

# THE BOND BUYER

## Musk's Boring Company one of two finalists for O'Hare express P3

By

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CHICAGO – Elon Musk's The Boring Company and a consortium that includes an infrastructure group launched by Chicago-based broker-dealer Loop Capital Markets LLC will vie for Chicago's proposed express line from downtown to O'Hare International Airport.

The city is seeking a partner to design, finance, build, and manage an express line that would offer travel times of less than 20 minutes between downtown and the city's main airport.

The two were selected from four responses to a request for qualifications launched late last year by the city and its Chicago Infrastructure Trust. The Boring Company and O'Hare Xpress LLC are now eligible to move on to the next step in the process – a request for proposals that will be issued on Friday by the CIT.

Xpress includes Meridiam, Antarctica Capital, JLC Infrastructure, Mott MacDonald, and First Transit. JLC is a partnership between Chicago-based Loop Capital and Magic Johnson Enterprises.

"Today, we have two teams that have the ability to get the job done and create an express connection between downtown Chicago and O'Hare Airport without a taxpayer subsidy," Chicago Mayor Rahm Emanuel said in a statement Wednesday.

Responses to the RFP are due on May 18.

The RFP will specify that the line include a downtown station, an O'Hare station, and maintenance facilities. Travel corridors may be above or below ground.

The Boring Company [says it knows how](#) to increase tunneling speed and drop tunneling costs by a factor of 10 or more compared to traditional methods, but has not delivered such a tunnel to the public.

Chicago's service level goals are travel times of 20 minutes or less with service frequency of at least every 15 minutes for the majority of the day.

Premium service fares must be “reasonable” and less than the cost of current taxi and ride-share services. Any proposal must also address how potential impacts on existing transportation systems and the environment would be avoided or minimized, the mayor’s announcement read.

The city has not released a cost estimate, but market participants have suggested it could run between \$1 billion and \$3 billion although some industry officials have said they believe it won’t hit the high end. The city has stressed that no taxpayer funds will go toward the project, so it must be funded solely by project-specific revenues such as fares or advertising and financed entirely by the developer.

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. Additional information about the bids will not be released, the statement said.

The other original respondents were Oaktree Capital Management and O’Hare Express Train Partners, which is a team that includes OHL Infrastructure, Kiewit, and Amtrak.

The RFQ timeline reported that the initial RFP would be followed by a final one due in November. The RFQ had stated that in the event only one bidder was named, the city could initiate negotiations.

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 worry about how much a ride on the express line will have to cost to make it pencil out for the private partners.

The city’s primary goal is to provide better access and cut transit times by more than half. 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.

The express line is being pursued as the city is also embarking on a recently announced \$8.5 billion makeover of O'Hare's terminals. The Chicago City Council's Finance Committee is expected to review an initial up to \$4 billion authorization of O'Hare borrowing at a meeting Monday and the council is expected to take up the authorization and a new airline lease and use agreement at its meeting on March 28.