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The Works On the Hook

Did Mayor Daley ever really believe the public wouldn't have to pay for the Olympics?

By Ben Joravsky

July 2, 2009

Let's take a moment to doff our hats to the International Olympic Committee, which has accomplished what no one in Chicago—not the press, the City Council, other politicians, or the voters—ever has: it's made Mayor Daley tell the truth about city finances.

On June 17 the IOC wrested a public confession from Daley that the city of Chicago would have to guarantee any cost overruns if it ends up hosting the 2016 games—even if the ultimate price tag is in the billions of dollars.

It's a conclusion realists quickly reached after Daley began unveiling his Olympic dreams in the fall of 2006. But that was just months before the February 2007 mayoral election, and back then he promised that not one dime of public money would be used for the games.

By now, of course, we know that the Olympic Village alone has a price tag of at least \$1 billion, the stadium in Washington Park \$400 million, and the nearby aquatics center another \$100 million or so. And these are estimates. Under Daley major municipal projects like Millennium Park, the Riverwalk, and Block 37 have ended up millions of dollars over budget.

In retrospect, if Daley had been more honest up front, he might be better off today. Had he made the case to the public that spending two, three, maybe even five billion dollars on the Olympics would be a good investment, the public just might've bought in.

But he didn't. Instead he chose to insist that Chicago could have its cake and eat it too. To anyone who asked, the answer was always the same: the private sector will pay for the games.

Well, you know what happened. And just in case you forgot, let me remind you. The mayor was reelected in 2007 with more than 70 percent of the vote. And within two weeks he flip-flopped on his no-public-money pledge.

At the time Chicago was competing against L.A. to be named the U.S. bid city for the 2016 games. Privately U.S. Olympic officials were telling the city that it had to commit public dollars if it wanted a chance of winning.

On March 7, 2007, USOC vice president Bob Ctvrtlik told reporters that the government should have "some skin in the game." He added: "We have been assured by the mayor that this is the case with the city of Chicago."

In other words, while Daley was publicly telling Chicagoans one thing, he was privately assuring Olympic officials of something else.

What followed was like an earlier version of the recent parking meter debacle, as Daley hastily prepared the City Council to pass the funding legislation he needed to appease the USOC. Days after Ctvrtlik made his skin-in-the-game comment, Chicago 2016 chairman Patrick Ryan began meeting privately with groups of aldermen, who were irritated about being put on the spot. He met with them in small groups so as not

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to violate the state's Open Meetings Act. He apologized for communication mistakes that had kept them in the dark and assured them that the pledge of public money would only be insurance in case the private money fell short.

An ordinance was drafted over the weekend, and on Monday, March 12, 2007, the council's finance committee held a meeting to approve the proposal. On Wednesday, March 14, the full council took up the ordinance, which, among other things, asserted that "the city obligation should not exceed \$500 million."

Which would seem clear enough, except that the legislation also included a clause that conceivably left the door open to, well, just about anything else: "The City Council hereby authorizes the Mayor of the City . . . or the Commissioner of the Department of Planning and Development, as the Mayor's designated representative . . . , to execute and deliver . . . such further undertakings, agreements and documents as may be necessary or appropriate to the City's submission and implementation of its bid for the Olympic Games at the domestic and international levels."

Daley told reporters that he still didn't think the city would wind up spending public money on the games unless "everything else fails—an earthquake, tornado, everything comes down."

Not everyone was persuaded. "It's very hard to believe that no one in the city knew prior to the election that we were going to be required to put up \$500 million," Fourth Ward alderman Toni Preckwinkle said during debate.

Others expressed doubts but decided it was too politically risky to vote no. "We really are placing a lot of trust in your assessments," said alderman Tom Allen (38th). "Who's going to vote against it? . . . You'd be run out of town."

But most appeared to side with the 33rd Ward's Richard Mell: if the mayor wanted this, who were they to say no? "This \$500 million is never going to be touched," Mell said, adding, "We will get the benefits for years and years."

The final vote was 45-5. The dissenters were one lame-duck alderman (Arenda Troutman), three incumbents in the middle of heated run-off campaigns (Howard Brookins, Shirley Coleman, and Dorothy Tillman), and Preckwinkle.

