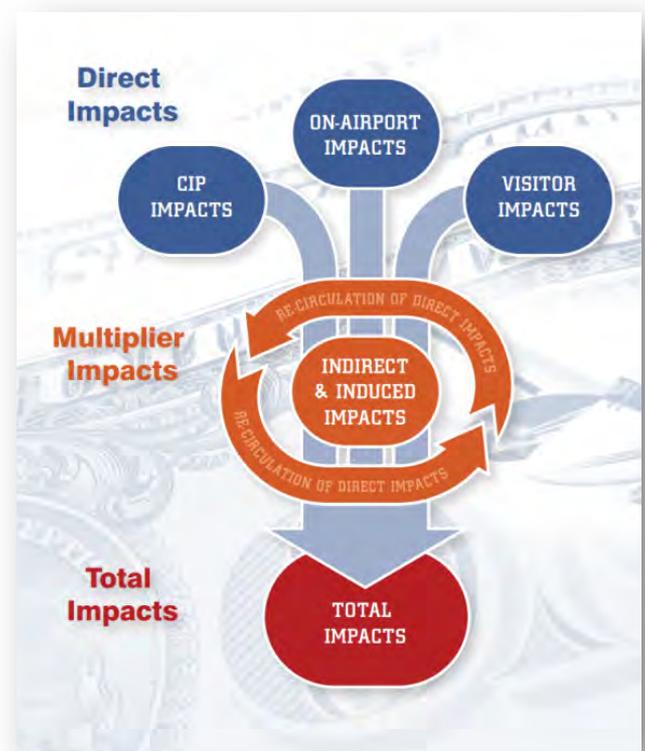
- Quantifies the Impact Illinois Airports have on the Economy
- Included 116 Airports
  - 11 Commercial Service
  - 105 General Aviation



# Aviation Economic Impact Study

[www.illinoisairportsmeanbusiness.com](http://www.illinoisairportsmeanbusiness.com)

- On-Site Surveys Performed
- Calculated jobs, payroll, direct impacts, and induced impact multiplier.
- Tool to educate the public about the value of having an airport in their community.



Just a few examples of the economic impact Illinois airports have on their communities...

**Rockford International**  
5,383 Jobs / \$994.5 Million

**DeKalb Taylor**  
81 Jobs / \$10.7 Million

**Quad City International**  
2,980 Jobs / \$384.9 Million

**Macomb Municipal**  
41 Jobs / \$7.3 Million

**Peoria International**  
2,375 Jobs / \$294.9 Million

**Quincy Regional**  
128 Jobs / \$13.8 Million

**St. Louis Regional**  
709 Jobs / \$135.2 Million

**St. Louis Downtown**  
3,731 Jobs / \$583.9 Million

**Chicago O'Hare International**  
234,495 Jobs / \$29.9 Billion

**Chicago Midway International**  
29,441 Jobs / \$3.92 Billion

**DuPage**  
1,193 Jobs / \$217.4 Million

**Morris Municipal**  
105 Jobs / \$12.96 Million

**U of I Willard**  
949 Jobs / \$102.8 Million

**Springfield Capital**  
4,797 Jobs / \$563.5 Million

**Mt. Vernon Outland**  
149 Jobs / \$18.9 Million

**Marion: Williamson County**  
195 Jobs / \$21.7 Million



Aviation's Annual Economic Impact in Illinois...



**\$40.9 Billion!**

Illinois Airports... Where Job Creation  
Takes Flight!





# Project Overview & Status Summary

# Project History



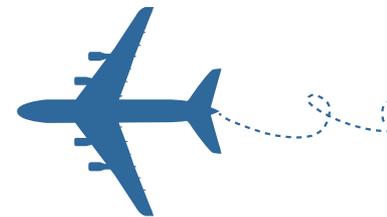
# Project Background

- **Numerous Studies Point to Need for Additional Aviation Capacity in Chicagoland, With Many Partners and Potential Sites Considered**
  - **1984 ORD EIS ROD**
  - **Chicago Airport Capacity Study**
    - Partnership between IL, IN, WI, Chicago, FAA
  - **Illinois-Indiana Regional Airport Study (I-IRAP)**
  - **IDOT Phase 1 Study / Market Survey Research Program/ FAA Environmental Assessment**
  - **FAA Tier 1 EIS and ROD (July 2002)**
    - Established FAA Site Approval for Will County/Peotone Location
  - **Current SSA Airport Master Plan**



