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O'Hare costs: \$16 billion or \$6 billion?

By Robert McCoppin Daily Herald Staff Writer  
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The true cost of expanding O'Hare International Airport may be billions of dollars more than Chicago has estimated, according to an analysis done for suburban opponents of expansion.

Expanding the O'Hare airfield alone would cost almost \$16 billion, not the \$6.6 billion city officials estimated, according to opponents.

The additional expense means the cost per passenger would more than double to about \$20, making it far more expensive than other airports, the consultants concluded.

The analysis was done by the Infrastructure Management Group Inc., technical and financial consultants for Bensenville and Elk Grove Village, which are fighting the expansion in favor a new airport at Peotone, south of Chicago.

"The mayor's numbers have undergone very little scrutiny," Infrastructure President Steve Steckler said. "They're based on a relatively brief press release with no supporting information. The city's numbers were neither credible nor inclusive of the total costs."

The difference between cost estimates lies primarily with related costs that Chicago officials did not include.

In the airfield costs alone, Infrastructure added \$500 million for relocation of utilities such as electrical lines, water, sewer and fuel lines.

It was in other areas that the cost ballooned significantly.

The consultants added \$3.8 billion for the World Gateway program, Chicago's plan to add two new terminals and expand existing terminals, which the city suspended last year after the airlines said they couldn't afford it.

The cost of World Gateway itself was originally estimated at \$1 billion, but the city's own estimates grew to \$3.7 billion.

World Gateway should not be included in the costs of expansion, O'Hare spokeswoman Monique Bond said, because it was meant to improve efficiencies at the airfield as it is, and is not part of the expansion plan.

"Those are two separate projects," Bond said.

The expansion plan calls for one other new terminal, on the west end of the airfield, with 60 gates.

But Steckler maintained more terminals will be needed to handle Chicago's forecasted 78 percent increase in flight capacity, to 1.6 million flights a year.

Also included in the group's cost calculations were \$2.1 billion for O'Hare's existing capital improvement program, which Chicago officials say should be counted separately because it would be needed with or without the expansion.

The final extra cost the consultants added was \$2.7 billion for additional work, including extra expenses for nighttime pay, which would be necessary to minimize conflicts with flights.

That also includes extra costs for security to supervise hundreds of workers on an operating airfield, and unknown contingency costs typically added to construction projects.

The study's authors, Infrastructure Management, based in Washington, D.C., does financial feasibility studies for airports and transportation departments, and does an annual survey of airport expenses for the American Association of Airport Executives.

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In addition, the Illinois Department of Transportation has estimated airport users would need \$2.3 billion in related roadway improvements, such as a new western access to the airport, a new bypass expressway around the west side of the airport, and more lanes on existing expressways to the airport.

Chicago Mayor Richard Daley called western access "vital" to the project, but has never included its cost in his project, arguing that it's the state's responsibility.

Daley has promised that no local or state taxpayer money would go to the expansion. It is to be paid by passenger and airline fees and federal grants.

There will also be additional uncalculated federal costs, for the 30 percent more personnel and four new radar sites air traffic controllers say will be needed.

Bond, O'Hare's spokeswoman, could not comment specifically on the rival cost estimates because she had not seen them. But she said O'Hare planners stand by their cost estimates. "We're sticking with our figures," she said.

Those who've studied such large-scale projects have found a pattern of cost overruns.

In his book, "Megaprojects and Risk," Brent Flyvbjerg studied multibillion-dollar construction projects worldwide and found about nine out of 10 went over budget, with many running 40 percent over original estimates.

Flyvbjerg, a professor of development and planning at Aalborg University in Denmark, concluded that sponsors of such projects systematically underestimate costs and environmental impacts, and overestimate revenues to win approval of their projects.

A classic recent example of a megaproject that ran far over budget is the Big Dig tunnel that opened this year under Boston Harbor.

The cost more than quadrupled from when Congress approved it to almost \$15 billion.

Denver International Airport more than doubled in cost from when it received voter approval to when it opened six years later.

Closer to home, recent Chicago projects such as Millennium Park and the renovation of Soldier Field have reportedly gone significantly over original estimates.

Alan Altshuler, a professor in the Kennedy School of Government at Harvard University, and co-author of his own book called "Megaprojects," said multibillion-dollar projects are so big and complex that supporters may simply choose the more optimistic of a range of cost estimates.

Once under way, backed by powerful coalitions of business, labor, activists and government, the projects reach a "point of no return," Altshuler said, when it's too late to stop them despite rising costs.

"There is a tendency for big projects to cost more than originally estimated," Altshuler said. "There are such powerful political incentives to underestimate costs when you're trying to sell projects, that people just come in low."

Altshuler urged "fiscal sobriety" and close public oversight.

O'Hare: Billion-dollar projects often exceed budget

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