Afterward Mayor Daley confessed that, yes, he knew "at the beginning" that the city would have to provide backup financing. But he insisted he wasn't breaking his promise to pay for it all with private funds. "We're not putting any actual money up," he told reporters.

A month after the city council vote, the USOC chose Chicago over LA, and the IOC began weighing it against Madrid, Rio, and Tokyo.

But like the USOC, the IOC wanted more skin in the game—\$500 million wasn't good enough. Mayor Daley was expected to sign the standard host-city contract, which guarantees that the government will cover all cost overruns.

For months Daley and the IOC haggled over the contract. On January 30 he and Ryan sent a letter to IOC president Jacques Rogge assuring him that "we have the utmost respect for the contract and its role in governing the Host City's relationship with the IOC" and that "we are confident that we can meet the spirit and principles embodied in this contract."

But there was one little thing: "Please see the addendum to this letter, which addresses matters the parties will need to clarify or confirm in writing prior to the execution of the Host City Contract."

The addendum said: "If Chicago is awarded the privilege of hosting the Games, we request a written acknowledgement from the IOC which limits the City's guarantee for any financial shortfall resulting from the Games or other liabilities that may result to the City under the Host City Contract to USD 500 million."

Not surprisingly, the IOC turned him down—not once, but at least three times. Finally, on June 17 in Switzerland, IOC officials made it clear that he needed to put up or shut up.

Daley caved. "We are going to sign it as it is," he told reporters.

I guess I can understand why the mayor originally said he wasn't going to spend any taxpayer money. He was in the middle of a political campaign and he didn't want to give any fodder to his opponents—though he probably would have won even if he had.

But why'd he bother sticking to this story after he was safely reelected? I put this question to officials with Chicago's 2016 bid committee, but they haven't responded.

It sure looks like Daley grossly underestimated the IOC. Did he figure if he pushed hard enough they'd crumble—you know, like the City Council usually does? Unlike the council, the IOC has what Daley wants. To get their games, he has to play by their rules.



In the last couple of weeks Daley and Ryan have been eating crow at home. Once again bid officials and Daley staffers have been meeting with small groups of aldermen. Ryan has been apologizing for bad communication and fessing up that, yes, they'd known for months that they'd probably have to sign the contract as-is—while also insisting that private financing and insurance policies will cover everything.

The contract has also ignited the very debate over the games Daley's tried so hard to avoid. Columnists and editorial writers are starting to waver—including some who were only recently unabashed Olympic flag wavers. Aldermen are demanding that he answer their questions about funding. First Ward alderman Manny Flores is teaming up with the 32nd Ward's Scott Waguespack to introduce legislation that would cap the city's costs at \$500 million for real.

"I believe we can apply the cap and still get the Olympics," says Flores. "We are the city of big shoulders—we can get it done."

With all due respect to Carl Sandburg, I don't think so. The IOC has already made it so clear that even Mayor Daley finally got the message: cap expenses and you won't get the games.

But back at home the mayor continues to argue that day is night and night is day. "I do not want to burden Chicago taxpayers with the cost of the Olympics," he said last week. "I want to make that very clear."

Over the next few weeks look for Daley to turn up the pressure on aldermen and for aldermen to try to find an out. My hunch is that it will be left to the IOC to save us from ourselves.

More Meter Muck

Eight months after the city forged the deal to privatize the parking meter system, the public is still learning what it gave up for \$1.16 billion in cash. Last week the [Active Transportation Alliance](#) (formerly the Chicagoland Bicycle Federation) released a [report pointing to problems with the deal](#), and the city's defensive answers only raised more questions.

The mission of the alliance is to get people to bike, walk, or ride public transit instead of driving, and its report, "Unrealized Assets," argues that the meter lease will make this harder. The parking system isn't just a source of revenue—it's a tool for regulating traffic. Parking rules and fees can be used to encourage visitors or fight congestion; just a year ago aldermen and city officials were talking about adopting some version of London's "congestion charge" to cut traffic and bolster public transit in the Loop.

The report concludes that the city "gave up all control of the public right of way on any streets with parking meters. . . . This means that every potential project on a street with meters, including bus rapid transit, bicycle lanes, sidewalk expansion, streetscaping, pedestrian bulb-outs, loading zones, rush hour parking control, mid-block crossing, and temporary open spaces are dictated, controlled and limited by parking meters. These restrictions severely limit innovative planning for bicyclists, pedestrian and transit users."