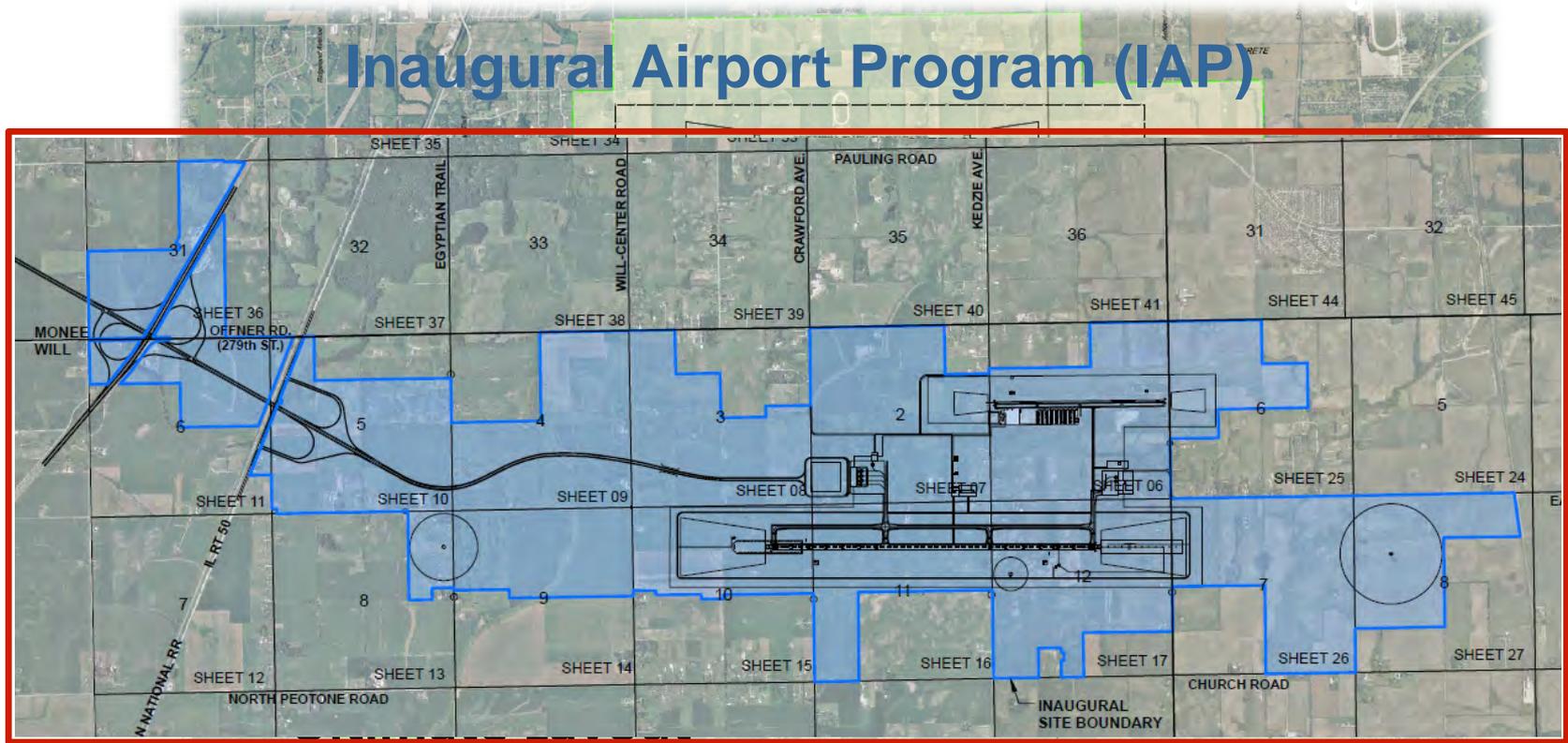
# Project Concept & Philosophy

- **Preserve the option for a large hub air carrier airport to serve the greater Chicagoland area**
- **Ensure Long-term compatibility from Day 1**
  - Regional partnerships and State authority for compatible development around SSA.
  - SSA isn't only for the needs of today... SSA is an investment that will still be relevant 50, 75, 100 years from now.
- **Right-Size: Plan inaugural airport with ultimate development in mind**
  - Phased expansion based on aviation demand.
  - Unconstrained airfield development potential.



# Unlimited Potential

## Inaugural Airport Program (IAP)



# Demonstrated Commitment

- **Illinois**
  - Over \$86M already spent acquiring land; \$50M+ Appropriated
    - Over 3,800 acres purchased & Over 2,100 acres in-process.
  - Master Plan & Environmental Reports
    - Approvals in-hand on several key reports.
- **FAA**
  - Site Approval (Tier 1 EIS)
  - Funding for Master Plan & ongoing review/approval
  - Funding for Tier 2 EIS
  - Regional Airspace Study Underway
- **Local Support**
  - Numerous Regional Economic & Development Groups
  - Local Elected Officials
  - Community Leaders

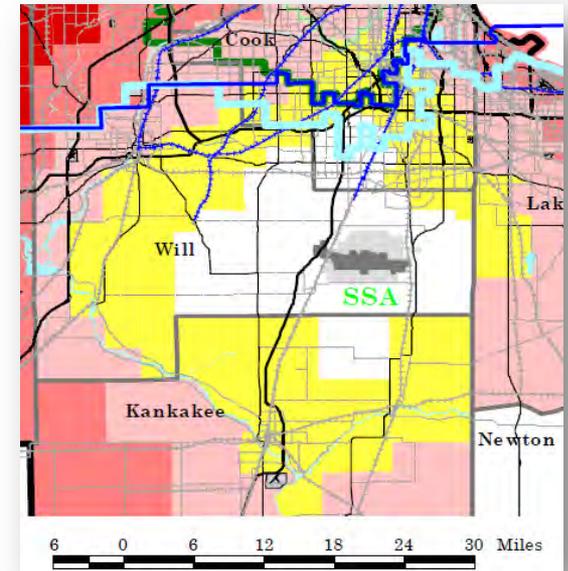


# Why SSA?



# Why SSA? *For Passengers*

- **Passenger Service Area**
  - 1.7 Million People Today
  - 2.3 Million by 2030
  - Based on 45-Minute Drive Time
    - No MDW or ORD 45-minute Overlap Counted
    - US Census / CMAP Data
- **FAA Has Approved SSA's Aviation Forecasts**
  - Foundation for FAA-Accepted Airport Facilities



# Why SSA? *For Cargo*

- **Cargo Facility**

- Dedicated Cargo Area
- Modular Expansion
- Truck/Auto Separation

- **All-Weather Runway**

- Precision Approach
- 9,500' Can Accommodate Nearly Any Aircraft
  - Runway extension feasible to accommodate increased demand

- **Interstate Access; State Routes**

- **Two Class 1 Railroads (UP / CN)**

- **Intermodal, Distribution, Warehouse Facilities Nearby**



# Why SSA? *For Business*

- **Airports Facilitate Commerce**
  - Open a worldwide door to area businesses
  - Bring dollars into the community and spur economic opportunity
- **On-Site Development Potential**
  - Hundreds of acres of developable property on and around airfield
  - Access Road with over 2-miles of developable frontage
- **Eastern Cargo/Industrial**
  - Direct Access to I-57; Illiana Expressway (future); and beyond
  - Between Two Class 1 Railroads with potential to access each
- **Agricultural**
  - Thousands of acres of tillable land around airfield
    - Can remain productive while awaiting other development



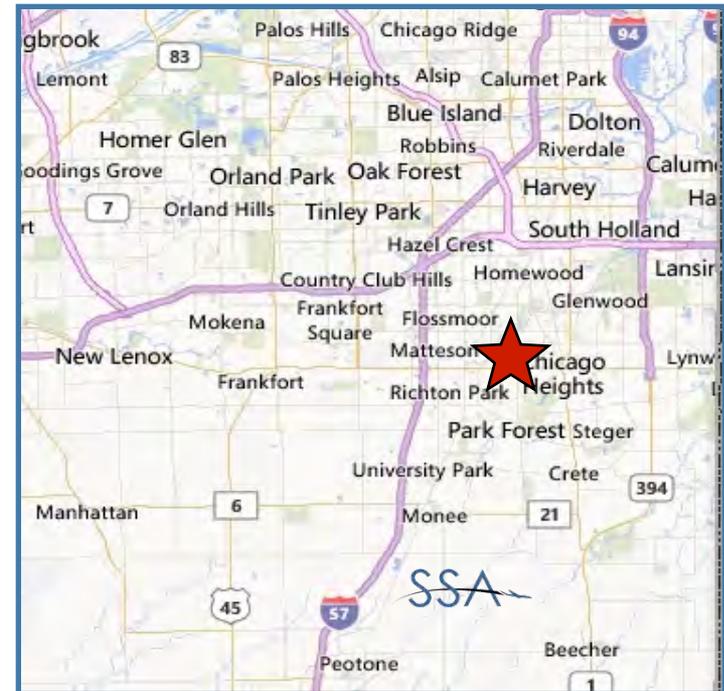
## Why SSA? For Jobs

- **Construction Jobs**
  - Skilled Labor / Trades (Electrical, Plumbing, Paving, HVAC, etc.)
  - Initial construction will span several seasons
  - Upgrades/Improvements continue as airport develops
  
- **On-Airport Operations Jobs**
  - Airport Staff, Airlines, Cargo, Security, Concessions...
  
