

**Resources, Community, and
Economic Development Division**

B-272873

September 16, 1996

The Honorable Bobby Rush
House of Representatives

Dear Mr. Rush:

Meigs Field is a small airport located near downtown Chicago, Illinois. The airport is situated on land that is adjacent to Lake Michigan and is leased by the City of Chicago from the Chicago Park District. Citing a decline in both commercial and general aviation operations over the past several years, the City of Chicago has announced its intentions to close Meigs Field when the City's lease expires on September 30, 1996. The Park District plans to transform the airport into parkland, which will extend the exhibit space of neighboring museums and expand Chicago's 12th Street Beach.

Concerned about the impacts of closing Meigs Field, you asked us to answer the following questions: (1) What is Meigs Field's role in the Chicago-area and national airport systems? (2) What effect will the redistribution of Meigs Field's traffic have on safety, aircraft delays, and noise at other Chicago-area airports? and (3) What are the City of Chicago's obligations under Airport Improvement Program (AIP) grant agreements?

The following is our summary:

- The Federal Aviation Administration (FAA) has designated Meigs Field as a primary commercial service airport within the National Airport System.¹ Commercial service at Meigs Field is limited to a few daily scheduled commuter flights and unscheduled air taxis. However, operational constraints, such as limited navigational aids, runway length, and facilities,

¹Commercial service airports are publicly owned airports receiving scheduled passenger service and having 10,000 or more enplaned passengers a year.

567227/157512

reduce its utility for commercial aviation. Most traffic is general aviation, and Meigs Field serves as a reliever airport for Chicago Midway Airport.²

- FAA does not have plans for redirecting Meigs Field's traffic to other airports and has not formally evaluated the safety, delay, and noise impacts of closing Meigs Field. The City of Chicago, which has studied the effects of closing Meigs Field, estimates that most of the airport's traffic will shift to Midway Airport and that noise will not significantly increase at this airport. FAA agrees with the City's assessment and believes that Meigs' traffic can be safely accommodated by the current airspace structure, controller workload, and air traffic procedures. FAA believes that delays at Midway Airport may increase slightly during peak periods.
- According to FAA, the City of Chicago is not obligated to keep Meigs Field open to satisfy AIP grant agreements because of the expiration of the lease between the City and Park District. The City must reimburse FAA for the remaining useful life of improvements funded by AIP grants awarded from 1986 through 1989. FAA has determined that the City is obligated to repay or reinvest about \$288,000 for the 1986 and 1987 grants and that equipment purchased under the 1988 and 1989 grants can be transferred to Midway Airport.

FAA did not follow its standard procedure for ensuring that the City had a long-term lease for Meigs Field before awarding AIP grants. Under the Airport and Airway Improvement Act, FAA must satisfy itself that the prospective grantee holds good title to the airport that will receive funding. According to FAA's handbook for AIP implementation, where the grantee's title consists of a long-term lease, the lease must be a minimum of 20 years from the date of the grant. When applying for AIP grants in the late 1980s, the City of Chicago had 7 to 10 years remaining on its lease with the Park District. FAA officials recognized that the City did not have a long-term lease that met its minimum requirements, so they decided to include a "special condition" in the grant agreement that required the City to reimburse FAA for the value of the remaining useful life of the improvements if the City failed to renew the lease.

Enclosure I provides you with specific information on each of these areas as discussed with you on August 23, 1996. At our meeting, you also expressed interest in obtaining information on a planned project by the U.S. Army Corps

²Reliever airports reduce congestion at commercial service airports and provide general aviation with greater access to local areas.

of Engineers to repair Chicago's shoreline from erosion and storm damage because the need to protect Meigs Field was part of the project's justification. This project has an estimated total cost of \$204 million, of which \$110 million represents costs to the federal government.³ The Corps is studying the potential impact of closing Meigs Field on its shoreline reconstruction plans. We will provide you with the information when the Corps completes its analysis.

SCOPE AND METHODOLOGY

To develop this information, we interviewed officials from FAA headquarters and Great Lakes Region, the Illinois Department of Transportation, the City and Park District of Chicago, commercial airlines at Meigs and Midway airports, and aviation trade associations and Chicago-area air traffic controllers. We also reviewed Meigs Field's status in FAA's National Plan of Integrated Airport Systems, correspondence between FAA and the City of Chicago regarding the implications of shifting Meigs' traffic to other airports; FAA reports on airport capacity limits, current and projected operations and enplanements, and expected increases in aircraft delays; and the City of Chicago's technical analysis of the impacts of closing Meigs Field. Additionally, we reviewed existing AIP grants, FAA's grant procedures, and FAA's handling of other airport closures. We performed our review from July 1996 through August 1996 in accordance with generally accepted government auditing standards.

AGENCY COMMENTS

We provided the Department of Transportation with a draft report for its review and comment. We met with FAA officials, including the Deputy Associate Administrator for Airports; the Director, Office of Airport Planning and Programming; and the Manager, Airports Division, of the Great Lakes Region. They generally agreed with the facts as presented, and we made revisions as necessary on the basis of their comments. For example, these officials emphasized that our discussion of the City's obligations regarding Meigs Field should do more to recognize the expiration of the lease. We revised the draft report to incorporate this comment.