The central piece of evidence? The story, reported in the Reader in May, of what happened when Scott Waguespack tried to change meter hours in the 32nd Ward.

Chicago Parking Meters extended the hours when it took over the system. Waguespack decided it would be best for nearby residents if 270 meters in his ward were limited to the original hours. He was shocked when officials told him the change would force the city to pay Chicago Parking Meters more than \$600,000 in compensation over the next

three years.

On May 11 we asked budget department spokesman Pete Scales for an explanation of that figure. Scales answered, on June 18, that it was based on how much each of those spaces had been used in 2007 and how much cash they were expected to generate under a new fee schedule. "This is the type of analysis the city will use each time an Alderman proposes a change to the system," he noted in an e-mail.

The costs scuttled Waguespack's plan, but Scales denied that the city had effectively ceded control of the streets. "The agreement preserves Aldermanic rights to change meter locations, rates, and hours of operation," he wrote. "However, any changes to the schedule may have an impact on revenues, and the city retains responsibility for that impact."

The alliance released its report on June 23 and stories about it went online soon after. This time Scales responded within a few hours, denouncing the report as "absolutely incorrect" and "purely fiction" while reiterating what he'd told us about the costs of changing meter placement or hours. He also repeated administration officials' justification for the lease deal: "The transaction has ensured that the City has the funds necessary to continue providing vital municipal services, which it would have to have reduced otherwise."



Then discussion about the parking meters stopped as city officials faced new public outrage at the blank check Daley had written the IOC. In closed-door meetings with aldermen, mayoral aides tried to get everyone on message. "These 'briefings' were bullshit—we were just given a list of talking points to help us pitch this thing," one alderman told me. "I said, 'You have got to be kidding—you think that's going to work?' I've supported the Olympics bid, but no one

believes anything they say anymore." —Mick Dumke

Ben Joravsky discusses his weekly column with journalist Dave Glowacz at mrradio.org/theworks. And for even more Joravsky, see our politics blog, Clout City.

Send a [letter to the editor](#).

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Comments

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Lon at 9:39 PM on 6/30/2009

Kudos to Jorovsky and Dumke for writing reality in Chicago. The Reader needs to expand so the people without the news will become educated on what Daley and his cronies are doing to them all these years.

Olympics are Daleys (the whole family) attempt to turn their corrupt city into Detroit.

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Tankmaster at 12:37 AM on 7/1/2009

Whether it's TIF financing in the city, the parking meter fiasco or the city's bid for the 2016 Olympics, it's good to know that "someone" in Chicago's media has the testicular/ovarian fortitude to inquire of what's going to happen once Mayor Daley leave office. I've been reading Ben Joravsky's articles on these matters for months and it never ceases to amaze me of how local public officials just can't be straight-forward and half-way honest with us. At the very least, they should tell us if they're not going to use any Vaseline! Anyway, there's just one very important question left to ask tax-addicted officials. When there are no taxpayers left to cover all of these projected doomed-to-fail, heavily-indebted, highly-mismanaged, corrupted infrastructure projects, what plans do Mayor Daley and the City Council have for the future of a city that will soon look like Detroit?. Keep hitting 'em in the breadbox, Ben Joravsky! Y-O-U T-H-E M-A-N!!!

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robbie at 8:29 AM on 7/1/2009

great story. cuts thru the muck and lets us understand what has happened in a clear, concise manner.

the quotations from the aldermen make it clear that they work for daley. it's time to help the mayor and alderman understand that we know that are not working on our behalf. vote them out.

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TAXPAYER at 10:17 AM on 7/1/2009

THE DALEY CRIME FAMILY WILL MAKE A TON OF MONEY FROM THE OLYMPICS,RYAN ALSO!

[Flag as inappropriate](#)

the ousting committee at 11:40 AM on 7/1/2009

It's time for Richie to fishing! He needs an extended holiday to count all of his under-the-table earnings from the parking meter debacle. Will anybody run against this guy? It's time for him to go...The olympics are a bad idea and it's obvious that we can't actually afford it, I have a hunch it'll will only make matters worse. Cities that have previously hosted often found themselves in financial turmoil. This guy just wants to fluff his resume, wallet and "legacy" but the reality is, he's out of touch most of his constituents, primarily latinos & blacks. I'm voting for whoever runs against him which could possibly be myself, if no one else has the conjones..