- **Service Industry & Supporting Jobs**
  - Trucking/Logistics, Restaurants, Hotels, Rental Car, Retail...



# Why SSA? *For the Community*

- SSA will be an integral part of the communities it serves
- IDOT is focused on including Local, Small, and Minority-owned businesses
  - **South Suburban Resource Center**
    - Information & assistance about IDOT-related business opportunities in the area.
    - Focused on increasing Disadvantaged Business Enterprise (DBE) participation.



Location & Hours
<p><b>114 N Orchard Drive</b>  <b>Park Forest, IL 60466</b></p>
<p><b>(708) 283-3618</b></p>
<p><b>Mon. &amp; Wed. 8:00AM-3:30PM</b></p>

# Why SSA? *For The Future*

- **Building our Future Workforce**
  - Focus on Growing Local Talent
    - Encourage Community Involvement & Support
  - Training & Education
    - Community College & Trade School Programs (HCCTP)
  - Business Partnerships
    - On-The-Job Training
    - Mentor/Protégé
    - Internships & Apprenticeships
    - Scholarships

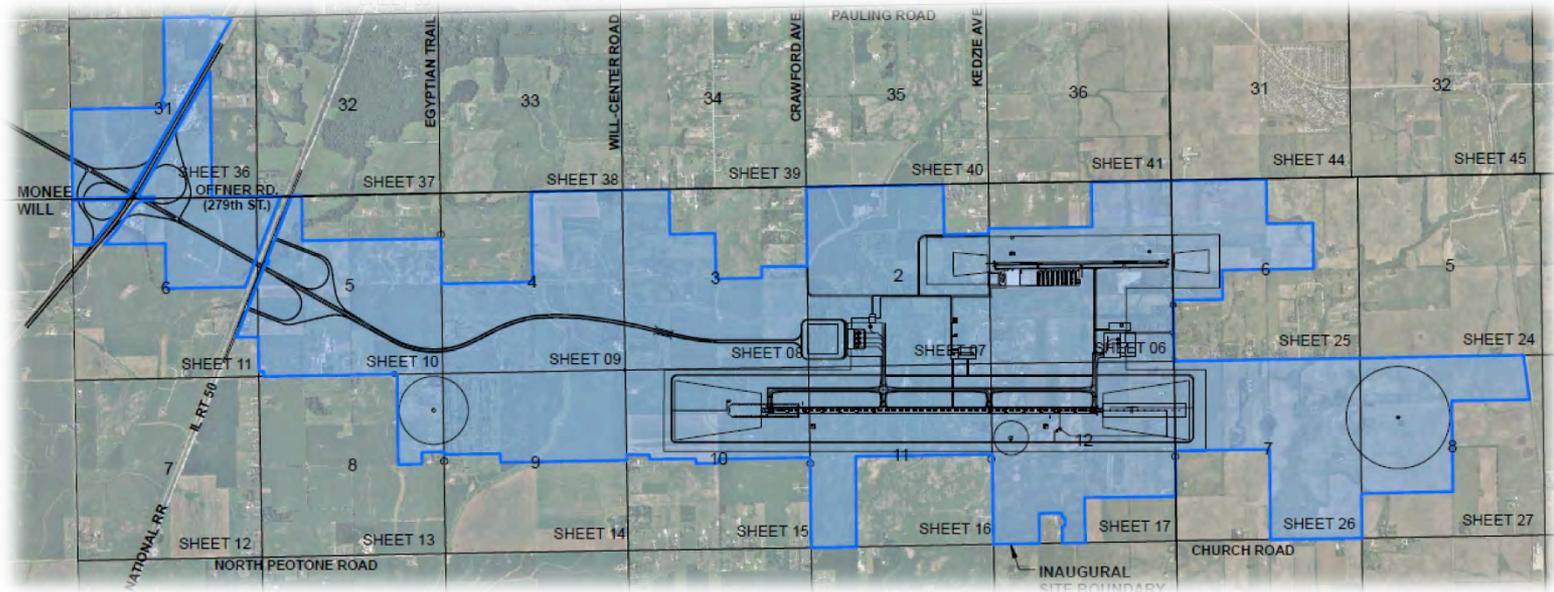


# IAP Overview



# Inaugural Airport Program (IAP) Details

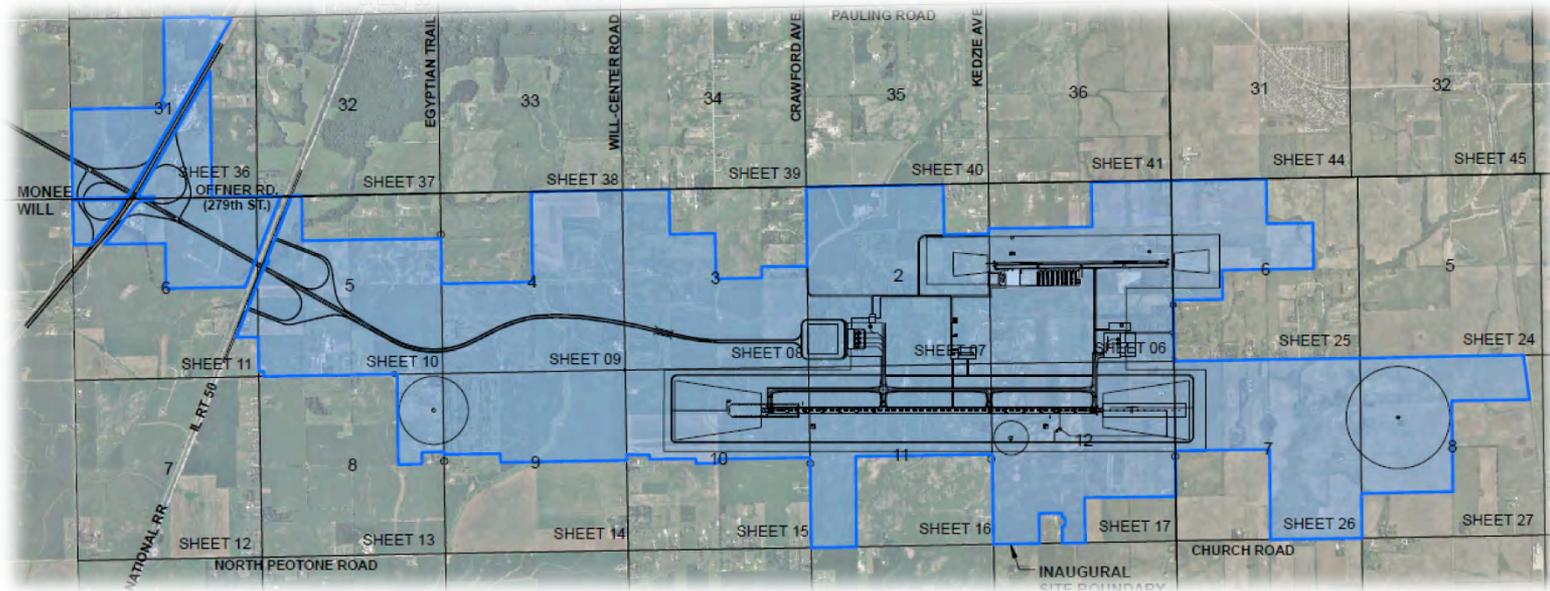
- **9,500-foot Commercial Runway w/ Full Parallel Taxiway**
  - Designed for 737-800; can also handle wide-body aircraft
  - Precision Approach: Category I Instrument Landing System (ILS)