They also discussed the special condition in the grant agreements calling on the City to reimburse FAA if the City failed to renew the lease. Their major

³As of September 16, 1996, authorization and appropriations bills for the Lake Michigan shoreline protection project were nearing final congressional action.

concern centered on our statement that FAA did not follow its standard procedure of ensuring that a long-term lease was in place before awarding the grants. They stated that an adequate alternative to this standard procedure was written into the grant agreements. We have two main concerns about their position. First, the standard procedure—requiring good title on the grantee's part—has a basis in federal law; it also makes good sense to direct scarce AIP funds to those airport projects where sponsors have made long-term commitments to keep their airports open. Second, because FAA would normally expect such reimbursement under the Department of Transportation's uniform grant procedures in the Code of Federal Regulations (49 C.F.R. § 18), FAA would, in any case, have been entitled to reimbursement of the remaining value of the grants. We revised the text to reflect that a special condition was added to the grant agreements.

We also met with representatives from the City of Chicago and Chicago Park District to brief them on the results of our work but did not provide them with a draft report for review and comment. City officials told us that they agreed with the factual information presented in the briefing covering Meigs' role in the Chicago-area and national airport systems; the effect of the redistribution of Meigs' traffic on safety, aircraft delays, and noise at other Chicago-area airports; and the City of Chicago's obligations under federal AIP grant agreements.

- - - - -

As arranged with your office, unless you publicly announce this report's contents earlier, we plan no further distribution until 10 days after the date of this letter. At that time, we will send copies of the report to interested congressional committees; the Secretary of Transportation; and the Administrator, FAA. We will also make copies available to others on request.

B-272873

If you or your staff have any questions or need additional information, please call me at (202) 512-2834. Major contributors to this report are listed in enclosure II.

Sincerely yours,

A handwritten signature in cursive script that reads "Gerald Dillingham".

Gerald L. Dillingham
Associate Director, Transportation Issues

Enclosures - 2

INFORMATION ON CHICAGO-AREA AIRPORTS

**GAO Resources, Community, and Economic
Development Division**

Briefing for Representative Rush

GAO Primary Research Questions

1. What is Meigs' role in the Chicago-area and national airport systems?
 2. What effect will the redistribution of Meigs' traffic have on safety, aircraft delays, and noise at other airports?
 3. What are the City of Chicago's obligations under AIP grant agreements?
-

GAO Meigs' Role

- Meigs is listed as a primary commercial airport in FAA's National Plan of Integrated Airport Systems.
 - Meigs' usefulness for commercial service is constrained by limited navigational aids, runway length, and facilities.
 - Commercial service at Meigs is limited to a few daily scheduled commuter flights and unscheduled air taxis.
-

GAO Meigs' Role

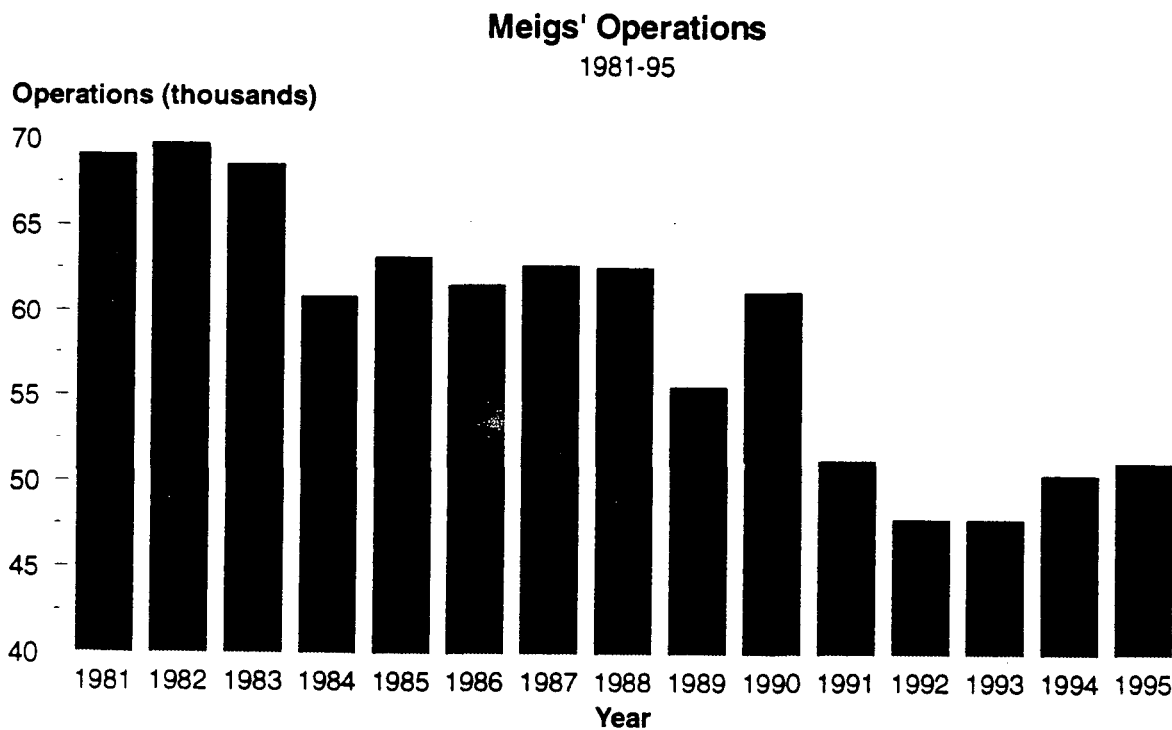
- Meigs also serves as a general aviation reliever airport for Midway.
 - In the Chicago area, Meigs is 1 of 18 general aviation airports.
 - The number of general aviation operations at Meigs is low compared with that at other Chicago-area airports.
-