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BC at 11:41 AM on 7/1/2009

Mr. Joravsky & Dumke ~

Great reporting as always, but one thing you neglect to figure into your conclusion about the OIC saving us from ourselves -- President Obama is an Olympics supporter and if he shows up in Copenhagen we're done for (ala Tony Blair & London 2012). I'm a big Obama supporter, but I hope to all that's good in this world that he stays out of the OIC decision!

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James Reyes at 2:43 PM on 7/1/2009

If insurance policies are going to be the defense against cost overruns,let's do it right.Instead of paltry policies,get ones of Olympic proportions that cover even the most outrageous overruns.20 or 50 billion dollars ought to do it.The hefty premiums could be paid by those that would benefit from an Olympics,on budget or not.These include the construction companies and construction unions,the news media and the democratic party.

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Moon at 3:54 PM on 7/1/2009

The Olympics since 1984 in LA have pretty much made money for the host city. Athens didn't, but they have issues.

What's REALLY going on here is another chance to bash Daley (and he probably deserves it). But the Olympics would be GOOD thing for Chicago.

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Reality at 5:21 PM on 7/1/2009

So...are people going to still vote for Daley?

What good is all of this if they seemingly get a bigger criminal to run against him and thus make him the lesser of two evils?

Hello Republicans? Libertarians? You going to stand by your word and see things through?

Maybe people need to realize a "tough guy" or "big boss" isn't what a city needs in the mayoral office. Like we haven't learned from his father's iron clad rule? Or even other famous "boss" mayors like Tweed?

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R. Johns at 5:22 PM on 7/1/2009

Who's gonna run against Da Mayor next election. I wanna donate to that campaign.

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R. Johns at 11:00 PM on 7/1/2009

The double talk of "no I didn't" and "maybe I did" leads me to believe and I'm sure others, that tax payers will be the hook for the Olympics. There is no way private funders will front load billions of dollars and for what purpose? They'll probably donate a few bucks and carve their elite names into some type of civic art project and take the credit for funding the piece of work. Also, The Central Area Plan, which is a 15.5 billion dollar construction project never gets mentioned into the Olympic plans. My mental telethapy tells me this was sold to the IOC. They'll combine Olympic construction, tax increment financing and the Central Area Plan together to get that BIG BOOM effect. I think Pat Ryan is coaching Daley and telling Da Mayor to keep the talking point of "this insurance policy" until Oct. 2nd to keep the public disinformed. Once the games are awarded, Chicago becomes property of the IOC.

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About R Johns at 7:36 AM on 7/2/2009

Good point. the Mayor is lying now just to get the Olympics and when he does he completely has sold the city, to the IOC.

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Tom Tresser at 8:23 AM on 7/2/2009

No Games Chicago has been organizing against the games since January. Will you join us NOW? We can defeat this scam with YOUR support. Sign up for our newsletter at <http://www.nogameschicago.com>. Email us at nogameschicago@gmail.com.

Call your Alderman and tell them "No games! No blank check!"

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P. McGinness at 2:44 AM on 7/4/2009

About moon.

The city will probably get paid back over time. The problem is the citizen must come out of pocket in the here and now. You think when the profits start comming in there will be tax relief or are the profits already earmarked for some other grand project? I'm thinking the later is more likely.

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citizen yip at 10:15 AM on 7/4/2009

Joravsky and Dumke: proving every week that the Chicago Reader is the only paper worth reading in Chicago.

Although Daley is a crook, I'd still like to take him on a date. Here's what I have in mind: <http://welcometodaleyland.blogspot.com/2009/06/we-could-go-to-bar.html>

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No Games at 1:01 PM on 7/7/2009

How long and how much will Chicagoans pay for this twisted little Man's dreams. We don't need Daley's 17 day circus.

<http://www.youtube.com/watch?v=o570-57dVaU>

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FROM THE READER BLOGS

[Clout City](#) Mick Dumke: Roland Burris has reportedly decided not to embark on an election bid he wasn't going to win. Yesterday Lisa Madigan bowed out. But somebody's going to run, right?

Thursday at 5:41 pm

We welcome your comments and suggestions. [Click here to send us a message.](#)

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