# Inaugural Airport Program (IAP) Details

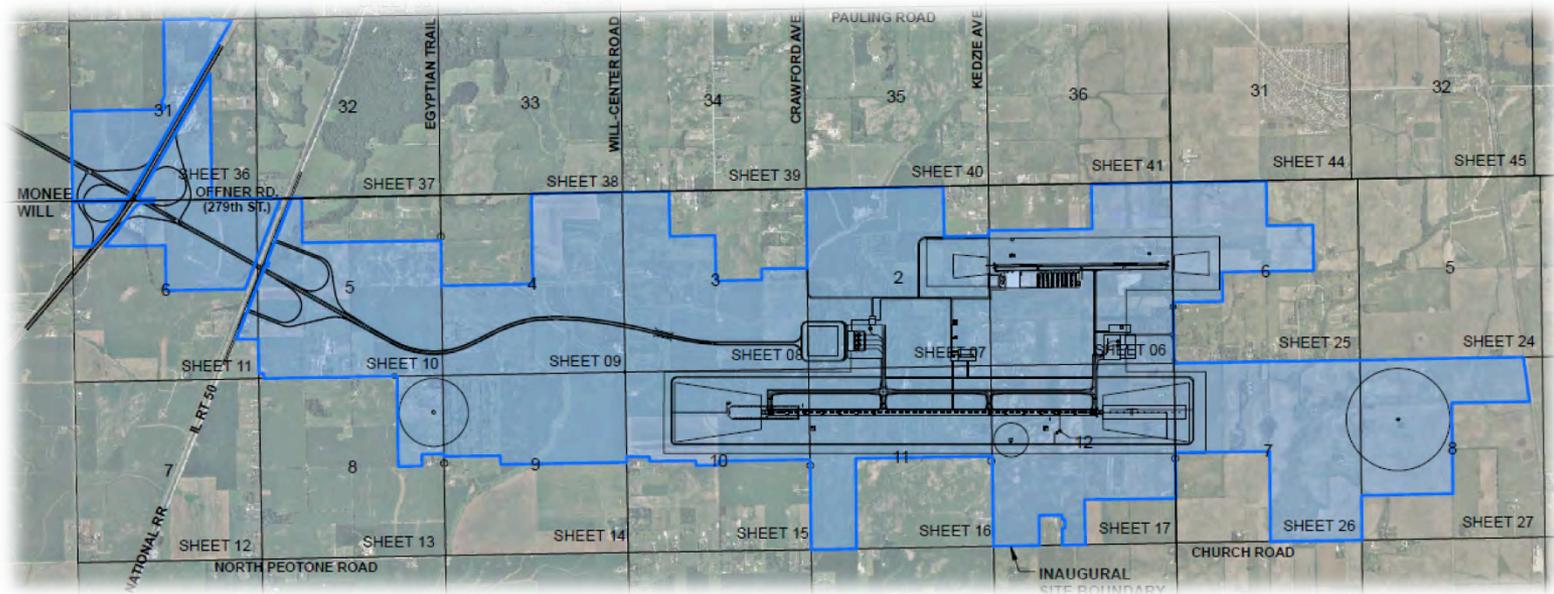
- **Passenger Terminal**

- 4 Passenger Gates – 100,000+ sq ft.
- Design for Modular Expansion
- Dedicated access road: Interchange at to I-57 and IL-50
- Public Transportation: Metra electric extension possible; Bus service



# Inaugural Airport Program (IAP) Details

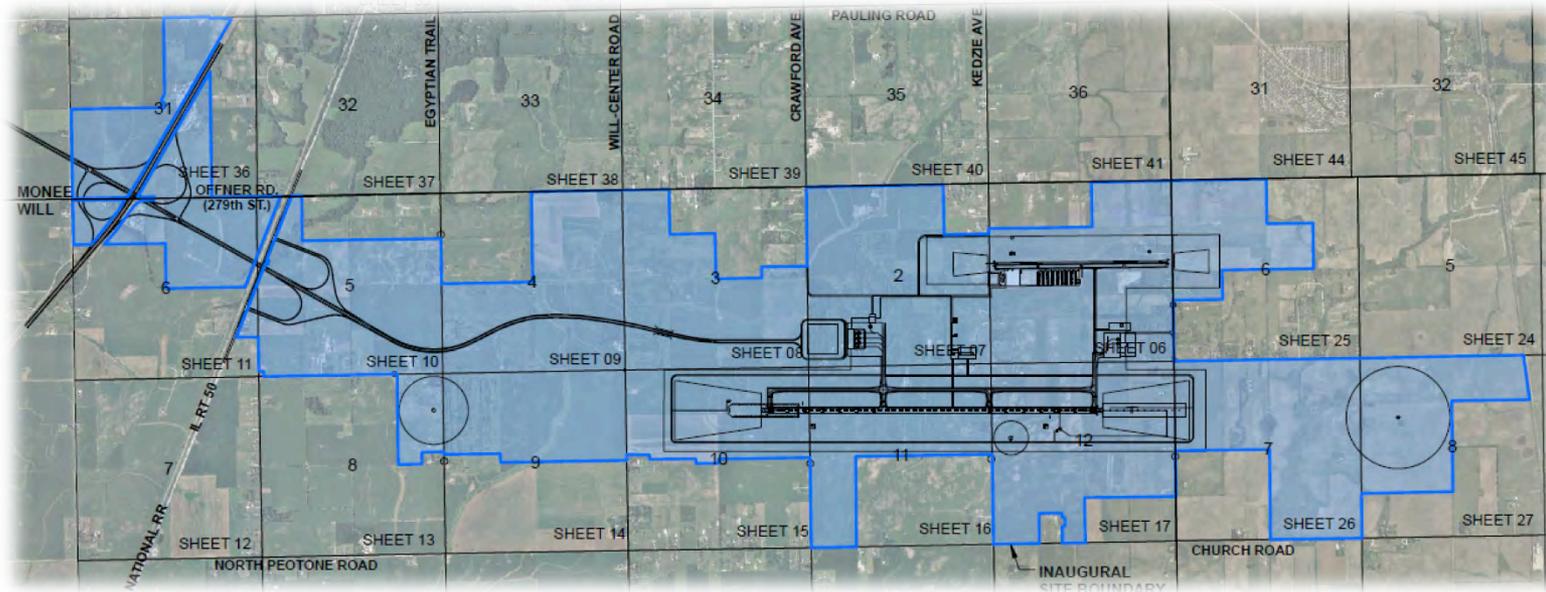
- **Air Cargo Facility**
  - Intermodal Opportunities
    - Warehousing, Distribution Centers, etc.
    - Logistics & Freight Forwarders
    - Rail: UP / CN
  - **Room For Growth**