GAO Meigs' Role - 1994 General Aviation
Operations at Chicago-Area Airports

<u>Chicago-area airport</u>	<u>Annual operations</u>	<u>National ranking of operations</u>
Palwaukee	197,639	31
Dupage	188,621	38
Midway	73,031	164
Meigs	45,604	276
Gary	38,129	N/A
O'Hare	36,227	319

GAO Meigs' Role - History of Meigs' Operations (Source: City of Chicago)

- Overall traffic declined since the 1980s and in the 1990s has averaged about 50,000 operations a year.



GAO Meigs' Role - Meigs' Aviation Activity
(Source: FAA)

- Most traffic is general aviation.

<u>Year</u>	<u>Air taxi</u>	<u>General aviation</u>	<u>Other</u>	<u>Total</u>
1991	5,465	46,305	1,470	53,240
1992	5,816	40,821	1,409	48,046
1993	5,981	39,243	1,119	46,343
1994	7,521	45,604	1,274	54,399
1995	4,754	45,653	872	51,279

Note: City of Chicago and FAA data for traffic activity differ.

GAO **Effects of Potential Redistribution of Meigs' Traffic**

- FAA has no formal plans to redirect traffic to other airports.
 - According to the City's surveys, passengers will most likely go to the following airports:
 - 3% to O'Hare
 - 56% to Midway
 - 15% to other general aviation airports
 - 26% will not fly/not make trip
-

GAO Effects of Potential Redistribution of
Meigs' Traffic - Safety

- According to FAA officials, redistributed Meigs' traffic can be safely accommodated by the current airspace structure, controller workload, and air traffic procedures.

GAO Effects of Potential Redistribution of
Meigs' Traffic - Delays

- FAA has not calculated the potential delays resulting from Meigs' closure but believes that
 - delays at O'Hare will not significantly increase because little of the diverted traffic is expected to go there and
 - delays at Midway may increase slightly during peak periods.
-

GAO Effects of Potential Redistribution of
Meigs' Traffic - Noise

- FAA believes that redistributing Meigs' flights will not significantly increase noise at O'Hare and Midway because Meigs' traffic comprises predominately general aviation aircraft, which do not generate much noise relative to commercial jets.

GAO Effects of Potential Redistribution of
Meigs' Traffic - Noise

- The City has a noise abatement program to address noise problems at O'Hare and Midway.
 - The City's analysis shows that redistributing Meigs' flights will not require changes in the noise abatement program.
-

GAO The City's AIP Obligations - Federal Investment in Meigs

- Through AIP, FAA funds airport planning and development projects.
- Since 1948, \$4.3 million in federal airport funding has been invested in Meigs for planning, development, and facility rehabilitation.

GAO The City's AIP Obligations

AIP Grants to Meigs

<u>FY</u>	<u>Description</u>	<u>Amount</u>
1986	Resurfacing	\$ 321,750
1987	Rehabilitation	\$ 247,500
1988	Snow removal equipment	\$ 531,661
1989	Snow removal equipment	<u>\$ 139,561</u>
Total		<u>\$1,240,472</u>

GAO The City's AIP Obligations

- According to FAA, the City
 - is not obligated to keep Meigs open to satisfy AIP grant assurances because of the expiration of the lease between the City and Park District and
 - is obligated to reimburse FAA for the remaining useful life of improvements made with AIP funds.
 - FAA did not follow its standard procedure for ensuring the City had a long-term lease for the land before awarding AIP grants.
-

GAO The City's AIP Obligations

- FAA has determined that the City's obligation for the 1986 and 1987 grants--about \$288,000--must be repaid or reinvested.
 - According to FAA, snow removal equipment purchased under the 1988 and 1989 grants will be transferred to Midway Airport, and no monetary reimbursement is necessary.
-

ENCLOSURE II

ENCLOSURE II

MAJOR CONTRIBUTORS TO THIS REPORT

RESOURCES, COMMUNITY, AND ECONOMIC
DEVELOPMENT DIVISION

John H. Anderson, Jr.
Joseph A. Christoff
Michael P. Hartnett
Robert E. Levin
Debra S. Ritt
John A. Rose

OFFICE OF THE GENERAL COUNSEL

David K. Hooper

(341499)