

THE BOND BUYER

Chicago airport express rail P3 call gets a Boring response from Elon Musk's firm

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CHICAGO — Four firms or teams are interested in leading Chicago's proposed public private partnership to design, build, finance, and operate express rail service between downtown and O'Hare International Airport.

The Chicago Infrastructure Trust, which managed the initial request for qualifications, process received proposals from tech entrepreneur Elon Musk's The Boring Company; Oaktree Capital Management; O'Hare Express Train Partners, which is a team that includes OHL Infrastructure, Kiewit, and Amtrak; and O'Hare Xpress LLC, a team that includes Meridiam, Antarctica Capital, JLC Infrastructure, Mott MacDonald, and First Transit. JLC is a partnership between Chicago-based Loop Capital and Magic Johnson Enterprises.

Mayor Rahm Emanuel called the four "visionary groups."

Three of them have experience in the field; Musk's Boring Company, which has yet to build a large project, promises to solve congestion by building tunnels. "The key to making this work is increasing tunneling speed and dropping costs by a factor of 10 or more," [according to the company](#).

The city is seeking a firm or team to design, finance, build, and operate the line. Officials have not put a price tag on the project but industry professionals estimate the cost from between \$1 billion and \$3 billion. Emanuel has pledged that no taxpayer dollars would fund the project.

The city has offered three prospective routes but is open to alternatives. The line may be constructed on, above or below surface corridors and would include two initial stations, according to the city.

"We look forward to reviewing the submissions and continuing to move this important project forward," Chicago Treasurer and CIT board chairman Kurt Summers said in a statement.

City and CIT officials will evaluate the statements and those deemed qualified will move on to the next step. The RFQ stated that a shortlist was tentatively expected in March, with release of a draft request for proposals to short-listed members possible by May. Proposals would be presented in August and a final RFP proposal due in November.

The RFQ had stated that in the event only one bidder was named, the city could initiate negotiations. The Emanuel administration canceled plans to pursue a privatization concession deal on Midway Airport in 2013 due to a lack of competition after one of only two bidders dropped out.

“At this point in the competitive process additional information about the bids will not be released,” the mayor’s Wednesday statement said.

The project is to be funded solely by project-specific revenues such as farebox revenue, advertising revenue, etc. and financed entirely by the concessionaire, according to city documents. The city will cooperate with the selected respondent with respect to accessing federal credit and tax-exempt bond programs if necessary to the project’s financial plan.

Emanuel has followed his predecessor Mayor Richard Daley in pursuing the project, billing it as part of his efforts to build on the city’s international reputation, and business groups have endorsed it. Some critics question the value of the project unless expanded to offer additional stops, whether the city would truly bear no fiscal commitment, and they worry about the cost of a ride in order to make it attractive to private partners. Emanuel spoke with Musk last year and he then expressed his interest in the project.

The city’s primary goal is to provide better access and cut transit times by more than half – with the ride taking 20 minutes or less. A \$5 train ride on the Chicago Transit Authority Blue Line currently covers the route in 45 minutes. About 20,000 air passengers travel daily between O’Hare and the Chicago Central Business District, the city says, and that’s forecast to grow to at least 35,000 daily air passengers in 2045.

“Ultimately, the project will act as a key economic driver, alleviate congestion, and provide reliable express service to and from the airport,” the RFQ says.