# Inaugural Airport Program (IAP) Details

- **General Aviation Complex**

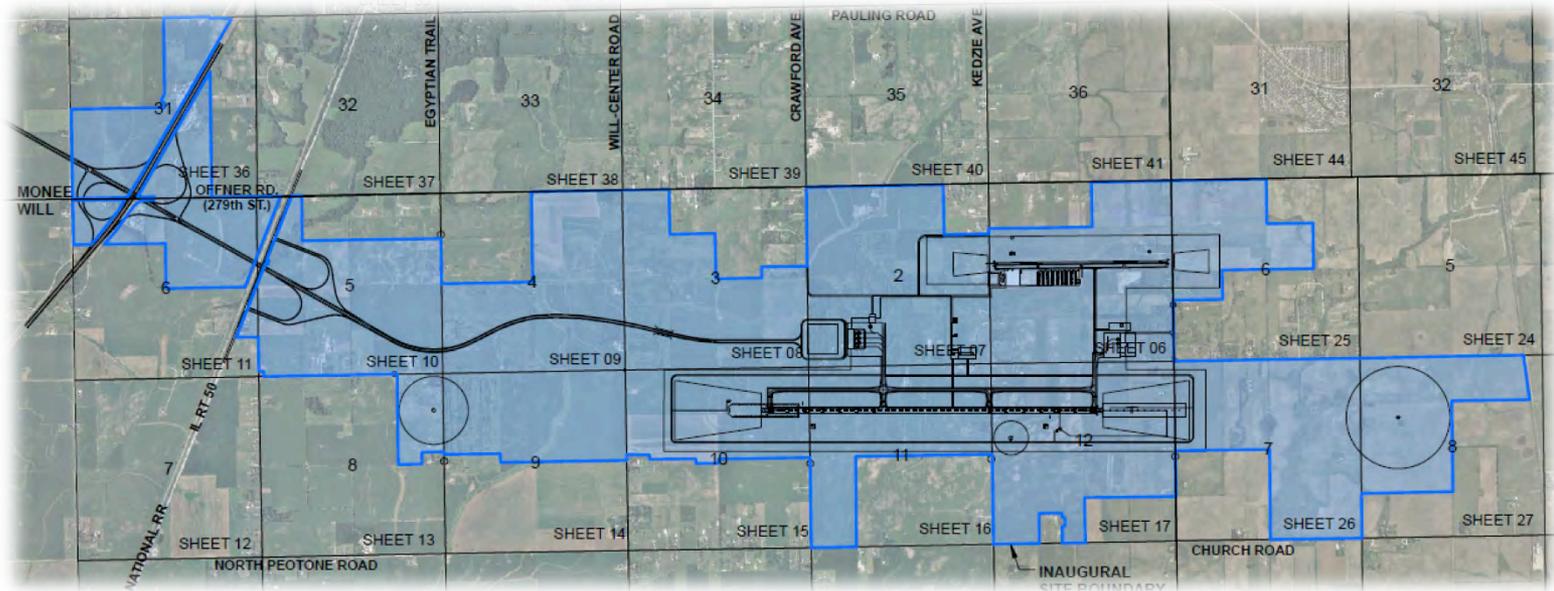
- Bult Field: 5,000' Runway with Full Parallel Taxiway
  - 2 Existing Non-Precision Instrument Approaches
- Impressive GA terminal with FBO/Office opportunities; Separate GA fuel farm
- Large apron w/ space for corporate hangar development
- Direct taxiway connection between Commercial and GA runways



# Inaugural Airport Program (IAP) Details

- **Airfield Support Facilities**

- Airport Traffic Control Tower (ATCT)
- Aircraft Rescue & Fire Fighting (ARFF) Facility
- Snow Removal / Maintenance Building
- Commercial Fuel Farm
- Areas reserved for system-wide FAA equipment: Radar, NavAids, etc.



# Inaugural Airport Program (IAP)

- **Major Cost Centers**

- Cost estimates assume traditional funding and build schedules.
- Innovative Delivery may lower these estimated costs.

- **Totals include**

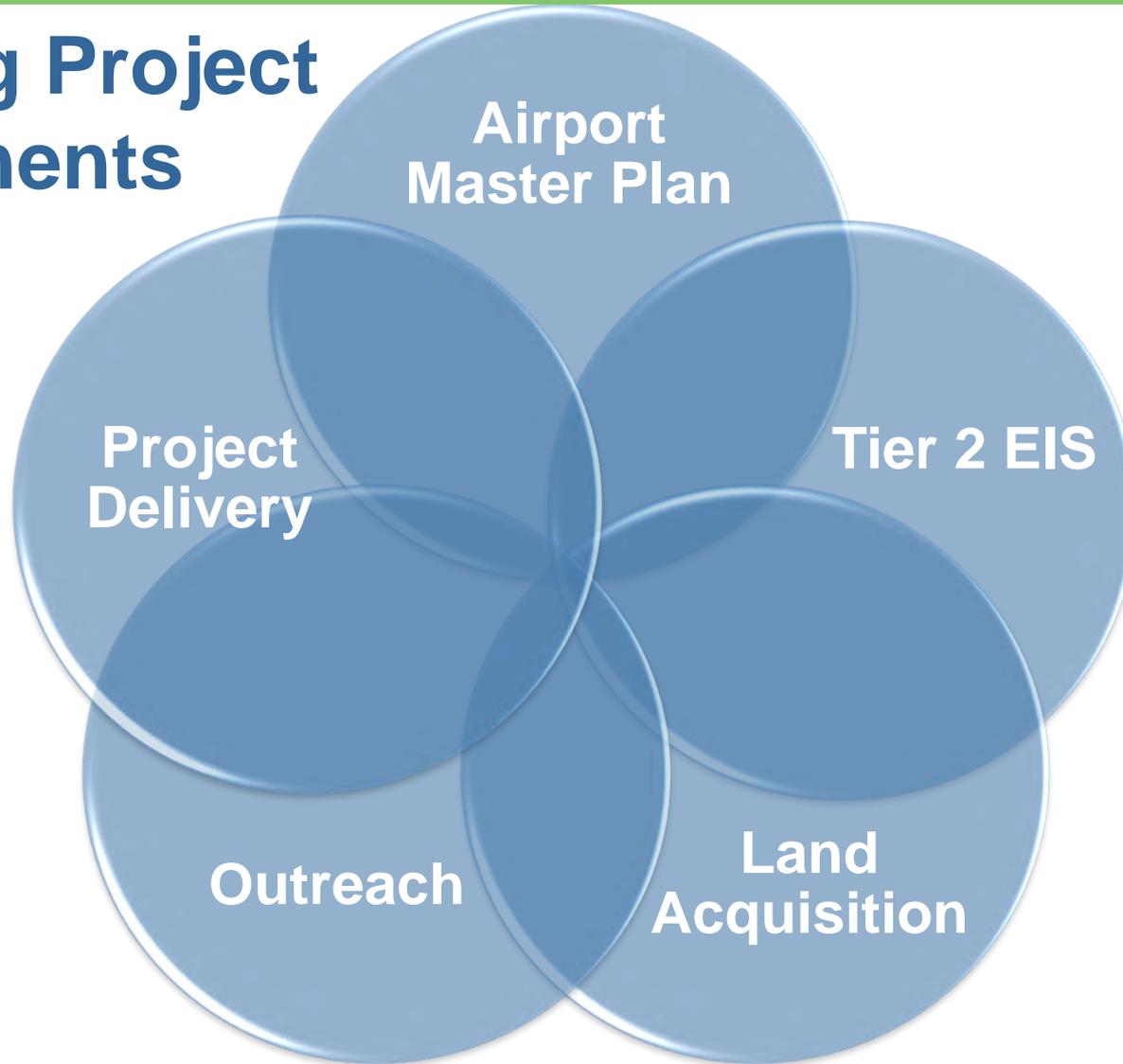
25% Contingency &  
2% Commissioning  
(on construction items)

