

Detroit Intermodal Freight Terminal Project
Meeting Notes
Local Advisory Council
Wednesday, July 12, 2006, 6:30 p.m.
Doubletree Inn, Dearborn

Purpose: For MDOT to present the Preferred Alternative.

Attendance: See attached.

Discussion:

Terry Stepanski welcomed everyone to the meeting and asked for introductions. He then began a PowerPoint presentation to present MDOT's Preferred Alternative which is known as Alternative 4 – Modified. It calls for the consolidation of rail operations at the Livernois-Junction Yard for CSX, NS and CP/Intermodal. It does not include expansion at the CN/Moterm terminal. And, it does not expect that CP/Expressway service will resume. If any of the railroad operators want to expand a terminal outside the recommendation of the Preferred Alternative, it will not be part of the funding of the DIFT.

In summary his presentation included the following:

The Detroit Intermodal Freight Terminal Study's chronology is:

- 1993-94: Early Assessment of Need and Vision
- 2001: Feasibility Study
- 2002: Environmental Impact Statement (EIS) Started
- 2003: EIS Alternatives Expanded Based on Public Input
- 2004: EIS Prepared in Preliminary Form for MDOT/Review
- 2005: DEIS Presented to Public
- 2006 FEIS to be Presented to Public

The purpose of the project is to support the economic competitiveness of southeast Michigan and the state by improving freight transportation opportunities and efficiencies for business and industry. The potential of the project to address that purpose is illustrated in the following forecast of jobs: about 2,000 permanent jobs in the Southwest Detroit area and about 8,800 statewide . Also 500+/- construction jobs (full-time equivalents) are forecast in the peak year of construction.

This is also a project that has the potential to form an unprecedented public private-private partnership between government and the railroads. The expected cost split being negotiated with the railroads (CSX, Norfolk Southern, Canadian Pacific and Canadian National) is:

- Terminals - \$208 million 50%/50%
- External rail lines - \$88 million 50%/50%
- Central Avenue Underpass - \$57 million 80%/20% RR
- Land Acquisition/Relocation - \$72 million 100%/0%¹
- Estimate Total Capital Cost - \$445 million

In the past, the Detroit City Council passed four resolutions – three against the project, BUT, the fourth and latest is against “No Action” and urging cooperation with SW Detroit residents and the development of a Mitigation Package. In turn MDOT has engaged the Southwest Detroit Community to discuss mitigation in the form of infrastructure improvements and actions to improve air quality and spur economic development.

The total project cost of Alternative 4-Modified is approximately \$456 million (which includes additional mitigation). MDOT’s share is placed at approximately \$275 million spread over 10 years; and, the railroad’s share is estimated at approximately \$181 million spread over 10 years for a 60 percent (MDOT), 40 percent (Railroad) public-private partnership.

Following his presentation, the following questions and comments were addressed.

Q: Alternative 4 – Modified does not include any expansion of the CN/Moterm terminal into the Fairgrounds. Is that option completely off the table?

R: Yes.

Q: Is there any indication that Canadian National plans to expand their intermodal terminal in Ferndale outside of the DIFT?

R: None to the DIFT team’s knowledge.

Q: Does the Recommended Alternative allow for expansion of other intermodal terminals throughout the region?

R: MDOT’s Preferred DIFT Alternative calls for the consolidation of rail operations at the Livernois-Junction Yard for CSX, NS and CP/Intermodal. It does not include expansion at the CN/Moterm terminal. If that expansion were to occur, it would be outside the DIFT and not funded by the state and federal governments as part of the DIFT. Likewise, if one of the railroad operators chooses to expand a terminal outside the recommendation of the Preferred Alternative, it will not be part of the funding of the DIFT.

¹ The land will be leased to the railroads at market value.

Q: Is the Pre-Development Plan Agreement non-binding like the MOU?

R: Yes. A binding agreement is not possible for either MDOT or the railroads until there is a project. That only occurs with the signing of the Record of Decision by the federal government.

Q: When will the responses to comments on the DEIS be made public?

R: In the Final Environmental Impact Statement which is scheduled for completion in March 2007.

Q: Will there be written notes of this LAC meeting?

R: Yes.

Q: Are the truck and train numbers known for the Preferred Alternative?

R: Yes. However, without the data being at hand, it is not possible to cite the exact numbers. Nonetheless, the reduction in the size of the terminal at the Livernois-Junction Yard and the elimination of expansion at the CN/Moterm terminal area will cause the truck numbers to go down. The number of trains will likely decline by one or two per day from about a dozen per day in 2025. Those data will be available in the FEIS.

Q: Can a map be provided of the new alternative?

R: Yes. It will be placed on the Web.

Q: Will Lonyo be closed in the Preferred Alternative?

R: Yes, and a new road will be built to connect it, north of the intermodal terminal to Central Avenue.

Q: How much money is left from the original earmark?

R: The original earmark was about \$18 million; about \$10 million is left.

C: When you mention the Southwest Detroit community in your slide. That is misleading. Southwest Detroit is a large and very diverse area. The group to which you were referring does not represent the entire community.