IAP Item	Cost Est.	Total
<b>Preconstruction (Post-ROD)</b>	\$79.0	<b>\$79.0</b>
<b>Site Preparation</b>	\$93.9	<b>\$119.3</b>
<b>Airport Infrastructure</b>	\$27.8	<b>\$35.3</b>
<b>Landside Facilities</b>	\$3.0	<b>\$3.8</b>
<b>Airfield Infrastructure</b>	\$137.0	<b>\$174.0</b>
<b>Passenger Terminal Complex</b>	\$91.7	<b>\$116.5</b>
<b>Aviation Support Facilities</b>	\$25.2	<b>\$32.0</b>
<b>Air Cargo &amp; GA Facilities</b>	\$30.0	<b>\$35.6</b>
<b>Ground Access &amp; Pax Shuttles</b>	\$64.3	<b>\$81.7</b>
<b>Environmental Mitigation</b>	\$20.0	<b>\$25.4</b>
<b>IAP Program TOTAL</b>	<b>\$570M</b>	<b>\$702M</b>

# Project Status



# Ongoing Project Components



# Airport Master Plan

Report	Status
Existing Conditions Report	FAA Accepted
Aviation Forecasts	FAA Approved
Facility Requirements Report	FAA Accepted
Alternatives Development & Evaluation	FAA Accepted
Airport Access Plan	Responding to FAA Comments
Airport Layout Plan & Airport Plans Report	Responding to FAA Comments
Environmental Considerations Report	FAA Accepted
Facilities Implementation Plan	Responding to FAA Comments
Financial Feasibility Report	Awaiting FAA Comment/Approval



# Additional Reports & Surveys

- Several studies completed or underway in support of the ongoing Airport Master Plan & FAA’s Tier 2 EIS

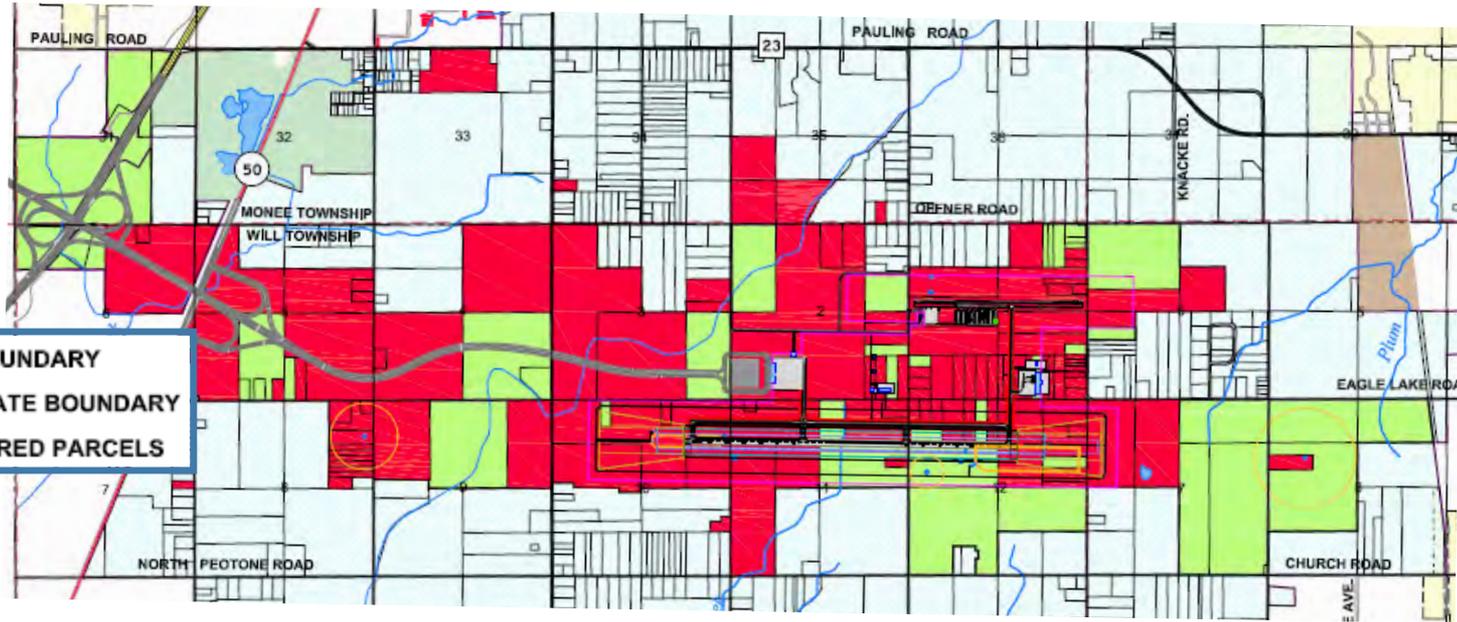
Effort	Status
FAA Airspace Modeling	Ongoing (On-Schedule)
Access Justification Report	Finalizing based on FHWA & IDOT-Highways Comments
Archaeological Field Surveys	Ongoing (No significant finds to date)
Wildlife Hazard Assessment & Mitigation Plan	12-Month Site Survey Ongoing
Wetland Delineation Report	USACE Jurisdictional Determination FAA Accepted; IDNR Concurrence
Floodplain Report	FAA Accepted

# Land Acquisition

- **Very mindful of the sensitive & personal nature of Land Acq.**
  - Strive to make the process as fair and transparent as possible
- **Ombudsman**
  - Independent intermediary between property owners & IDOT
  - Informs land owners of the land acq. process and their rights
    - Does not act as an attorney for either the property owner or IDOT
- **Relocation Assistance**
  - All acquisition in accordance with Uniform Relocation Act
  - Landowners eligible for moving expenses
- **Tax Recovery Fund**
  - Helps Local Municipalities - Local property taxes are paid to Will County from leasehold rental Income. (30 ILCS 105/6z-59)
- **Bult Field (C56)**
  - Acquired and operating this vibrant general aviation / corporate airport



# Land Acquisition



## Acquisition Summary

Inaugural	99 Parcels (3,593 Acres)
<b>Total</b>	<b>132 Parcels (3,883 Acres)</b>

## Ongoing Activity

Preparing Offers or Active Negotiations	19 Parcels (910 Acres)
Impasse	14 Parcels (843 Acres)
In Condemnation	11 Parcels (386 Acres)

# Outreach Effort

- **Engage Local Stakeholders**
  - Increase Public Awareness
  - Educate & Solicit Feedback
- **Strengthen Partnerships**
  - Community Leaders, Businesses, and the Public
- **Build Consensus**
  - IDOT is committed to the continued growth & success of transportation in Will County
  - SSA is an investment that will benefit the entire region



# Project Delivery

- **Public-Private Partnerships for South Suburban Airport Act**
- **Authorized IDOT to enter into P3 Agreement(s) to design, build, finance, operate, and/or maintain SSA**
- **Exciting opportunity to engage the P3 Industry and explore innovative ways to deliver this important project**





# Roger Driskell

Director, Office of Innovative Project Delivery



# Presentation Outline

- **P3 Overview**
- **SSA Legislation**
- **SSA Procurement Status**
- **SSA Project Delivery**



# Public-Private Partnerships (P3)

- Contractual agreements formed between a public agency and a private sector entity that allow for greater private sector participation in the delivery and financing of transportation projects.
- FHWA Office of Innovative Program Delivery



# P3 Procurement Model

- Introduction of Private Sector Financing/Equity within Project Life Cycle Creates P3
- Transfers Elements of Project Life Cycle to Private Sector Responsibility
  - ✓ Examples – DBF, DBOM, DBFOM
- Requires a Revenue Stream to Work
- Revenue Sources
  - ✓ Local, State and Federal Funding/Credit Assistance
  - ✓ Project Revenue
  - ✓ Availability Payment Structure
  - ✓ Combination of the Above
- Must Provide a Reasonable Rate of Return on Investment (ROI)
- Effective Procurement Requires Technical, Legal, Financial Expertise



# P3

## BENEFITS

- ✓ Innovation
- ✓ Expertise
- ✓ Accelerate Project Delivery
- ✓ Deliver Multiple Projects Sooner
- ✓ Payment Tied to Performance
- ✓ Access to Private Capital
- ✓ Shifts Project Risks
- ✓ Life Cycle Efficiencies



# P3 RISK

- ✓ Allocation
- ✓ Balanced
- ✓ Who Best to Assume Risk
- ✓ Latent Defects
- ✓ Legislation
- ✓ Maintaining
- ✓ Operating
- ✓ Revenue
- ✓ Construction
- ✓ Design
- ✓ Environmental
- ✓ Geotechnical





# Example: Toll Revenue Concession (DBFOM)

- Developer responsible for designing, building, financing, operating, and maintaining facility
- Long-term revenue risk transfer to Developer
- 50+ year concession term
- P3 Agreement will define performance standards



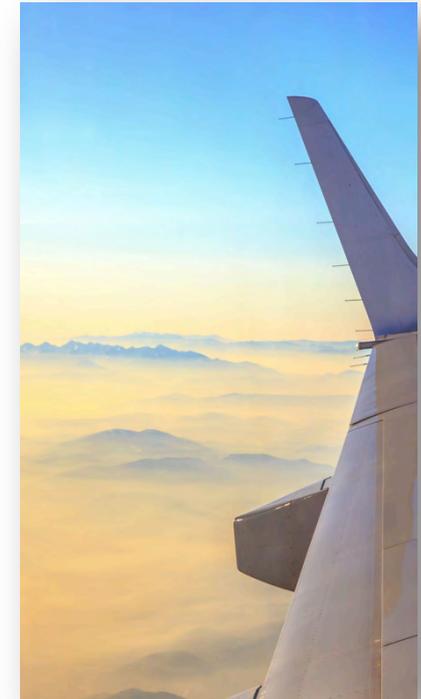
# Example: Availability Payment Concession (DBFOM)

- Developer responsible for designing, building, financing, operating and maintaining facility
- Developer receives periodic availability payments (APs)
- Periodic APs fixed, adjusted for inflation
- Construction + 35 year operating term
- P3 Agreement will define availability and performance standards
  - AP will be reduced for non-performance and unavailability of facility



# Aviation P3

## Airport privatizations governed by the FAA's Airport Privatization Pilot Program (APPP)



- **U.S. full privatizations have been very rare for several reasons:**
  - Onerous entry requirements by FAA for the APPP
  - U.S. airports typically have had good access to low cost capital funding
  - Requires solid local political support
- **Successful airport P3s that could serve as case studies for SSA:**
  - San Juan - a full privatization under the APPP- the first U.S. airport P3 to come to financial close
  - Sanford Florida - a partial privatization with a solid public-private operating agreement
  - Branson Missouri - a non-federal grant supported airport- Developer owned, with some local subsidies

# SSA Legislation

- **620 ILCS 75**
  - Public-Private Agreements for the South Suburban Airport Act
- **Effective – July 25, 2013**
- **IDOT to Plan, Develop, Own, Operate SSA**
- **Authorizes P3, Leases, Agreements**
  - D-B-F-O-M
  - Contractor may receive right to certain revenues
  - No more than 75 years
  - Provides for a Pre-Qualification Process



# SSA Legislation

- **Authorizes P3, Leases, Agreements**
  - Competitive Requests for Proposals
    - Open, Transparent and Efficient Process
    - RFQ and RFP
    - Establishes Criteria
    - 1 or more Finalists
    - Review by COGFA and PPB
    - Public Hearing
    - Governor Accepts or Rejects



# SSA Legislation

- Contains Provisions of the Agreement
- Provides for Interim Agreements
- Reporting Requirement
- Independent Audits
- Planning Boundaries
- Relocation
- Property Acquisition
- Rights of the Department
- Financial Arrangements
- Labor