Q: Is there going to be a public hearing to present the Preferred Alternative?

R: There won't be a public hearing, but there will be a public meeting.

Q: When will that be?

R: It is not known at this time.

C: *It is important that MDOT has established a Preferred Alternative and has reached out to the public to provide this opportunity to be aware of it.*

Q: *How many permanent jobs are in the terminal area, and what is the definition of the terminal area?*

R: The presentation indicates that there will be about 2,000 jobs directly in the terminal area, which includes Southwest Detroit, a piece of Dearborn, and extends to include pieces of cities like River Rouge.

Q: *Is there an estimate of the jobs lost as a result of the expansion?*

R: Yes, it is in the Draft Environmental Impact Statement. Those data are being updated for the Preferred Alternative and will be presented in the FEIS.

Q: *If the road improvements include over \$50 million for the creation of a Central Avenue underpass, what are the other improvements?*

R: About \$57 million of the \$77 million listed in the slide presentation are for the underpass of Central Avenue below the railroad platform. Other road improvements include rebuilding John Kronk, improving the interchange at I-94, and re-aligning the intersections of Dix at Central and Wyoming at Michigan.

Q: *What was the process for trying to establish the community benefits?*

R: A group of Southwest Detroit residents made a proposal in the areas that were mentioned in the slide presentation: infrastructure, air quality, and economic development. These matters will be discussed with representatives of City governments.

Karen Kavanaugh at this point indicated that she was part of the group that established the community benefits proposals and would be pleased to provide the information anyone interested. She also noted the group was open to all.

Q: *Is the gate at Stecker Avenue new?*

R: No, the gate in that area was always there.

Q: *In light of a recent Supreme Court decision about eminent domain, is there a change in the land acquisition approach for the DIFT?*

R: The U.S. Supreme Court's decision affects urban-renewal-type projects. It is the understanding of MDOT that the U.S. Supreme Court's decision does not affect MDOT's programs. Furthermore, the approach by the DIFT is not to acquire private property and turn it over to another private owner. The property to be acquired by MDOT for the DIFT will be leased, not sold or otherwise conveyed, to the railroads.

With that discussion by the LAC, questions were then posed and comments made by the meeting's observers.

Q: Is the Record of Decision the point at which the project will be able to go forward or not?

R: Without the Record of Decision, the project cannot go forward. However, after the Record of Decision, the money must be assembled in order to go forward.

Q: Where is the money expected to come from at this time?

R: As the slide presentation notes, investments by the railroads and by government. For the roads portion of the DIFT, the contribution can come from normal federal and state road funds. For railroad-related improvements, federal road dollars are not eligible. Therefore, congressional earmarks will be needed.

C: The PowerPoint slide presentation tonight is much better than the old and outdated style used in the past.

Q: Have you tried to correlate school attendance/absenteeism with respect to the nearness to transportation facilities?

R: No.

At this point, the questions from the observers ended and the LAC asked several additional questions as follows.

Q: How is the implementation to be handled?

R: Once the Record of Decision is signed, the plan that is included in the FEIS will be finalized with the railroads and become the master plan to go forward for all improvements. At that point, each individual railroad will sign a binding agreement with MDOT to fund and implement the improvements for its facilities. Any change to the master plan of improvements must be adopted unanimously according to the draft Governance Agreement that is now being negotiated with the railroads.

Q: Who will sign the binding agreements?

R: There will be a separate binding agreement for each participating railroad. It will be between MDOT and that individual railroad.

Q: What happens if a railroad goes bankrupt?

R: Like any business venture, it is impossible to protect against such eventuality. Nevertheless, the governance structure will allow the improvements for one railroad to be postponed or accelerated depending upon the availability of funding of one railroad versus another.

C: *More elaboration is needed on the DIFT's implementation.*

R: It is difficult to guarantee exactly what implementation steps will be taken even when the binding agreements are signed, as the nature of any business is very dynamic. Nonetheless, it is now contemplated that a sound procedure will be put in place which will be guided by the four railroads and MDOT as voting members of a governance body. FHWA and a member of the community are expected to be non-voting members of the governance body.

Q: *Is there a risk management plan?*

R: The management of the risk will be through the governance structure.

Q: *What if the project moves forward and MDOT buys the land and the railroad for which the land is bought goes bankrupt?*

R: The project is not going to go forward with uncertainties about the financial wherewithal of any railroad. The binding agreement commits the railroad to its financial responsibility for a specific portion of the project. MDOT will not be in the land banking business.

Q: *Is everything off the table for CN under this new Alternative?*

R: The CN/Moterm terminal expansion with government money is off the table. However, Canadian National is very interested in external-to-terminal improvements. The Preferred Alternative includes about \$88 million of such improvements that will benefit CN and the other three railroads.

C: *If one railroad drops out and does not sign the Pre-Development Plan Agreement, can the plan go forward?*

R: It depends on which railroad drops out. That could also shape the Preferred Alternative. That kind of information will be known through the continuing discussions with the railroads the results of which will be made known to the public in a timely manner.

With that, the meeting ended at about 9:00 p.m.