# SSA Procurement

- **Procurement Status**
  - Very Early in the Procurement Process
  - NEPA; FEIS – ROD
  - Airport Master Plan
- **Currently**
  - Performing Feasibility Analysis
  - Issued RFI to Solicit Industry Feedback
- **Future**
  - Develop Business Plan
  - Determine Project Delivery Method
  - Procurement



# P3 Feasibility Analysis

- **Consultant Team: Ernst & Young, Nossaman, CH2M HILL**
- **Work to date**
  - Researched the FAA's APPP program
  - Researched full and partial airport privatization case studies
  - Reached out to the air service and air cargo industries for feedback
  - Determined that a P3 project delivery approach could be feasible, but further study would be required
- ***Next Steps***
  - **2014 - P3 business plan initiated; this industry workshop is a primary step in obtaining industry inputs that will help inform the plan**



# Feasibility Study Research and Documentation

## CASE STUDIES

- ✓ Branson, MO Airport
- ✓ Chicago Midway International Airport
- ✓ Gary / Chicago International Airport
- ✓ Gwinnett County Airport
- ✓ Hawaii Airport Consolidated Rental Car Facility
- ✓ Hendry County Airglades Airport
- ✓ Houston Executive Airport
- ✓ Iqualuit (Canada) International Airport
- ✓ JFK International Airport Terminal 4
- ✓ LaGuardia International Airport Central Terminal Redevelopment Program
- ✓ Luis Munoz Marin International Airport
- ✓ Orlando Sanford International Airport
- ✓ Stewart County Airport



# Feasibility Study Research and Documentation

## DOCUMENTS

- ✓ 2009 Congressional Research Service Report on the Airport Improvement Program
- ✓ FAA Advisory Circular on Airport Master Plans
- ✓ FAA Report to Congress on the Status of APPP
- ✓ FAA Report on Passenger Facility Fees
- ✓ FAA Compliance Manual on Privatization Outside of APPP
- ✓ Internal Revenue Service Compliance Guide on Tax-Exempt Private Activity Bonds
- ✓ Public Private Agreements for the South Suburban Airport Act
- ✓ All components of SSA Airport Master Plan, including 2009 Forecasts and 2013 Financial Feasibility Report
- ✓ TRB Airport Cooperative Research Program Report on Airport Privatization



# Objectives for SSA P3 business plan

- **Good fit for:**
  - FAA's Airport Privatization Pilot Program (APPP)
  - "Partial" privatization
- **Understand:**
  - Project delivery risks
  - Potential risks for both public or private sector
  - Risk be allocation for a successful project
  - Variations in risk profiles as a function of airport activity forecast
  - Overall model or models might prove successful
  - Conceptual financial risk for each party
- **Determine the Interest level of financial, airport developer/operator and contractor industries**
- **Obtain valuable industry information to help inform the P3 procurement process**



# Objectives for a P3 Procurement

- Deliver on all the expected project benefits
- Manage risk to realize long-term project value
- Understand risks and develop mitigation alternatives
- Implement a financial plan that is fair, sound and achievable
- Fast track delivery
- Competitive process
- Transparent process
- Performance Specifications
- Have an appropriate procurement counterparty
- Support policy goals including increased employment opportunities, small business participation, DBE participation



# Technical Consideration

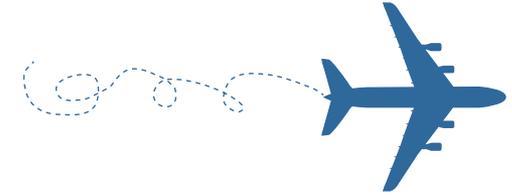
- Technical Provisions
- Design Requirement
- ROW Acquisition
- Geotechnical Information
- Operations
- Maintenance
- Design Review
- Construction Oversight
- Handback



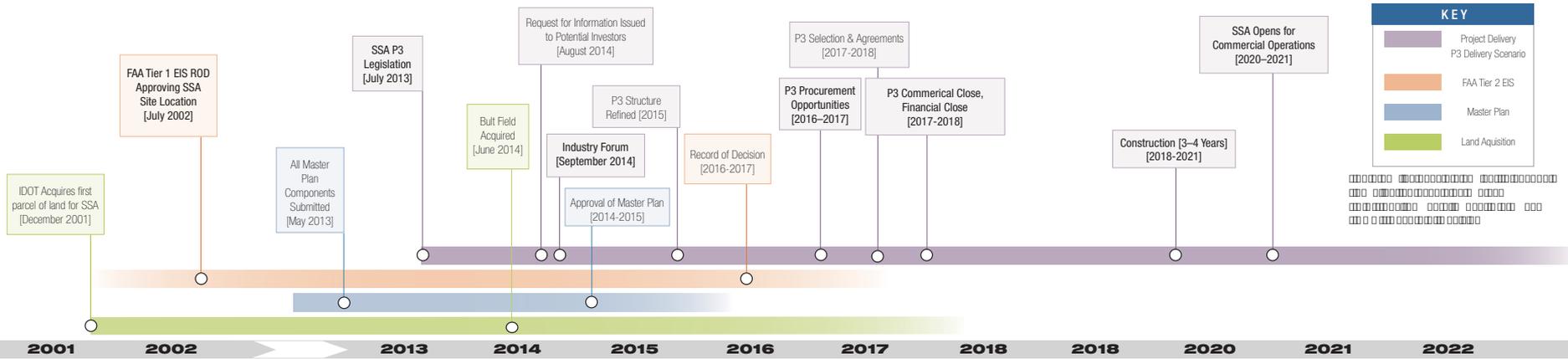
# SSA Project Delivery

- Ongoing Process
- Just the Beginning
- Best Project Delivery Method
  - Traditional design, bid, build project delivery risks
  - Design/build
  - Other project delivery methods



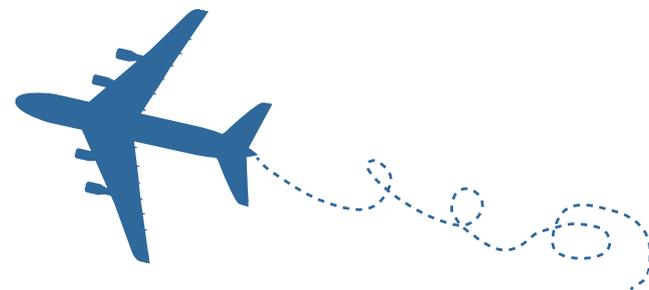


# South Suburban Airport Timeline



**KEY**

- Project Delivery P3 Delivery Scenario
- FAA Tier 2 EIS
- Master Plan
- Land Acquisition



*Thank you*  
for attending today's forum  
*Stay in the Loop!*

Sign up for email updates or send us a message at  
[SouthSuburbanAirport.com!](http://SouthSuburbanAirport.com)

